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**Nottingham
City Council**

You are hereby summoned to attend a meeting of NOTTINGHAM CITY COUNCIL at the Council House, Nottingham, on Monday 3 March 2014 at 2.00 pm to transact the following business:

- 1 Apologies for absence
- 2 Declarations of interests

3 To receive:

- (a) questions from citizens;
- (b) petitions from Councillors on behalf of citizens.

Please note that questions to Council are received after the agenda has been published. Questions will be uploaded to this agenda by 5pm on Friday 28 February 2014

- 4 To confirm the minutes of the last meeting of Council held on 27 January 2014 3 – 20
- 5 To receive official communications and announcements from the Leader of the Council and/or the Chief Executive
- 6 To receive:
 - (a) answers from the City Council's lead Councillor on the Nottinghamshire and City of Nottingham Fire and Rescue Authority to questions on the discharge of that authority's functions;
 - (b) answers from a Councillor from the Executive Board, the Chair of a Committee and the Chair of any other City Council body to questions on any matter within their remit.
- 7 To consider a report of the Leader on decisions taken under urgency procedures 21 - 24
- 8 To consider a report of the Deputy Leader on the Pay Policy Statement 2014/15 25 - 86
- 9 To consider a report of the Deputy Leader on the Treasury Management 2014/15 Strategy 87 - 120
- 10 To consider a report of the Deputy Leader on the Budget 2014/15 121 - 142

**IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ABOVE,
PLEASE CONTACT CONSTITUTIONAL SERVICES ON 0115 876 3759, IF POSSIBLE
BEFORE THE DAY OF THE MEETING.**

Dated 21 February 2014
Deputy Chief Executive/Corporate Director for Resources

A handwritten signature in black ink, appearing to read 'Carol Jones', with a horizontal line underneath.

To: All Councillors of Nottingham City Council

MINUTES OF THE MEETING OF THE CITY COUNCIL

held at the Council Chamber - at the Council House

on 27 January 2014 at 2.00 pm

ATTENDANCES:

✓ Councillor Merlita Bryan	(Lord Mayor)
✓ Councillor Ali	✓ Councillor Liversidge
✓ Councillor Arnold	Councillor Longford
✓ Councillor Aslam	✓ Councillor McCulloch
✓ Councillor Ball	✓ Councillor McDonald
✓ Councillor Battlemuch	✓ Councillor Malcolm
✓ Councillor Campbell	✓ Councillor Mellen
✓ Councillor Chapman	✓ Councillor Molife
✓ Councillor Choudhry	✓ Councillor Morley
✓ Councillor Clark	✓ Councillor Morris
✓ Councillor Collins	✓ Councillor Neal
✓ Councillor Culley	✓ Councillor Ottewell
✓ Councillor Dewinton	✓ Councillor Packer
✓ Councillor Edwards	✓ Councillor Parbutt
✓ Councillor Gibson	✓ Councillor Peach
✓ Councillor Grocock	✓ Councillor Piper
✓ Councillor Hartshorne	✓ Councillor Saghir
✓ Councillor Healy	✓ Councillor Smith
✓ Councillor Heaton	✓ Councillor Smith
✓ Councillor Ibrahim	✓ Councillor Spencer
Councillor Jenkins	✓ Councillor Steel
Councillor Johnson	✓ Councillor Trimble
✓ Councillor Jones	✓ Councillor Unczur
✓ Councillor Norris	Councillor Urquhart
✓ Councillor Gul Khan	✓ Councillor Watson
✓ Councillor Nawaz Khan	✓ Councillor Webster
✓ Councillor Klein	✓ Councillor Wildgust
	✓ Councillor Wood

✓ Indicates present at meeting

76 APOLOGIES FOR ABSENCE

Councillor Sally Longford – sickness
Councillor Glyn Jenkins – non-Council business
Councillor Thulani Molife – sickness
Councillor Timothy Spencer – non-Council Business
Councillor Jane Urquhart – sickness
Councillor Sue Johnson - sickness

77 DECLARATIONS OF INTERESTS

No declarations of interests were made.

78 QUESTIONS AND PETITIONS FROM CITIZENS;

Questions of citizens

No questions from citizens were received.

Petitions from Councillors on behalf of citizens

Councillor Grocock submitted a petition on behalf of 668 signatories supporting the use of the former Deerstalker site to provide a hot food takeaway and a hairdresser for the community of Bestwood.

Councillor Liversidge submitted a petition on behalf of 67 signatories, requesting that Nottingham City Council review the recently announced decision to refuse funding to the Salvation Army's "Sneinton Lifehouse" hostel.

79 MINUTES

RESOLVED that the minutes of the meeting held on 9 December 2013, copies of which had been circulated, be confirmed and signed by the Lord Mayor.

80 OFFICIAL COMMUNICATIONS

The Deputy Chief Executive reported the following communications:

Chief Fire Officer – Frank Swann

Nottinghamshire and the City of Nottingham's Chief Fire Officer, Frank Swann, was awarded the Queen's Fire Service Medal in the New Year's Honours List. This recognition comes at the end of a long and distinguished career in the fire and rescue service for Frank Swann, who will retire from his role as Chief Fire Officer at the end of March this year.

John Desmond Rose

I John Desmond Rose passed away on 30 December 2013 aged 87 years. Des joined the City Council in 1950 and was a clerk at the Water Board before a long and successful career with the City Treasury, retiring as one of the Council's Assistant

City Treasurers in 1986. One of his many retirement interests was acting as umpire to the City Treasury and, latterly, the City Secretary's cricket teams.

Honorary Alderman Noreen Baker

Honorary Alderman Noreen Baker passed away on 5 January aged 84 years. First elected to Bulwell East ward in 1991 as a Labour councillor, she became an Honorary Alderman in May 1997 and was appointed Lady Mayoress in 1998. Councillor Gibson spoke in tribute to John Desmond Rose and Honorary Alderman Noreen Baker.

Councillor Culley spoke in tribute to Honorary Noreen Baker. The Council stood in silent tribute to John Desmond Rose and Honorary Alderman Noreen Baker.

81 QUESTIONS

Top Valley School

Councillor Campbell asked the following question of the Portfolio Holder for Children's Services:

Pupils who left Westglade School for Top Valley School in 2009 heard on 5th July 2010 that the planned rebuild of the school was to be delayed. As they take their GCSEs next term and leave the school, what benefit have they had from the Conservatives promise in this Chamber on 11th October 2010 that the money would be found?

Councillor Mellen replied as follows:

Thank you Lord Mayor and can I thank Councillor Campbell for her question. I'm grateful for the question, because it does highlight what has been a particularly damaging result of the current Government's ideological pursuit of a market driven approach to education. As a consequence of this approach the losers have been the many thousands of children in England and several thousands here in Nottingham, who have had to endure a significant period of their education in substandard school buildings, or worse, have had to accept unacceptable delays in securing any school place. Council will recall that one of the first actions taken by the Coalition Government when it assumed power in 2010 was the suspension of the Building Schools for the Future Programme and the Primary Capital Programme. Nottingham had benefited hugely from these programmes and we have seen rebuilds and major refurbishments of many of the city's secondary and special schools and a programme of major refurbishment of some primaries.

However, the abrupt suspension of the programme by the Secretary of State for Education left a number of city schools that were scheduled to be rebuilt and had begun the exciting process of planning and designing their vision for 21st century educational environment in a real state of despondency and frustration. Pupils, governors and teachers, who had every expectation of enjoying an inspirational learning environment, were left not knowing what the future held and as Councillor Campbell reminds us, in the case of pupils and teachers at Top Valley Academy and

indeed Trinity School, Westbury School and Fernwood School, that remains the case today.

I believe the major reason for the suspension of the programme was to ensure that the Secretary of State was in a position to immediately and directly fund his free school programme, which has generated a lot of publicity, most frequently negative, but very few additional school places in areas of need and, to date, not a single mainstream school place in Nottingham. Alongside the free school programme, the Government did, however, say it would also review the overall allocation of schools capital and its review was launched in July 2010. It reported its findings and announced the replacement for Building Schools for the Future, a new programme called the 'Priority Schools Building Programme' in October 2011 and announced the eligible schools in May 2012. We have three of those schools in Nottingham, one of which is Top Valley.

Now, the Priority Schools Programme has not really lived up to its name. Has Top Valley School had the same priority as giving licences to hundreds of free schools across the country? No.

Has the Priority Schools Building Programme had the same priority as cutting millions of pounds from this Council's resources and asking the poorest to contribute an increasing amount to their Council tax? No.

Has the Priority Schools Building Programme had the same priority as giving the richest in our society a tax cut? No.

Is the Priority Schools Building Programme a priority, are the pupils of Top Valley a priority for this government? Clearly - no.

So I'm afraid Councillor Campbell, the pupils promised new buildings under the Priority Schools Building Programme at Top Valley Academy and at two primary schools desperately in need of capital work – Glenbrook Primary in Bilborough and Springfield Primary in Bulwell will have to continue to wait. It is now nearly two years since the announcement was made and four years since the BSF was cancelled and not a single brick has been disturbed at any of the three schools. The DfE have not given a definitive date by which the work will be completed at the three schools other than it could be between 2015 and 2017. In the case of Top Valley it seems unlikely to be the latter. So for a school that is deemed to be a "priority" based upon its poor condition it seems likely that it will have taken over 7 years for it to be brought up to scratch as a learning environment.

In contrast Lord Mayor, providing places for Nottingham children in school buildings fit for this century is a priority for this Council. Members may be interested to note that since 2010 and before 2015, the collaborative work undertaken by the School Organisation Team in Children and Families and the Major Programmes Team in the Development department will have delivered a primary school expansion programme through new builds and refurbishment at the following primary schools:

Welbeck School in the Meadows, making use of a disused family centre.

Blue Bell Hill School in St Ann's - expanding the school.

Sycamore School in St Ann's - expanding the School.

Ambleside School in Aspley - expanding the school.

Djanogly Northgate in Berridge ward - expanding the school.
Scotholme School in Berridge - expanding the school.
Middleton School in Wollaton - expanding the school.
Southwold School in Leen Valley - adding an extra classroom.
Robert Shaw in Leen Valley - expanding the school and adding a nursery.
Berridge Primary in Arboretum ward - adding some primary places in Key Stage 1.
Forest Fields School in Berridge ward - making use of a former college building.
Dunkirk School in Dunkirk and Lenton - bringing back into use a former school building.
Rufford School in Bulwell - expanding the school.
Riverside School in the Meadows - expanding the school.
Rosslyn Park School in Aspley - expanding the school.
Heathfield School in Basford - temporarily putting temporary classrooms on the site in lieu of building a double-sized school using a former secondary school site –

A number of further expansion projects are currently at the appraisal stage and on track for delivery before 2017.

In this time the Major Programmes Team has also delivered the final phase of BSF prior to its abandonment by the Government, completing Farnborough School, Bluecoat (Wollaton Campus), Nottingham Girls' Academy and Rosehill Special School. What this demonstrates to me is that the Coalition Government has failed on any promise to deliver an efficient and effective alternative to the Building Schools for the Future and Primary Capital Programmes, that it so derided. Instead, it has been down to the efficiency, skill and expert knowledge of local government to do what we can with limited and decreasing resources when what is really needed is a comprehensive school building programme. Meanwhile, this Government has tinkered at the margins with a handful of free schools established across the country (often where there is no actual demand) and a "priority" school building programme which has left Nottingham with its three most urgent priority schools, in the poorest condition, completely untouched at the time that we have rebuilt, upgraded or expanded 14 primary schools, 3 secondary schools and 1 special school.

Sadly, Councillor Campbell, my answer for the former Westglade pupils shortly to take their GCSE's at Top Valley Academy is that they have seen no benefit from the Government whose promises to them have not been kept.

Signs of breast cancer

Councillor W Smith asked the following question to the Portfolio Holder for Adults and Health:

Could the Portfolio Holder for Adults and Health comment on the recent report which stated that more women from socially deprived backgrounds die of breast cancer than those from more affluent areas. As this is thought to be due to late diagnosis, could he say what is being done to encourage women in Nottingham to be more aware of the signs of breast cancer?

Councillor Norris replied as follows:

Thanks Lord Mayor and thank you Councillor Smith for her question. Colleagues will know that Councillor Smith is a tireless advocate and activist in tacking breast cancer

in the city and her efforts are much appreciated. The report to which she refers came out at the end of last year and related in particular to the east of England and we're looking at the moment to make sure the joint strategic needs assessment, the evidence base on which we build our health policies, is up to date and relating to that research; but we know in the meantime – we know from our joint strategic needs assessment and we will know as members from interactions on our estates and in our ward – that where there is poverty, where there is deprivation, we are likely to see late diagnosis.

This manifests in two particular ways. Firstly, an awareness of symptoms and secondly, knowing what to do when you see those symptoms, making sure you present to a GP and keeping those appointments if you make them. So we are doing a few things to make sure we support our community to know what is going on and also to know what to do about it. Firstly, we are participating in the Change Makers for Cancer Awareness programme, which is encouraging earlier identification of breast cancer as well as lung and bowel cancers, which are also priorities for us. This is targeted at the poorest geographies because we know that is where presentation rates are likely to be at their lowest and relies on a peer to peer approach, again, because we know that some of the methodologies that we might use traditionally in public health, whether poster campaigns might not reach quite as well as than on a peer to peer basis.

We have also been building on the great work of the East Midlands Cancer Network who have developed what they feel, again, on a peer and user based model, a leaflet and communication campaign that is built on what has worked in the past for those hardest to reach. We have made sure and we have funded to make sure that those leaflets will be in every GP surgery to try and make sure that people are aware of the symptoms and aware of what to do.

We are going to be having a big push in mid-February as part of the national 'Be Clear on Cancer' campaign which is about raising awareness about cancer in the over 70's, (one in three diagnoses of cancer is in women over the age of 70) to make sure that people check for their whole lives and once they have checked and think that they might have an issue they know what to do about it. We also know that it is not just about late diagnosis in this city, we also know that it might be about lifestyle factors that might be triggers for cancer, whether that is maintaining a healthy weight, maybe an individual's relationship with alcohol or with smoking, we know that we need to target these factors and this very much touches across all the work we do in Public Health which is about making sure that people have full awareness of what they are doing and their lifestyle choices. Not so that we can stand here and pontificate and say that they ought to do things differently and make it an article of faith, but instead make sure that people are making fully informed choices about their bodies and then after that, if people are in problems or they have concerns and have checked and feel lumps or they don't feel well, or blood in their stools they know what to do about it, they know to look for those things and once they have established that, they then know how to access health services and how to get that timely treatment so that they can be treated as effectively as possible. Thank you very much.

Unemployment figures in Nottingham

Councillor Edwards asked the following question of the Portfolio Holder for Jobs and Growth:

Could the Portfolio Holder tell us the latest on unemployment figures in Nottingham, and tell Council how many people in Nottingham are working on part time, zero hours or temporary contracts, or for less than the minimum wage?

Councillor McDonald replied as follows:

Thank you Councillor Edwards for your question and I am pleased that we have the opportunity to debate unemployment in this Chamber because helping get the people of our city into work is our single biggest priority for this Council for this term and I believe that helping Nottingham people get to a position where they have the skills to compete for work remains the greatest long term challenge that this city faces. It is a challenge that I believe that this Council is rising to meet whilst this Government is falling short by some considerable distance.

So, let's take the headline figures first, the latest unemployment rate for the city measured by Jobs Seekers' Allowance claimants in December 2013 is 5.2% compared to a national rate of 2.8%. On that measure, unemployment in Nottingham has fallen in Nottingham for 10 months in a row, 16.4% in total in the last year and is at the lowest it has been for almost five years. Its performance when measured against other core cities looks pretty good, comparison with regional and national figures is actually not a proper comparison, although I know Councillor Culley has a question to the Deputy Leader on that issue, the comparison is not a proper comparison because deprivation levels are greater in Nottingham and national employment figures are measured in a different way. It is how we fair against comparable cities that matters. I also believe that as a Council we can take some credit for what we have done on unemployment over the last few years through Council initiatives like the Employer Hub, the Apprenticeship Hub, the Nottingham Jobs Fund, and Jobs Fairs and through other initiatives we have placed almost 3,000 people into work over the last 2 years. Particularly in relation to apprentices where we are performing substantially better than the national average.

Just last week we ran an event in the city's Creative Quarter to match young people from the north of the city to apprenticeship opportunities in the Creative Quarter and Councillor Chapman will be pleased to know that there were young people from his ward. In a single afternoon we created 20 apprenticeships and we have created hundreds more in the Creative Quarter and we have created thousands more across the city. In particular, and I think this is very telling Lord Mayor, we are generating jobs in Nottingham in the private sector, a Centre for Cities report out today shows that Nottingham created 8,900 jobs in the last few years, some way ahead of all its comparator cities for its size.

Moreover, we have done so in a period in which, because of the Government's cuts to our budget and to budgets across the public sector the city has lost 6,400 public sector jobs. Further still, that report shows that our employment rate rose higher than any other core city, but Lord Mayor, headline figures, particularly headline employment figures can often be misleading so I am pleased to get the opportunity to

talk about some of the challenges that sit behind those figures because none of us should rest easy in believing that Nottingham's employment problems have been solved. The true position is that Nottingham continues to suffer from some of the same structural economic weaknesses in its labour force that the UK economy suffers from generally and they are weaknesses that this Coalition Government has done very little to address in any meaningful way. For example, long term unemployment continues to rise, long term youth unemployment is rising quickest of all, the Government's response to this – the Work Programme – has so far failed to have any impact whatsoever. It is a shameful, shameful position in what is fast becoming a national generational crisis in relation to youth unemployment and has so far barely registered on the list of priorities for this Government and the pitiful responses so far through the Work Programme have seen success rates as low as 3%.

It is actually the Government's failure on this issue that led the Council to introduce the Nottingham Jobs Fund, it is why we are working with our colleges to develop a single curriculum for FE provision in this city, it is why we have made job creation and skills development central to our economic plans and it is why we are now rolling out a community youth employment strategy to tackle long term youth unemployment in this city and get our kids back to work. That strategy will put 1,000 unemployed young people in our city through work readiness programmes with one to one support to get them into work. Working with partners to connect the provision across the city, this Council is stepping in to solve the problems in this city that this Government is failing to address.

The problems don't end there and therefore nor can the responses. We know that nationally, part-time work is rising and the number of part-time workers seeking full-time has gone up by a substantial number nationally, I think the figure is around 10% and that is a worrying statistic as it continues to speak to weaknesses in the UK economy in generating not just employment but high quality, meaningful and full-time employment that gives people and families the means to survive and pay their bills. We know that 26% of Nottingham residents, over 33,000 people in work, are in part-time jobs and many of them would like to be in full-time jobs and many of those people are women who are far more affected by this issue than men and that's why all the placement and apprenticeship schemes that the Council supports through its schemes are full-time positions and is why all of the apprenticeship positions are paid at above the national rate in Nottingham with our support and why in order to address the issue of female unemployment particularly, we are now focussing directly on other sectors like the care sector.

Again, it is this Council putting in place policies to address issues this Government should be tackling and is failing to tackle. Councillor Edwards asks specifically about zero hours' contracts and the minimum wage. We don't have figures for zero hours' employment in Nottingham because the Office for National Statistics doesn't produce them, but it is the case that minimum wage and zero hours' contracts are a problem nationally, we have plenty of evidence that it is also happening in our city and where it is happening we are tackling it. It is why this Council does not use zero hours' contracts and it is why this Council has committed to paying the living wage. It is also why next month we will be taking to our Executive Board a new Procurement Strategy that specifies that we will not purchase goods and services from companies that use zero hours' contracts, fail to pay proper wages or do not allow their

employees to join unions. Just as we pay the living wage, we will ensure that our suppliers also pay the living wage.

Meanwhile, this Government has done absolutely nothing to address this issue or to tackle employers who use zero hours' contracts or pay workers with low pay. Once again, this Council are addressing issues in this city that the Government has failed to deal with. Lord Mayor, there are a variety of other statistics that show us a more complicated picture in relation to unemployment; for example, unemployment data only affects those on Job Seekers' Allowance (JSA), there are 40,000 benefit claimants in this city and only 11,000 are JSA claimants. Sickness related benefits account for over 15,000 of the overall figure and that is a worrying figure and I know my colleague Councillor Norris could speak at length about what it says about the overlap between economic deprivation and health deprivation and it is something that we need to continue to tackle robustly in this city.

So below the headlines Lord Mayor, the position is stark in some areas, yes unemployment is falling in some areas in Nottingham but there remains a national problem with long term unemployment, low paid work, part-time work and poor terms and conditions. This Council is doing, I believe, the right things to tackle those issues – it is focussing on apprenticeships, it is focussing on sectors that will generate a variety of different kinds of work, it is using its own procurement strategy to drive up standards but most of all it is using the levers it has to create economic growth in this city through its growth plan because it is only through structural shifts in our economy that we can ultimately start to address the questions that Councillor Edwards highlights. By moving our economy away from a traditional employment sectors and towards high knowledge based, high skilled economy sectors. The Council has a good record on all of these issues and while we are at the start of a long journey to create a new economy in our city we have the right policies in place.

Meanwhile, this Government has nothing like our growth plan, it has no credible plan for growth at all, it has presided over a dramatic fall in living standards, it is the single biggest cause of public sector job losses in the last few years, it has done nothing on pay and conditions and it has failed abjectly to address the shameful issue of long term youth unemployment. Instead, it seems intent on slashing green business regulations when Europe is doing the opposite and I have to say, my experience of dealing with small business is that they are less concerned with over-regulation and more concerned with a lack of access to finance, business support and access to skilled workers.

Lord Mayor, the unemployment story then in Nottingham is complicated but overall it is the story of failure at governmental level on all of the labour market indicators and they have wasted money and poor policies have failed to address some serious and deep seated problems, like youth unemployment, part-time employment and poor pay and conditions. A very good job then, Lord Mayor, that cities like Nottingham are leading the way when the Government is failing. If only this Government would give us more powers, more responsibility and more control of funding we could do a lot more

Business rate revaluation

Councillor Saghir asked the following question of the Deputy Leader:

Could the Deputy Leader comment on research that suggests that retailers on some of Britain's most deprived high streets are subsidising stores like Burberry and Chanel following the Government's two-year delay on business rate revaluation?

Councillor Chapman replied as follows:

Thank you and can I thank Councillor Saghir for his question and I trust that he's not wearing either Chanel or Burberry. Research conducted by Bill Grimsby, the ex-Chief Executive of Wickes which is one of my favourite shops, concluded that luxury retailers in London's top central shopping street alone will be saving alone £66 million over two years as a result of the postponement by the Government of the business rate revaluation. This is just a small part of London. Stretched across the most affluent areas of the UK, in particular the south east, we are talking about hundreds of millions of pounds, if not billions of pounds of advantage to some of the better off retailers.

This is because since 2008 rental values and turnover elsewhere outside of London and the south east have dropped. Leeds -31%, Bristol -25% and in Nottingham around about -27%. The report concludes that not only will postponement force many retailers to pay artificially high bills which are often over 30% of their overall cost but it will also exacerbate significant hurdles which already exist to investing and struggling high streets.

So, the contrast between the luxury end retailers, the ordinary retailers and in particular those marginal retailers on our estates and along the arterial roads that lead into the city. There is also another factor and this factor is the contrast between the south and the midlands and the north. This is one of a whole raft of measures which are disinsentivising the northern and midland economies. It is particularly interesting that this question should be asked on a day when the report on the centre of cities has emerged saying that London is actually snaffling the vast majority of growth in this country and distorting the gap between the north, the midlands and the south east. It has been helped very much by a whole plethora of Government initiatives, for example, council grant settlements. The poorer the area the more northerly, the more you are likely to lose. The new homes bonus, the poorer the area the more northerly, the more likely you are to lose. Council tax support which we will be discussing later, the poorer the area the more urban, the more northerly, the more you are likely to lose.

Business rate devolution – the poorer the area, the more northerly, the more you are likely to lose. All the rhetoric from Government is about rebalancing the economy, all the behaviour is about increasing the gap which is precisely what is happening and now we have business rate revaluation postponed which could potentially have saved Nottingham's businesses 20% of their rate costs. That 20% might have allowed some of them to start paying the living wage which is what we are told is what the Government would like to happen but again all of its actions are going in the opposite direction. So, indeed, we are not all 'in it together' or at least we are all 'in it together' provided that you are not poor, provided that you are not urban, provided

that you do not live in the north or the midlands and provided that you are not a small business. Thank you.

Rate of unemployment

Councillor Culley asked the following question of the Deputy Leader:

While I'm sure the Deputy Leader will have welcomed last week's encouraging news on unemployment, with the city achieving its lowest unemployment rate in five years, I am also sure that like me he will be concerned that unemployment is falling at a slower rate here in Nottingham than it is regionally and nationally. Could this have any relation to the anti-business policies of this Council such as the Workplace Parking Levy and increasing city centre parking charges, and will further such policies such as the proposed Late Night Levy not further stifle growth?

Councillor Chapman replied as follows:

Thank you very much Lord Mayor. The underlying assumption of this question just illustrates how facts and ideological differences don't mix very well. The prejudices behind the question are, workplace parking – bad, parking charges generally – bad, night time levy – bad. The conclusions these prejudices lead to is that anything at all suboptimal in their ambit must be as a result of the prejudices and these factors.

All I can say is that is a good job that this approach has not applied to medical science otherwise we would all still be applying leeches, so, in answer, I would say that how welcome the reductions in unemployment are and I don't care who takes credit for it, whether it is the efforts of the City Council or the voluntary sector, initiatives of the private sector, the genius of George Osborne or the natural economic cycle taking its course. What is important is that it is happening, though we should not be complacent. Long term unemployment is not moving in the right direction. Nevertheless, we should be grateful for what mercies are on offer. I also want to offer some reasons for the variations between the city and the surrounding areas.

First and I think it has already been mentioned earlier, like all cities the skill base is lower than its hinterland. It is historic and it relates to the type of industry we used to specialise in and the fallout from the industrial revolution and that takes a long, long time to reverse. Second, there is a recurrent problem with city statistics to do with the boundaries and they lock in much of the conurbation's deprivation and distort the impression. Third, benefit reforms have led in cities to more single parents and people with disabilities moving onto Jobs Seekers' Allowance and onto the unemployment statistics disproportionately affecting this city and as I said, all cities.

These are inconvenient facts for Councillor Culley and certainly, if you want to believe that Workplace Parking is the source of all evil. They are not definitive but probably more realistic than the misconceptions Councillor Culley is trying to conjure up. However, a more scientific test is to compare similar local authorities to Nottingham where this is no Workplace Parking Levy and even these comparisons disadvantage Nottingham because none of them are as tightly bound as we are. Nottingham, with Workplace Parking, the annual change is -16.4% decrease in unemployment. Birmingham, without Workplace Parking, the annual change is only

14.2%. Sheffield, with wider boundaries that Nottingham is 17.8% so is within the ambit of Nottingham. Liverpool, without Workplace Parking, the annual change 15.6%, less than Nottingham.

If we look at the conurbation, which is the real comparison because more of the cities have boundaries more akin to our conurbation and the cities provide most of the jobs for the conurbation then Nottingham is in the top half of the core cities in terms of its fall in unemployment and none of them have Workplace Parking. There is stronger evidence still that our employment rate is the 6th best of UK's major cities, which was in the report today. We have also heard that we have created almost 9,000 private sector jobs recently. If that is not definitive evidence that the Workplace Parking Levy has made very little difference, and don't forget that makes us the 5th most effective city in the UK in terms of private sector job creation, if that is not definitive evidence, then I don't know what is. So you could argue that without the £750 million investment in trams and other transport infrastructure enabled by the WPL we would be further down the league, but there is not enough evidence to justify that conclusion entirely so, unlike Councillor Culley, not being a believer in statistical leeches, it is not an argument I would want to use without more research. Thank you.

NET Phase 2 compensation claim

Councillor Morley asked the following question of the Portfolio Holder for Planning and Transportation:

With the news that Wilkinson is lodging a claim of around £6 million from the City Council for the loss of its Beeston store due to NET Phase 2 works, can the Portfolio Holder reassure the Council that this claim will not be the first of many? Furthermore, can she assure us that compensation for this type of claim is factored into the project's budget and does not threaten to further burden the tax-payers of Nottingham?

In Councillor Urquhart's absence, Councillor Collins replied as follows:

Thank you Lord Mayor and can I thank Councillor Morley for her question. There is nothing new about this claim and as Councillor Morley would have known had she asked the officers managing the tram project. It has always been anticipated that the Wilkinson building along the NET Phase 2 route would need to be compulsorily purchased and provision was made within the overall budget to meet those costs.

The owners of the buildings that have been compulsorily purchased are able to claim what they consider to be a fair sum in compensation however, the final figure will be subject to negotiation and if agreement cannot be reached an amount will be independently settled.

Investment in Nottingham

Councillor Culley asked the following question of the Deputy Leader:

With the Government releasing £3 million of ERDF funding to support works in and around the Creative Quarter, the focus of the City Deal which will see over £45

million of Government investment, will the Portfolio Holder join me in welcoming this Government's massive investment in Nottingham?

Councillor Chapman replied as follows:

Of course I welcome the money, the main thing is to try and get our economy going and if we can get Government help, all the better and we have worked very hard with ministers and with one or two quite decent ministers, like Greg Clark MP. Anything that compensates for the £100 million taken out of the local economy as a result of the disproportionate RSG is of course welcome. Before we get too excited, I think we need to break this £45 million down. Twenty five million pounds of it is not grant, it is a loan expecting a higher rate of return from local business who take out the loan so, it is not grant and the money will be repaid.

A further £8 million TIF money is provided, not by the Government, but by the City Council. Three million is ERDF and that is not Government money, the clue is in the 'E' which stands for European, from the EU who seem to like giving the city money to invest in business when the Government doesn't actually do it on business, training and infrastructure. What we are left with after that is £10 million from the Government which again, is welcome but which, according to Councillor McDonald, him and Councillor Collins have had to fight tooth and nail to extract over the past few months. So, that £10 million versus the loss of £100 million in grant to this authority does not look terribly impressive.

Moreover, in terms of the infrastructure requirements in both training and R&D which has also been cut nationally, the sort of long term investment with higher multipliers you really need, this is breath-taking in its lack of ambition, £10 million. It is nothing Councillor Culley, we are a major economy, we are one of the world's top ten economies so in order to try and get us going, and we are the 8th or 10th city of the country - £10 million is not impressive. As we all know, money is not the total solution but it helps if you have it but, my God, it impedes if you don't.

What is important in the end is the devolution of powers and what we desperately need is local control over 2 areas, skills and employment funding, as Councillor McDonald implied earlier, and business support, neither of which are being delivered sufficiently by Government, not just by the Government but by the last government as well. With those two tools we could really make progress. However, there is also one other thing which is holding back progress in this city, particularly in the Creative Quarter and that is broadband rollout. If you want investment which is going to have a whacking great payback, disproportionate to the amount of money you put in, it is the rollout of broadband, which is not happening. It is not happening because BT have a monopoly and before the last election were told by Mr Cameron that their monopoly would be broken up, in fact the opposite has happened. BT has got closer and closer to Government to the point where their ex-Chief Executive has been made a Conservative Lord. Indeed, this closeness means that the Government is not putting enough pressure on BT and BT is not doing enough, not just for this city but for any city. It is holding back growth in this country and there is far too cosy a relationship between Government and BT. It is not healthy for us and it is not healthy for our economy.

That is a message I would take back and if there is anything you can do within your Government to try and get them to take BT on then it would be very, very helpful to the city and its economy. If you have that influence I hope you will exercise it. Thank you.

82 LOCAL GOVERNMENT ACT 1972 SECTIONS 85 AND 86

The Leader submitted a report, as set out on pages 239 to 240 of the agenda.

RESOLVED on the motion of Councillor Collins, seconded by Councillor Chapman, to note the circumstances described in the report and to declare a vacancy in the office of one Councillor for Clifton North ward.

83 MEMBERS' ALLOWANCES SCHEME 2013/14 - REVIEW BY INDEPENDENT REMUNERATION PANEL

The Leader submitted a report, as set out on pages 241 to 242 of the agenda.

RESOLVED:

- (1) adopt the recommendation of the Independent Remuneration Panel;**
- (2) to thank the Independent Remuneration Panel for their work on the scheme;**
- (2) to continue the indexation of allowances, with indexation linked to the level of annual increase in local government employees' pay for a four year period commencing on 1 April 2013 save for no indexation being applied to the Leaders' basic and special responsibility allowances for year 2013/14 nor, in the future, if any equivalent SLMG salary has not actually received a pay award;**
- (4) to amend the current scheme in accordance with the above recommendation.**

84 NOTTINGHAM CITY COUNCIL (CITY WIDE EXTENSION) ALCOHOL CONSUMPTION IN DESIGNATED PUBLIC PLACES ORDER 2014

The Leader submitted a report, as set out on pages 243 to 286 of the agenda.

RESOLVED:

- (1) to confirm that Council is satisfied that alcohol related nuisance or annoyance has been caused to members of the public, and/or disorder has arisen, which has been associated with the consumption of alcohol in the proposed area covered by the Order;**
- (2) to authorise the Corporate Director for Communities and the Director of Legal and Democratic Services to make and advertise the Order in accordance with the relevant statutory processes;**

(3) that the Order to take effect from 27 March 2014.

85 DECISIONS TAKEN UNDER URGENCY PROCEDURES

The Leader submitted a report, as set out on pages 287 to 290 of the agenda.

RESOLVED to note the urgent decisions taken, as follows:

(1) Urgent decisions (exempt from call-in)

<u>ref</u>	<u>Date of decision</u>	<u>Subject</u>	<u>Value of decision</u>	<u>Decision Taker</u>	<u>Consultee on urgency</u>	<u>Reasons for urgency</u>
1152	25/11/13	Setting of auction reserves for surplus Housing Revenue Account assets to be disposed of	Dependent upon offers received	Simon Peters, Acting Head of Estates	Chair of Overview and Scrutiny Committee	To allow for a timely implementation of the decision.
1182	12/12/13	Banking Contract	£320,000	Deputy Leader	Chair of Overview and Scrutiny Committee	So that the advertisement for tender is in place as soon as possible.
1209	24/12/13	Broadmarsh Car Park Safety Barrier Repairs	£130,000	Deputy Leader	Chair of Overview and Scrutiny Committee	To allow for a timely implementation in light of urgent health and safety work.

(2) Key decisions – special urgency procedure

<u>Date of decision</u>	<u>Subject</u>	<u>Value of decision</u>	<u>Decision Taker</u>	<u>Reasons for special urgency</u>
16/12/2013	Approval of match-funding for European Regional Development Fund (ERDF) Challenge Fund Project – Creative	£6.168 million	Leader	Delay in implementing the decision would result in Council potentially losing funding.

<u>Date of decision</u>	<u>Subject</u>	<u>Value of decision</u>	<u>Decision Taker</u>	<u>Reasons for special urgency</u>
	Catalyst (Dakeyne Street)			
19/12/2013	Electric Linkbus fleet expansion – Further Green Bus Funding	£3.2 million	Leader	The Department for Transport indicated that an offer for funding will be made in December and acceptance of the funding is required within 10 working days. The Council needs to have prior internal approval before the grant can be offered.

86 COUNCIL TAX SUPPORT SCHEME 2014/15

The Deputy Leader submitted a report, as set out on pages 291 to 316 of the agenda.

RESOLVED:

- (1) to note the findings and outcomes from the Council Tax Support Scheme consultation carried out with residents and other stakeholders as set out in Section 5.9 – 5.11 of the report and in Appendix 2 to the report;**
- (2) to note the findings on equalities and other impacts arising from the proposed Council Tax Support Scheme in Appendix 1 to the report, having regard to the Council’s Public Sector Equality Duty;**
- (3) having regard to the recommendation of the Executive Board on 17 December 2013, to adopt the Council Tax Support Scheme to take effect from 1 April 2014;**
- (4) to have the proposed Council Tax Support Scheme for the City of Nottingham for 2014/15 available on the Council’s website.**

87 TO CONSIDER MOTION IN THE NAME OF COUNCILLOR CHAPMAN:

Moved by Councillor Chapman, seconded by Councillor Piper:

“The City Council is greatly concerned by the effect the cuts in welfare and local government spending are having on many of our citizens and on the economy of Nottingham. This Council believes that these cuts are targeted disproportionately at the poorest in society and at the urban areas of the Midlands and the North.

In particular, it calls upon the government to reverse the spare room subsidy, commonly known as the bedroom tax and the iniquitous and arbitrary reduction in Council Tax Support which hurts the poorest of our citizens, the majority of whom are either working in low paid jobs, disabled or carers.”

RESOLVED to carry the motion.

88 CHANGES TO EXECUTIVE ASSISTANT REMITS:

RESOLVED to note the following changes to Executive Assistant remits:

- (1) Councillor Rosemary Healy appointed Executive Assistant for Strategic Regeneration and Community Safety;**
- (2) Councillor Sam Webster appointed Executive Assistant for Children's Services.**

89 HEALTH SCRUTINY PANEL MEMBERSHIP

RESOLVED to note the addition of Councillor Anne Peach to membership of Health Scrutiny Panel for the municipal year 2013/14.

The Meeting concluded at 4.42 pm

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CITY COUNCIL – 3 MARCH 2014

REPORT OF THE LEADER

DECISIONS TAKEN UNDER URGENCY PROCEDURES

1 SUMMARY

- 1.1 As required by the Council's Constitution, this report informs Council of urgent decisions taken under provisions within both the Overview and Scrutiny Procedure Rules and Access to Information Procedure Rules.

2 RECOMMENDATIONS

- 2.1 It is recommended that Council notes the urgent decisions taken, as detailed in the appendix.

3 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

- 3.1 To ensure compliance with the procedures detailed in the Council's Constitution.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 4.1 None.

5 BACKGROUND

5.1 Call-in and Urgency (Overview and Scrutiny) Procedure Rules

- 5.1 Council will be aware that the call-in procedure does not apply where the decision taken is urgent. A decision is urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interests. Part 4, paragraph 15, of the Constitution requires that where a decision is taken under the urgency procedure, that decision needs to be reported to the next available meeting of Council, together with the reasons for urgency. The urgency procedure requires that the Chair of the Overview and Scrutiny Committee must agree both that the decision proposed is reasonable in all the circumstances and that it should be treated as a matter of urgency. In the absence of the Chair, the Vice-Chair's consent is required. In the absence of both, the Chief Executive or his nominee's consent is required. Details of the decisions made where the call-in procedure has not applied due to urgency are set out in Appendix 1.

5.2 Special Urgency – Access to Information Procedure Rules

- 5.3 The Local Authorities Executive Arrangements (Access to Information) (England) Regulations 2012 introduced a requirement for 28 clear days public notice to be given of all proposed key decisions. Where it is not possible to give the full 28 days notice, but there is time to give at least 5 clear days notice, then the General Exception procedure (as set out in Part 4 of the Constitution, paragraph 13 of the Access to Information Procedure Rules) applies. Where 5 clear days notice is also not possible, the above regulations provide for a Special Urgency Procedure (Part 4 of the Constitution, paragraph 14).

- 5.4 An urgent key decision may only be taken under the Special Urgency procedure where the decision taker has obtained agreement that the decision is urgent and cannot reasonably be deferred from:
- (i) the Chair of the Overview and Scrutiny Committee or
 - (ii) if there is no such person, or if the Chair of the Overview and Scrutiny Committee is unable to act, the Lord Mayor (as Chair of the Council) or
 - (iii) where there is no Chair of either the Overview and Scrutiny Committee or Lord Mayor, the Sheriff (as Vice Chair of Council).

Once agreement has been sought and as soon as reasonably practicable, the decision maker must publish a notice at the Council's offices and on the Council's website that the decision is urgent and cannot reasonably be deferred.

In addition the procedure requires that the Leader submits quarterly reports to Council containing details of each executive decision taken during the period since the last report where the making of the decision was agreed as a case of special urgency (paragraph 16.2, Part 4 of the Constitution).

- 5.5 No such decision has been taken during the period since the last report, submitted to Council in January 2014.

6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

- 6.1 None.

7 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

- 7.1 None.

8. EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 An EIA is not required as the report does not relate to new or changing services or policies.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 10.1 The Council's Constitution
- 10.2 The delegated decisions and committee reports detailed in the appendix to this report.

**COUNCILLOR JON COLLINS
LEADER OF THE COUNCIL**

URGENT DECISIONS (EXEMPT FROM CALL-IN)

<u>Decision reference number</u>	<u>Date of decision</u>	<u>Subject</u>	<u>Value of decision</u>	<u>Decision Taker</u>	<u>Consultee on urgency</u>	<u>Reasons for urgency</u>
1254	09/01/2014	Adults Care Package (with continuing care contribution)	Exempt	Portfolio Holder for Commissioning and Voluntary Sector	Chair of Overview and Scrutiny Committee	To allow for a timely implementation of the decision.
1261	09/01/2014	Dispose freehold of property at Gervase Gardens, Clifton	Exempt	Head of Estates (acting), Simon Peters	Chair of Overview and Scrutiny Committee	To allow for a timely disposal of the freehold property.
1264	24/01/2014	Grant option over Base 51 and associated land	Exempt	Leader	Chair of Overview and Scrutiny Committee	To allow for a timely conclusion to the option over Base 51
1279	29/01/2014	Approval of the costs of an Adults Care Package	Exempt	Corporate Director for Children and Adults, Alison Michalska	Chair of Overview and Scrutiny Committee	To allow for a timely implementation of the decision.
1280	29/01/2014	Approval of the costs of an Adults Care Package	Exempt	Corporate Director for Children and Adults, Alison Michalska	Chair of Overview and Scrutiny Committee	To allow for a timely implementation of the decision.
1281	29/01/2014	Approval of the costs of an Adults Care Package	Exempt	Corporate Director for Children and Adults, Alison Michalska	Chair of Overview and Scrutiny Committee	To allow for a timely implementation of the decision.

<u>Decision reference number</u>	<u>Date of decision</u>	<u>Subject</u>	<u>Value of decision</u>	<u>Decision Taker</u>	<u>Consultee on urgency</u>	<u>Reasons for urgency</u>
1305	10/02/2014	Funding to tackle rogue Landlords	£124,000	Portfolio Holder for Commissioning and Voluntary Sector	Chair of Overview and Scrutiny Committee	Due to time constraints imposed by the Department for Communities and Local Government (DCLG), the Council may be in danger of being unable to start the project and losing the money.
1314	14/02/2014	Approval of the costs of a placement for a child in care	Exempt	Portfolio Holder for Children's Services	Chair of Overview and Scrutiny Committee	To allow for a timely implementation of the decision.

CITY COUNCIL – 3 MARCH 2014

REPORT OF THE DEPUTY LEADER OF THE COUNCIL

PAY POLICY STATEMENT 2014-2015

1 SUMMARY

- 1.1 This report introduces the Council's pay policy statement for 2014-15 as required by the Localism Act. The policy sets out information on pay and conditions for chief officers in comparison to the bulk of the workforce employed on 'Local Government Scheme' (LGS) terms and conditions.

2 RECOMMENDATIONS

It is recommended that Council:

- 2.1 Approve and endorse the Council's pay policy statement for 2014-15.
- 2.2 Note that the statement may need to be amended in-year for any necessary changes the Council may wish to adopt. Any such changes will be presented to Full Council for approval.

3 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

- 3.1 The pay policy statement is being presented to Full Council in order to demonstrate that decisions on pay and reward packages for chief executives and chief officers are made in an open and accountable way.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 4.1 As the production of a pay policy statement is a requirement under the Localism Act, no other options were considered.

5 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 5.1 The Localism Act requires local authorities to prepare and publish pay policy statements.
- 5.2 The Act requires that the statement must be approved formally by the Council meeting itself (it cannot be delegated to a sub-committee); must be approved by the end of March each year and must be published on the Council's website. "Chief Officer" is widely defined through adopting the definitions in the Local Government and Housing Act 1989.
- 5.3 In more detail, the matters that must be included in the statutory pay policy statement are as follows:
- the Council's policy on the level and elements of remuneration for chief officers;
 - the Council's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition);

- the Council's policy on the relationship between the remuneration of its chief officers and other officers;
- the Council's policy on other specific aspects of chief officers' remuneration, such as remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.

5.4 The Act defines remuneration widely, to include not just pay, but also charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements, and termination payments.

5.5 The pay multiple of the average chief officer's pay (£98,935) to that of the non-chief officer average earner (£25,336) including guaranteed payments¹ is 1:4. The relationship between the Chief Executive's pay (£160,000) to that of the Council's non chief officer average earner excluding allowances (£21,668) is a pay multiple of 1:7.

5.6 The total sum of additional payments claimed by the Council's 30 chief officers from 1 April 2013 to 31 December 2013 was £36,220. These related to claims for expenses and allowances, ranging from travel to relocation.

5.7 As at 31 December 2013, there were no chief officers in receipt of bonus payments; increments; pay awards; performance related pay; and other pay enhancement allowances (overtime, weekend, evening, night working, etc).

5.8 The Council is closing the pay gap between the Chief Executive and lowest paid employee. The Chief Executive was appointed in December 2012 below the lowest point of the Chief Executive pay scale. On the other hand, the Council has agreed to pay a supplement to all colleagues on Grade A (£12,266 - £12,915) the difference between their grade and £7.45 per hour effective from 1 April 2014. This proposal is intended to apply to all employees, schools' employees and casual workers.

6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

6.1 The pay policy statement will also assist chief officers in the discharge of their responsibilities relating to staffing numbers and payments to employees as set out in the Council's Financial Regulations and Corporate Financial Procedures.

7 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

7.1 Sections 38 to 43 of the Localism Act 2011 require the City Council to prepare, approve and publish a pay policy statement in the terms described in this report. The statement proposed for approval by Council complies with legal requirements.

8 EQUALITY IMPACT ASSESSMENT (EIA)

8.1 An EIA is not required as the pay policy statement does not include proposals for new or changing policies, services or functions.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR

¹ Includes basic FTE salary, pension – employer contribution on FTE basic pay, single status incentive payments, allowances and enhancements paid between 01/04/2013 to 31/12/2013

THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 9.1 Communities and Local Government, Openness and accountability in local pay: Guidance under section 40 of the Localism Act.
- 9.2 Local Government Association and Association of Local Authority Chief Executives (ALACE), Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives.
- 9.3 Department for Communities and Local Government, 2013. *Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011. Supplementary Guidance*. London

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 10.1 Hutton, W., 2011. Hutton Review of Fair Pay. London
- 10.2 One Society, 2012. *Leading the Way on Fair Pay: An Assessment of Principal Local Authorities in England & Wales*. London

**COUNCILLOR GRAHAM CHAPMAN
DEPUTY LEADER**

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Nottingham City Council

Pay Policy Statement 2014-2015



Safer, cleaner, ambitious
Nottingham
A city we're all proud of



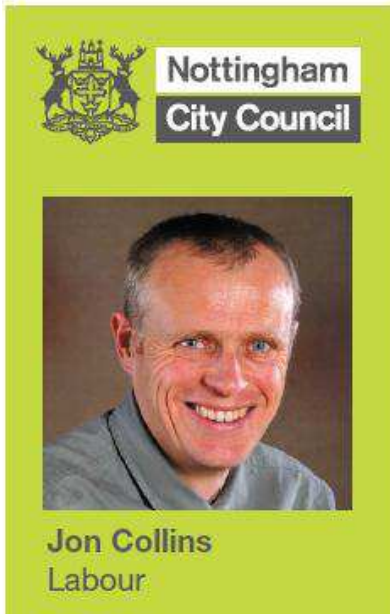
Nottingham
City Council

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Introduction from the Leader of Nottingham City Council, Jon Collins



Welcome to Nottingham City Council's annual Pay Policy Statement. The statement sets out the Council's approach to setting pay and conditions for chief officers and those for the workforce.

This year's statement shows further important steps to ensure that our employees can expect a reasonable wage. The Appointments and Conditions of Service Committee agreed to reduce the pay of our Chief Executive when we appointed Ian Curryer in December 2012. At the other end of the scale, we are moving towards a living wage. We have approved the payment of a supplement to the salaries of lower paid employees to increase their wages to £7.45 with effect from 1 April 2014 and we are currently considering increasing this to the full rate of £7.65 per hour.

We are committed to providing quality services which offer value for money. This means that it is vital that we protect our workforce so that we can continue to deliver essential services for the most vulnerable citizens in Nottingham. In order to maintain jobs, we have made the difficult proposal to freeze pay increments for 2013/14. By freezing pay increments, we would save over 100 jobs that would have to be cut if pay increased.

Nottingham City Council has made substantial savings already. Some examples are that we have reduced our spend on agency workers by £19.6 million, saved circa £16m through the freezing of incremental pay progression for the past three years, and saved £1.3m through employees purchasing additional time off from work (through a scheme called 'Holidayplus' and 'MY Time'). We will continue to look at ways that we can make savings whilst trying to protect public services, jobs and the lowest paid.

A handwritten signature in black ink, appearing to read 'J. N. Collins', is written over a horizontal line.

Jon Collins
Leader of the Council

Introduction from Chief Executive, Ian Curryer



Welcome to Nottingham City Council's annual Pay Policy Statement.

The statement outlines the Council's approach to setting pay and conditions for chief officers (senior staff) and other colleagues. It sets out how we are spending public funding appropriately and demonstrates our commitment to openness and transparency about pay and allowances.

As our funding from Central Government continues to reduce, we have had to take some difficult decisions across the whole organisation to ensure that we deliver our key priority of providing essential services for the people of Nottingham. When I speak to colleagues in all parts of the Council, their commitment to delivering the highest quality service to our residents, as well as those who work, study, invest and visit here, is clear. Our Council colleagues are our greatest asset.

One feature of this pay policy is that we have introduced a Living Wage supplement for our lowest paid colleagues, paying £6.83 per hour from 1 April 2013, rising to £7.45 per hour from 1 April 2014. We are all keen to ensure that the benefits of our pay policy are felt by colleagues whose wage had gradually fallen in value, compared to the national minimum wage.

All Council employees have also been able to take advantage of a number of voluntary measures, including purchasing additional annual leave or voluntarily reducing their hours. The savings made through these schemes contribute to the overall budget and mean that we're better able to protect jobs and continue to provide services.

A handwritten signature in black ink, appearing to read 'Ian Curryer'. The signature is fluid and cursive.

Ian Curryer
Chief Executive

1 BACKGROUND

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for each financial year (starting from 2012/13).
- 1.2 The pay statements must articulate the Council's own policies on a range of issues relating to the pay of its workforce, particularly its senior employees (or 'chief officers' as defined by the Local Government and Housing Act 1989) and its lowest paid employees.
- 1.3 The Act requires the policy to be considered by a meeting of Full Council and cannot be delegated to any sub-committee. All decisions on pay and reward made in 2014/15 must comply with the pay policy statement. The statement may be amended in year but must be agreed again by a meeting of Full Council.
- 1.4 This pay policy statement provides information on Nottingham City Council's pay and conditions for chief officers in comparison to the bulk of the workforce employed on 'Local Government Scheme' (LGS) terms and conditions. It also sets out the approach that will be taken during 2014/15.
- 1.5 The Council's structure currently consists of four main departments; Children and Families, Development, Communities, and Resources; delivering specific functions for its citizens.

2 DEFINITIONS AND SCOPE

- 2.1 Definition of Chief Officer at Nottingham City Council
Appendix 1 provides a structure chart of all the Chief Officers as defined by the Local Government and Housing Act 1989 employed at the Council as at 1 January 2014.
- 2.2 'Lowest Paid' Employee
The bulk of the workforce is employed on Local Government Scheme (LGS) terms and conditions. The 'lowest paid employee' is defined as LGS employees employed on Greater London Provincial Council (GLPC) Grade A, spinal point 4, equating to £12,266 basic pay.

This is the lowest pay point and salary offered for a substantive post at the Council excluding apprentices and casual workers.
- 2.3 With effect from 1 April 2013, the Council paid a Living Wage supplement to all colleagues on Grade A (£12,266 - £12,915) the difference between Grade A and £6.83 (£13,189). This supplement was paid to all employees, schools' employees and casual workers. The Council is increasing this supplement payment to £7.45 with effect from 1 April 2014.
- 2.4 The Council is proposing the pay increase in order to support and lift low paid workers out of poverty, and towards the longer term consideration of fully implementing the Living Wage Foundation's minimum hourly rate of £7.65 outside of London.

2.5 The pay policy statement has excluded:

- Apprentices;
- Colleagues on NHS terms and conditions
- Non chief officer Heads of Services and managers on Senior Leadership Management Group (SLMG) terms and conditions; and
- Employees employed on Soulbury and Theatrical Management Association/the Broadcasting Entertainment Cinematograph and Theatre Union (TMA/BECTU) terms and conditions.

The reason for excluding these groups is because apprentices are not on permanent contracts and are not considered 'employees'. The majority of Heads of Services are not chief officers as defined by the Local Government and Housing Act.

In addition, there are a very small number of colleagues employed on such terms and conditions (19 on BECTU, 55 SLMG non chief officers, 43 on NHS terms and conditions, 2 on Craft grade, 42 on Soulbury, and 53 Apprentices).

Furthermore, the lowest salary for Soulbury (£29,777), BECTU/TMA (£15,467) and SLMG (£43,396) is higher than LGS employees.

2.6 Schools' Employees

As specified in the Localism Act, the pay policy statement does not include information on, or apply to, chief officers and employees based in schools.

2.7 Public Health Employees (transferred to Nottingham City Council under Statutory Transfer during 2013)

The Council received a number of colleagues from the PCT with effect from 1 April 2013.

Some of the aforementioned Public Health employees may come under the definition of 'chief officers', however as this was a Statutory Transfer under a 'Cabinet Officer Statement of Practice' and therefore their pay and conditions was determined and governed by the provisions of their previous contract and terms and conditions. These include Agenda for Change and Medical and Dental Terms and Conditions for Consultants (England) 2003. It is important to note that for this reason, some or all of this pay policy statement does not apply to such officers.

3 HOW PAY AND CONDITIONS ARE AGREED FOR CHIEF OFFICERS

3.1 Chief officers' pay and conditions are ratified by the Council's remuneration committee; Appointment and Conditions of Service (ACOS). The responsibility for this function is set out in Appendix 2 which provides an extract from the Council's Constitution. In summary, the main responsibilities of ACOS relating to chief officers' pay and conditions are:

- To undertake the appointment process in respect of the Chief Executive, Deputy Chief Executive and Corporate Directors, making recommendations to Full Council;

- To determine the terms and conditions of City Council employees and procedures for disciplinary action and dismissal;
- To receive reports on action taken in respect of terms agreed for the Chief Executive, Deputy Chief Executive, Corporate Directors and the Senior Leadership Management Group (SLMG) leaving the employment of the Council where those terms included compensation;
- Determine redundancies, ill health retirements, flexible retirements and terminations of employment (including payments over £30,000 relating to efficiency) and any exercise of discretions to increase total LGPS membership and award additional LGPS membership for the Chief Executive, Deputy Chief Executive, Corporate Directors and Directors;
- To approve any proposals from the Chief Executive for changes to salary levels (including ranges of salaries) for Corporate Directors and the Deputy Chief Executive.

3.2 The Committee is accountable to Council, has ten members (politically balanced (one place is reserved for the relevant Portfolio Holder (or their substitute) in relation to matters in respect of the appointment process for the Chief Executive and Corporate Director and the dismissal process for the Chief Executive)). The Committee meets on a monthly basis.

3.3 Chief officers have no power to negotiate their own terms and conditions outside of the Council's policies and procedure either during recruitment, throughout employment, or upon termination of their contract. The degree of responsibility exercised by chief officers in return for their basic pay is restricted to established pay gradings (Appendix 3) or with regards to other pay such as market supplement or acting up allowances in accordance with the provisions contained within the Council's pay policy (Appendix 4).

4 PAY, TERMS AND CONDITIONS AT NOTTINGHAM CITY COUNCIL

4.1 The chief officers working at Nottingham City Council belong to a group referred to internally as the 'Senior Leadership Management Group (SLMG)'. Colleagues employed as Heads of Services and other senior managers are also part of SLMG and its associated terms and conditions; however the majority are not chief officers as defined by the Local Government and Housing Act.

4.2 Appendix 5 provides a comprehensive breakdown of all the terms and conditions offered to the Council's 30 chief officers in comparison to LGS employees as at 31 December 2013, including pay range, allowances, fees and other benefits in kind. The table also provides information on which pay and condition is contractual.

4.3 The table highlights that many of the terms and conditions offered to LGS employees, such as overtime, incremental progression, travel expenses within County of Nottinghamshire, weekend/evening allowances etc are not available to the Council's chief officers.

4.4 The Chief Executive is paid on a spot salary of £160,000 as agreed by the Council's appointing committee (Appointment and Conditions of Service).

- 4.5 The total additional payments made to the Council's Chief Officers between 1 April 2013 to 31 December 2013 are listed in the table below:

Pay Element	Total for Chief Officers
Total year to date additional payments (1 April 2013 to 31 December 2013) Additional payments include: Car mileage, relocation expenses (travel and accommodation), allowances for additional responsibilities, standby, general expenses (e.g. subsistence, parking etc), election duties ¹ , and travel expenses.	£36,220

5 ELECTION DUTY PAYMENTS

- 5.1 The Returning Officer's fee is a payment made to a nominated chief officer (at Nottingham City Council, this is the Chief Executive) for being in charge of the running of Local, European, Parliamentary elections in addition to National Referenda.
- 5.2 The National Referendum, European and Parliament elections are funded and paid for by central government and are therefore not related to Nottingham City Council's terms and conditions. The Council does not govern the fee payable to the Chief Executive for these elections and therefore the Chief Executive can retain any fee paid to them from these funds.
- 5.3 There were no National Referenda, European or Parliamentary elections during 2013-2014 so the Chief Executive received no additional fee during this financial year.
- 5.4 The funding for any local election comes from local authority funds and follows the same principles as those for a central government funded election. The new Chief Executive is not contractually entitled to a payment for local elections and has therefore received no payment for the five by-elections which have taken place during this financial year.

6 MONITORING OFFICER'S FEE

- 6.1 The Monitoring Officer has the specific duty to ensure Nottingham City Council, its officers, and its elected councillors maintain the highest standards in all they do. The monitoring officer's legal basis is found in Section 5 of the Local Government and Housing Act 1989 , as amended by Schedule 5 paragraph 24 of the Local Government Act 2000.

The Monitoring Officer's three main roles are:

1. To report on matters they believe are, or are likely to be, illegal or amount to maladministration.
2. Matters relating to the conduct of councillors and officers.
3. Responsibility for the operation of the Council's Constitution.

¹ Election duties include general roles such as presiding officer etc and not Returning Officer duties. The total amount paid was £301.50

- 6.2 The monitoring officer has a duty to write a report if they consider any proposal, decision, or omission made by the Council, or on behalf the Council, is illegal or would be illegal. The duty is a personal duty, and the monitoring officer cannot delegate it to someone else unless they are ill or away, in which case a deputy monitoring officer can take over the role.
- 6.3 The fee payable to the Monitoring Officer is funded by the Council. When the statutory role was created it was agreed that remuneration would be based on an approximate 10% loading on salary of the Director currently holding the post.

7 PAY RELATIONSHIPS

Without Allowances

- 7.1 The relationship between the Chief Executive's basic pay (£160,000) to that of the Council's non chief officer² average earner excluding allowances (£21,662) is a pay multiple of 1:7.
- 7.2 The pay multiple of the Chief Executive's basic pay (£160,000) to that of the Council's non chief officer median earner excluding allowances (£19,317) is 1:8.

With Guaranteed Payments³

- 7.3 The relationship between the average chief officer's pay including guaranteed payments (£98,562) and to that of the Council's non chief officer⁴ average earner including guaranteed payments (£25,342) is 1:4.
- 7.4 The relationship between the median pay of chief officers including guaranteed payments (£91,916) and to that of the Council's non chief officer median earner including guaranteed payments (£21,490) is 1:4.

8 THE COUNCIL'S STATEMENT ON PAY AND CONDITIONS FOR CHIEF OFFICERS FOR 2014/15

The section sets out the Council's approach to determining pay and conditions for chief officers for 2014/15.

(NB. Please refer to paragraph 2.7 of this document for the application of the statements below to Public Health employees under Statutory Transfer)

8.1 Remuneration of chief officers on recruitment

The basic pay for new chief officers will fall within the bandings for their job as set out in Appendix 3. New chief officers will normally start on the minimum pay point for their grading and will not be offered more than the maximum for their grade.

² The definition of 'non chief officer' in section 7 includes colleagues on Greater London Provincial Council (GLPC), non -chief officers on Senior Leadership Management Group (SLMG) pay scales and Local Government Service (LGS) pay scales. It excludes the Chief Executive (CEX) and Corporate Directors' (CDIR). The ratio has been calculated using basic FTE pay, not actual pay.

³ Includes basic FTE salary, pension – employer contribution on FTE basic pay, single status incentive payments, allowances and enhancements paid between 01/04/2013 to 31/12/2013

In certain circumstances, it may be necessary to offer a higher starting salary within their pay grading in accordance with 5.2 of the Council's Pay Policy (Appendix 4).

Full council will be provided with an opportunity to vote before any salary package over £100,000 for new appointments.

8.2 *The level and elements of remuneration for each chief officer*

Any changes or amendments to SLMG pay gradings will be subject to consultation with chief officers, their trade union representatives and formal ratification by ACOS. Any decision to pay market supplements or acting up allowances to chief officers will be subject to a business case put forward to the Director of HR and Transformation for approval in accordance with section 8 of the Council's Pay Policy.

8.3 *Increases and additions to remuneration for each chief officer*

There is currently no incremental progression through the pay band for chief officers. Annual pay awards are negotiated nationally with the trade unions. There have been no pay awards for chief officers for the past five years.

8.4 *The use of performance related pay for chief officers*

The Council will continue not to offer performance related pay to chief officers due to budget constraints.

8.5 *The use of bonuses for chief officers*

The Council will not offer bonus payments to chief officers.

8.6 *Earn Back Pay*

The Council is not intending to introduce the policy of 'earn back pay' which requires chief officers to have an element of pay 'at risk' to be earned back each year through meeting pre-agreed objectives.

The Council is confident that it has robust performance management procedures in place through its Performance Appraisal Framework to deal with poor performance. The Council's Performance Appraisal system requires a number of mandatory competencies and objectives (team and individual) to be met which are reviewed throughout the year.

8.7 *The payment of chief officers on their ceasing to hold office under or to be employed by the Council*

The Council's payment to chief officers leaving the Council under the following types of termination is set out below:

- Redundancy Dismissal – Contractual notice and redundancy pay as set out in the Council's Local Government (Early Termination of Employment) Regulations 2006 (DCR Policy). See Appendix 6 for policy details. Note that if the chief officer is aged 55 or over, under Pension regulations they automatically access their pension benefits without any reduction.

- Efficiency - Efficiency pay as set out in the Council's Local Government (Early Termination of Employment) Regulations 2006 (DCR Policy). See Appendix 6 for policy details.
- Retirement – Under Pension Regulations, chief officers may automatically access their pension benefits from age 65, when they leave employment. The Council does not operate a default retirement age whereby employees are dismissed at age 65.
- Early Retirement – Chief officers can request access to their pension from age 55 with the Council's consent, and the Council may choose to waive the actuarial reduction. Chief officers may retire from age 60 without consent but will leave with a reduced pension unless they are protected by the 85 year rule, which will be phased out by 2016.
- Flexible Retirement – Chief officers may apply to access their pension from age 55 but remain working at the Council either under reduced pay or reduced hours. Any flexible requirement requests for chief officers would need to be approved by ACOS.
- The Council has the power to grant extra scheme membership and/or to award additional pension to chief officers at the discretion of ACOS supported by a business case. See Appendix 7 for policy details.

8.8 Re-employment of former chief officers

Former chief officers will be permitted to apply for vacancies at the Council by following the normal competitive recruitment process.

Where former chief officers are applying for work under a contract for services with the Council (e.g. as a Consultant or casual worker), the Leader of the Council along with the Director of HR and Transformation will scrutinise and decide whether to approve such requests following a consideration of the skills required and an assessment of value for money.

8.9 The Council's Internal Jobs Market

With effect from 1 April 2013, the Council implemented an internal jobs market called 'Project People' and 'People Plus' which utilises existing employees to fill vacancies and undertake project work as and when they arise (other than on occasion, very specialised or entry level posts, which will be converted to apprenticeships). It focuses on the Council understanding its internal talent pool and planning for what people resource is needed and developing and encouraging employees to flexibly move from one post to another across the organisation. This delivers a resourcing and talent management process that is responsive to citizen needs and flexible and efficient for hiring managers, alongside being motivational and fulfilling for employees.

8.10 The appointment of former chief officers in receipt of a pension (pension abatement)

The Council is not in a position to abate pension payments (the act of reducing or suspending pension payments) if a chief officer is re-engaged or re-employed. The Council's pension fund is administered by Nottinghamshire County Council who set the rules for employers to follow on abatement.

Therefore until the policy is amended by Nottinghamshire County Council, the City Council cannot enforce pension abatement for current or former employees.

8.11 Tax Avoidance

The Council takes its obligations to ensuring compliance with relevant taxation legislation very seriously and does not actively engage in or endorse any form of tax avoidance. Therefore, the Council has policies and procedures in place to ensure that the correct amount of taxes are accounted for and paid at the correct time.

All individuals employed or engaged by the Council are treated equally and the level of seniority does not allow for differential treatment in the engagement process, or in the method of remuneration.

The Council recognises that by paying employees through private companies it allows the individual to manage their own tax arrangements, and potentially reduce the amount of tax and national insurance they are obliged to pay, thus implicating the Council in tax avoidance schemes. Therefore, the Council does not and will not remunerate any employee at any level through a private company; all payments will be made through the Council payroll system and PAYE applied accordingly.

In addition the Council has processes and policies in place in order to check the employment status of individuals who are engaged by the Council, ensuring that it's the terms and conditions of the engagement which determine the employment status of the individual. This reduces the risk of employees being engaged in a self employed capacity and making their own tax arrangements, thereby reducing the risk of potential tax avoidance. Only contracts that fully satisfy the self employed criteria will be paid as self employed; all deemed contracts of employments will be remunerated through the payroll system and PAYE applied accordingly

8.12 Shared Senior Management

Currently, the Council has shared management arrangements with other organisations relating to two senior officers. The Director of Public Health is employed and paid by Nottinghamshire County Council but also works for Nottingham City Council. The Acting Head of East Midlands Shared Services (EMSS) is employed and paid by Nottingham City Council but is responsible for the shared service arrangement between Nottingham City Council and Leicestershire County Council.

8.13 Pay and Conditions of Lowest Paid Employees

The pay and conditions of lowest paid employees are set out in the Council's Pay Policy (Appendix 5). The Council has agreed to pay as a separate element a Living Wage supplement to all colleagues on Grade A (£12,266 - £12,915) the difference between Grade A and £7.45 effective from 1 April 2014. This proposal is intended to apply to all employees, schools employees and casual workers.

9 PUBLISHED DOCUMENTS AND PAPERS REFERRED TO IN THE PAY POLICY STATEMENT

- 9.1 Hutton, W., 2011. *Hutton Review of Fair Pay*. London
- 9.2 Communities and Local Government, 2012. *Openness and accountability in local pay: Guidance under section 40 of the Localism Act*. London
- 9.3 Department for Communities and Local Government, 2013. *Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011. Supplementary Guidance*. London
- 9.4 Local Government Association and Association of Local Authority Chief Executives (ALACE), *Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives*
- 9.5 One Society, 2012. *Leading the Way on Fair Pay: An Assessment of Principal Local Authorities in England & Wales*. London

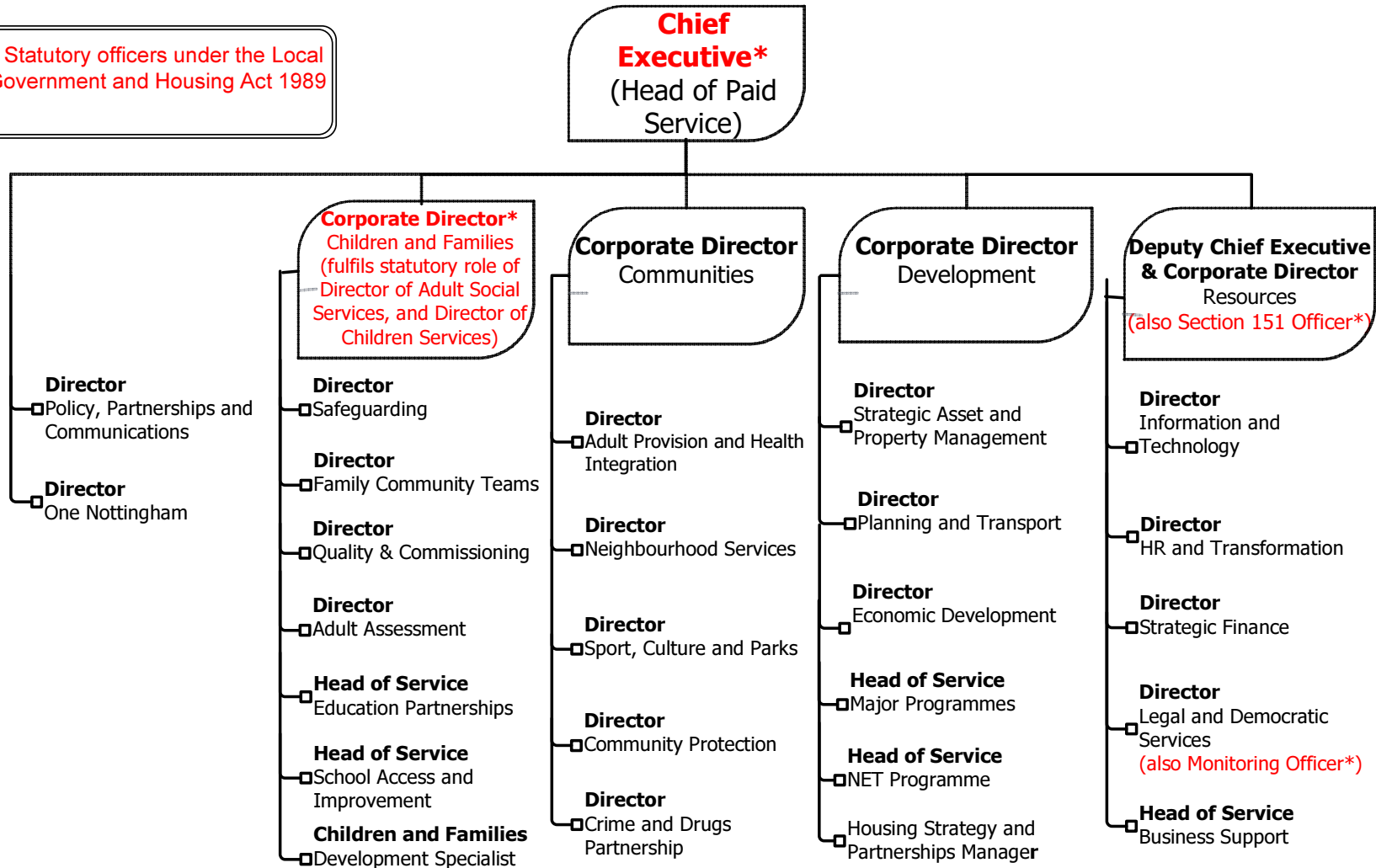
10 LIST OF APPENDICES

Appendix 1	Nottingham City Council's Chief Officer Structure Chart
Appendix 2	Appointment and Conditions of Service Committee (extract from Nottingham City Council's Constitution Part 2)
Appendix 3	Senior Leadership Management Group (SLMG) and Local Government Scheme (LGS) Pay Scale
Appendix 4	Nottingham City Council's Pay Policy (revision to policy expected from 1 April 2013)
Appendix 5	Matrix of Terms and Conditions
Appendix 6	The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (DCR) Policy
Appendix 7	Policy in relation to the exercise of discretions under the Local Government Pension Scheme
Appendix 8	Nottingham City Council's Business Travel Scheme Policy
Appendix 9	Nottingham City Council's Reimbursement of Expenditure Policy

Appendix 1: Structure of Nottingham City Council's Chief Officers

Nottingham City Council Structure as at 1 January 2014

* Statutory officers under the Local Government and Housing Act 1989



Appendix 2:

Appointment and Conditions of Service Committee (Extract from Nottingham City Council's Constitution Part 2: Responsibility for Functions)

- (a) To undertake the appointment process (long listing, short listing and formal interviews) (or to appoint a politically balanced panel to undertake long listing and, short listing) in respect of the Chief Executive, Deputy Chief Executive and Corporate Directors, subject to having ascertained the views of the Executive Board in accordance with Standing Orders, to make recommendations to Council;
- (b) to determine the terms and conditions of City Council employees and procedures for disciplinary action and dismissal;
- (c) to designate proper officers;
- (d) to designate officers as Head of Paid Service, Section 151 Officer and as Monitoring Officer and to ensure the provision of sufficient staff and other resources;
- (e) to exercise any other personnel functions which cannot be the responsibility of the Executive;
- (f) to receive reports on action taken in respect of terms agreed for the Chief Executive, Deputy Chief Executive, Corporate Directors and the Senior Leadership Management Group (SLMG) leaving the employment of the Council where those terms included compensation;
- (g) determines redundancies, ill health retirements, flexible retirements and terminations of employment by mutual agreement on grounds of business efficiency, under the 85 year rule, in the interests of the efficient exercise of the Council's functions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 ('the DCR') and any exercise of discretions to increase total LGPS membership and award additional LGPS membership for the Chief Executive, Deputy Chief Executive, Corporate Directors and Directors subject in the event of a proposed dismissal to relevant notification to the proper officer, and the Executive and relevant consultation with nominated elected members and relevant approval as specified in the Officer Employment Procedure Rules (Part 4);
- (h) determines flexible retirements and terminations of employment by mutual agreement on the grounds of business efficiency, terminations of employment under the 85 year rule, in the interests of the efficient exercise of the Council's functions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England

and Wales) Regulations 2006 ('the DCR') and any exercise of discretions to increase total LGPS membership and award additional LGPS membership for any employee who is part of the Senior Leadership Management Group below the level of Director. The Committee also determines terminations of employment by mutual agreement, and following consultation with the appropriate Portfolio Holder(s), on the grounds of business efficiency under the DCR for employees where any proposed compensation payment is in excess of £30,000;

- (i) to appoint an independent person to investigate matters of misconduct and capability involving the Head of Paid Service, Section 151 Officer and Monitoring Officer;
- (j) to approve any proposals for significant restructuring of the Council's management structure;
- (k) to approve any proposals from the Chief Executive for changes to salary levels (including ranges of salaries) for Corporate Directors and the Deputy Chief Executive.

NB - "Significant restructuring"

- (i) the transfer of a significant function between Council departments, or to an external body, or
- (ii) the addition or deletion of a Corporate Director or Director post to or from a department. The Committee is accountable to Council, has 10 members (politically balanced (one place is reserved for the relevant Portfolio Holder (or their substitute) in relation to matters in respect of the appointment process for the Chief Executive and Corporate Director and the dismissal process for the Chief Executive)), and usually has 5 meetings per annum.

Appendix 3: Pay Scales

*** SCP 4-10 will receive a Living Wage Supplement which increases their hourly rate to £7.45per (the Council is currently considering increasing this to £7.65 per hour with effect from 1 April 2014)**

Local Government Scheme				SLMG			
Tier	Grade	Spinal Point	Salary (from 1 April 13)	Tier	Grade	Minimum Salary	Maximum Salary
6	GLPC-A	*04	£12,266	3	SLMG5	£46,418	£50,800
		*05	£12,435		SLMG4	£50,803	£57,284
		*06	£12,614		SLMG3	£57,288	£66,762
		GLPC-B	*07	£12,915	2	SLMG2	£66,765
	*08		£13,321	SLMG1		£77,895	£89,017
	*09		£13,725				
	GLPC-C	*10	£14,013	Corporate Director			
		11	£14,880	Tier	Grade	Minimum Salary	Maximum Salary
		12	£15,189	1	CDIR	£120,000	£144,653
		13	£15,598				
		14	£15,882	Chief Executive			
	GLPC-D	15	£16,215	Tier	Grade	Minimum Salary	Maximum Salary
		16	£16,604	1	CX	£165,000	£185,000
		17	£16,998				
		18	£17,333				
	GLPC-E	19	£17,980				
		20	£18,638				
		21	£19,317				
		22	£19,817				
	GLPC-F	23	£20,400				
		24	£21,067				
25		£21,734					
26		£22,443					
GLPC-G	27	£23,188					
	28	£23,945					
	29	£24,892					
	30	£25,727					
5	GLPC-G	31	£26,539				
		32	£27,323				
		33	£28,127				
		34	£28,922				
	GLPC-H	35	£29,528				
		36	£30,311				
		37	£31,160				
		38	£32,072				
		39	£33,128				
		40	£33,998				

	GLPC-I	41	£34,894
		42	£35,784
		43	£36,676
		44	£37,578
		45	£38,422
4	GLPC-J	46	£39,351
		47	£40,254
		48	£41,148
		49	£42,032
		50	£42,930
	GLPC-K	51	£43,830
		52	£44,717
		53	£45,620
		54	£46,553
		55	£47,487

PAY POLICY

Paragraphs (3) (6) and (9) of this Pay Policy are, where applicable, incorporated into individual employees' contracts of employment.

1. Scope of the Policy

This Policy applies to all employees whose terms and conditions are governed by the National Joint Council for Local Government Services (the 'Green Book') as supplemented and/or amended by the policies and provisions of the Council's People Management Handbook.

Paragraphs (2), (4.2), (5.2 – 5.3), (7 -11) of this Policy will also apply to employees covered by the following National Agreements:

- the Joint Negotiating Committee for Youth and Community Workers (JNC);
- the Soulbury Committee - Inspectors, Organisers and Advisory Officers of Local Education Authorities.

Paragraphs (2), (4.2), (5.2 – 5.3), (7 – 11) of this Policy will also apply to employees within the Strategic Leadership Management Group (SLMG).

Paragraphs (2), (4.2), (5.2 – 5.3), (7, 8, 10 and 11) of this Policy will also apply to employees covered by the following National Agreements:

- the National Agreement for Local Authority Craft and Associated Employees;
- the Theatrical Management Association / the Broadcasting Entertainment Cinematograph and Theatre Union (TMA/BECTU);

2. Principles

2.1 The purpose of this Policy is to ensure a fair, transparent and equitable pay system that is free from unlawful discrimination. All decisions made in respect of the Policy will be based on these principles.

2.2 The Policy will be applied in accordance with the roles and responsibilities of officers as set out in the Council's Constitution.

3. Pay System

3.1 The Council has adopted the Greater London Provincial Council (GLPC) system as its method to value all posts covered by the Green Book. The GLPC system measures all jobs on a systematic basis

against a set number of factors. All relevant posts are evaluated under this system, and the job evaluation score then determines which pay grade and band a job is assigned to. The pay and grade structure is set out in the table below:

Band	Grade	SCP Min	SCP Max
6	A	4	7
6	B	8	11
6	C	12	16
6	D	17	21
6	E	22	26
6	F	27	30
5	G	31	35
5	H	36	40
5	I	41	45
4	J	46	50
4	K	51	55

- 3.2 All grades A – K are assigned to one of three bands (4, 5 or 6). Bands 1, 2 and 3 are reserved for SLMG posts.
- 3.3 Each grade contains a range of spinal column points (scp) which defines the minimum and maximum pay range for each grade. The current values of each scp are available on the intranet and in Appendix 1 of the Pay Policy.

4. Grading of posts

- 4.1 All jobs are assigned to a grade following a job evaluation.
- 4.2 Where there is a business need to establish a new role or to fill a vacancy that has been empty for a significant period, the line manager will draft the job description, business case and the organisational chart in conjunction with the Job Evaluation Team who will advise whether there is an appropriate generic job description for the role available.
- 4.3 If a new evaluation is required then the job description will be sent to the Job Evaluation team for grading.
- 4.4 Where a regrade of an existing post is considered necessary, the revised job description, together with a summary of what changes have occurred to the job, should be sent to the Job Evaluation team.

5. Appointments to new grade

- 5.1 Subject to paragraph 5.2, employees will normally start in a new grade on the minimum scp for the grade. No employee will be allowed to move above the maximum for their grade. New starters in grade who start between the 1st April and 30th September will receive an increment on 1 April the following year; new starters in grade between 1 October and 31 March will receive an increment after six months' employment in that grade. Thereafter, they will receive increments on 1 April each year until the maximum of the grade is reached.
- 5.2 In seeking to recruit from outside the organisation it is possible that there may be the need to offer more than the minimum of the grade. Where such pressures are acute, managers will have to make a judgement based on the relevant experience of the candidate, their potential value to the organisation against the impact on current staff, job description and the pay range for the role. Where a manager needs to offer more to attract the preferred candidate this will need to be detailed and approved in the business case. Factors such as the current salaries of other employees performing that role must also be detailed and considered as part of the business case. A record of all such decisions will be kept and discussed at Central Panel.
- 5.3 The Council will act in accordance with the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002. Managers should ensure there is no difference in treatment to permanent employees regarding pay.

6. Allowances

- 6.1 The following allowances (a – o) are the agreed adopted interpretation of those outlined in Part 3 paragraph 2 of the National Joint Council for Local Government Services, National Agreement on Pay and Conditions of Service (Green Book). These allowances apply to all employees covered by this part of the policy and cannot be varied on a local basis.

a) Overtime

- i Employees at or below scp 30 will receive the following enhancements for work undertaken beyond the normal working week:

Monday – Saturday – Time and a half at basic rate

Sunday and Bank Holidays – Double time at basic rate

(Part-time employees must work 37 hours before they are entitled to overtime payments).

- ii In exceptional circumstances, there is discretion to pay overtime to employees above scp 30, but only where the overtime is planned. The rate to be paid for this overtime will be the normal hourly rate for the duties performed. Where managers are required to exercise this discretion the prior approval of the appropriate Head of Service

b) Saturday and Sunday Working

- i Employees above scp 11 but at or below scp 30 who are required to work on Saturday and/or Sunday as part of their normal working week are entitled to be paid at time and a half of basic pay for such hours worked.

- ii Employees at or below scp 11 who are required to work on Saturday and/or Sunday as part of their normal working week are entitled to the following enhancements:

Saturday – Time and a half at basic

Sunday – Double time at basic

c) Night working

- i Employees at or below scp 30 who work at night as part of their normal working week are entitled to receive an enhancement of time and one third for all hours worked between 11.00pm and 6.00am.

d) Public Holidays

- i Employees at or below scp 30 who are required to work on a public holiday as part of their normal working week shall, in addition to the normal pay for that day, be paid additional plain time rate for all hours worked within their normal working hours for that day. In addition, at a later date time off with pay shall be allowed as follows:

Time worked less than half the normal working hours on that day – half a day

Time worked more than half the normal working hours on that day – full day

- ii Overtime worked on a public holiday shall be paid at normal overtime rates.
- iii. For employees above scp 30, time off in lieu only will be applicable.

e) **Sleep-in Duty**

Employees who are required to sleep-in on the premises shall receive the nationally agreed rate set by the National Joint Council from time to time. This allowance covers the requirement to sleep-in and up to 30 minutes call out per night, after which the additional hours provisions will apply.

f) **Shift working**

No enhancement for shift working will be paid. Shifts that fall into unsocial hours (i.e. after 8.00pm and before 6.00am) or over a weekend will attract the appropriate enhancements as above for employees at or below scp 30.

g) **Free and rest day working**

Overtime rates will apply for employees at or below scp 30 who are required to work on a free or a rest day.

h) **Evening working**

Employees at or below scp 30 who are required to work after 8.00pm and before 11.00pm as part of their normal working week will be paid at basic rate plus five percent for all hours worked between those times.

i) **Recall to work**

- i Employees at or below scp 30 will receive a minimum of two hours pay at basic rate for the first call-out session. Any hours worked over the first two hours (including travel time) and subsequent call outs in the same session will receive the appropriate overtime.
- ii Employees above scp 30 will receive time off in lieu for the actual time spent at work in addition to travel time of up to 60 minutes accumulated and calculated to the nearest quarter of an hour.
- iii Where the time spent at work (i.e. any recorded working time) is in excess of the statutory unpaid rest periods set out in the Working Time Regulations 1998, compensatory unpaid time off will be provided.

j) Standby Duty

To return to work

i The nationally agreed stand-by rate per session will be paid to employees who are on a standby-by duty rota to provide services out of hours. A session equates to any period of 24 hours or less. Employees on standby to return to work must:

- be directly contactable;
- remain fit and capable to return to work to undertake duties required;
- be immediately available to return to work; and
- be able to arrive at work within 45 minutes of being notified.

On call to provide telephone support

ii The nationally agreed standby rate per session will be paid to employees on a standby duty rota to provide telephone support out of hours. A session equates to any period of 24 hours or less. Employees on call to provide telephone support must:

- be directly contactable; and
- remain fit and capable to undertake the duties required.

iii The session payment covers the period on call and any calls amounting to less than one hour. Any calls in excess of one hour should be recorded as working time and claimed in accordance with normal additional hours or overtime payments as appropriate for employees at or below scp 30. Time off in lieu will be given for those above scp 30.

iv Where the time spent at work (i.e. any recorded working time) is in excess of the statutory unpaid rest period entitlements defined in the Working Time Regulations 1998, compensatory unpaid time off will be provided.

k) Unavoidable split shift or split duty working

No enhancement for split shift or split duty working will be paid.

l) Irregular Hours working

No irregular hours payments will be paid.

m) **Lettings**

Payments will be made to those responsible for opening and closing school premises let out after normal hours in accordance with the arrangements set out in the East Midlands Provincial Council agreement.

n) **Client Holidays**

An allowance of £50 per day will be paid to employees accompanying clients on holiday.

o) **Unpaid Lunchtimes/Provision of Meals**

i All lunchtimes will be unpaid unless a business case exists for employees to eat with clients sufficient to provide a Genuine Material Factor defence for the payment and such activities have received prior approval from the employee's manager.

ii Meals will not be provided to any member of staff unless a clear business case exists for the employee to eat a meal with the client sufficient to provide a Genuine Material Factor defence for the provision of the meal and such activities have received prior approval from the employee's manager.

6.2 In the event that more than one allowance could be applied, then it is only the highest allowance that applies.

6.3 Allowances for unsocial hours will not be payable for periods of sickness absence or for contractual annual holidays (over and above the statutory minimum under the Working Time Regulations) so as to avoid creating equal pay liabilities.

6.4 No other allowances will be paid to employees covered by the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service (Green book).

7. **Allowances for temporary additional duties or responsibilities / acting up allowances**

7.1 This section sets out the principles under which additional payments should be made to employees who temporarily undertake additional duties and responsibilities or act up in a higher graded post. The opportunity to act-up can provide employees with a valuable opportunity to develop skills and gain experience in preparation for possible future promotion. For this reason the process for acting up arrangements needs to be transparent, fair and in keeping with the Council's responsibilities for equality, and in line with the principles of On Merit. Employees are entitled to be fairly rewarded on the basis

outlined below for being asked to undertake additional responsibilities which are above and beyond the scope of the grade of their post.

- 7.2 In many cases, the absence of a senior officer means that additional duties are shared by a number of employees. Payment of an allowance is only appropriate where additional responsibilities of a higher grade have been undertaken, not simply an increase in the volume of work. The process set out below must be followed.
- 7.3 Employees who undertake agreed additional duties and responsibilities for longer than one month will be entitled to a temporary allowance as follows:
- If undertaking 100% of a higher graded post then an allowance equivalent to the minimum point of the higher graded post.
 - If undertaking less than 100% of the responsibilities of the higher graded post then a job evaluation exercise will be required to determine whether the additional responsibilities justify a temporary allowance equivalent to a higher grade.
 - If the additional responsibilities of a higher graded post are shared between a number of employees then a job evaluation exercise for each affected employee will need to be undertaken by the Job Evaluation Team to determine whether the additional responsibilities justify a temporary allowance equivalent to a higher grade.
- 7.4 Acting up allowances are payable only where an employee takes on the full duties and responsibilities of a higher graded post for a continuous period of at least one month. This may occur as a result of:
- temporarily filling a post until a substantive appointment can be made;
 - filling a key post while another employee is on maternity leave;
 - filling a key post to cover long term sickness absence;
 - filling posts due to other temporary extended leave arrangements e.g. secondments.

Authorisation and payment

- 7.5 Where a manager believes that payment of a temporary allowance for additional duties and responsibilities or an acting-up payment is appropriate, they should seek the authorisation of their Director and HR Service Partner to check that the conditions outlined above have been met. In addition, the manager must confirm this in writing with the employee and the employee must be asked to sign the letter to indicate their acceptance of the temporary change to their contract of employment. The letter should indicate an end date for the payment of the allowance if known, or the circumstances on which the allowance is likely to end, e.g. when a certain employee returns to work.

- 7.6 Subject to 7.7, payment will be based on the difference between the employee's substantive pay and the bottom point of the grade of the new duties being undertaken and, if less than 100%, the percentage time spent on these new duties. Where an employee is undertaking 100% of the duties of a higher graded post (i.e. acting up arrangements) payment should be based on the salary which would apply were the employee to be promoted to the higher level post, which would normally be the bottom point of the higher graded post.
- 7.7 Employees who are on protected salaries who undertake duties of a higher grade than their evaluated grade, but not higher than their protected salary are not entitled to receive any additional pay. They should still be encouraged to undertake the opportunity of acting up/additional duties and responsibilities as part of their development to assist them in improving their promotion prospects.
- 7.8 Temporary allowances should be implemented without unreasonable delay once the qualifying conditions are met, and will be backdated to the agreed start date of the additional duties and responsibilities/acting up arrangement. However, where possible the authorisation process should take place in advance of the arrangement commencing.
- 7.9 Payments should be funded from cost centres' employee budgets and therefore managers are reminded to be aware of the financial implications of any decisions in relation to how they cover for employee absences. In particular they should consult HR and Finance before making any decisions

Timescales and ending the arrangement

- 7.10 Wherever possible, the likely duration of the additional duties and responsibilities / acting up arrangement should be indicated before it commences. If this is not possible, the arrangements should be regularly reviewed. It must be remembered that this is a temporary arrangement and should not normally be allowed to exceed 12 months.
- 7.11 Performance of the additional duties and responsibilities or in the acting up position should be regularly reviewed in conjunction with the employee who may need additional training and support, and in line with good management practice. If concerns regarding performance do arise then these should be discussed before the decision is taken to end the arrangement.
- 7.12 At least one week's notice of the end of the arrangement should be given and a further letter confirming the change of circumstance needs to be issued by the manager. In addition, the manager needs to confirm the end of the arrangement with the Employee Service Centre (ESC) to ensure that the temporary allowance for undertaking additional duties and responsibilities/acting up is ended. Settling back in to their original role can be difficult for an employee and managers

need to be sensitive to potential problems in this respect. There is no automatic right to the substantive post for employees who have acted up. However, employees who have acted up in a post who are not subsequently appointed following competitive interviews must receive constructive feedback as to why they were not successful.

Subsequent promotion to the higher grade following acting-up arrangement

- 7.13 If an employee is subsequently promoted to the higher graded post they have been acting up into, periods of acting up will be taken into account when deciding the point on the salary scale on which they are appointed.

Covering the workload of the person acting up

- 7.14 Options for this include redistributing duties, appointing a temporary employee, looking for another employee to act up or second into their post. These options should be discussed with Human Resources before they are implemented.

8. Market Supplementation

- 8.1 This section derives from the need to consider market forces in relation to the pay and grading arrangements. Market supplementation is a means of making additional payments or providing enhanced benefits to employees without breaching equal pay legislation or deviating from the principles of job evaluation.
- 8.2 This policy explains the circumstances in which market payments or other recruitment and retention based benefits may be applied and the process for discharging them.

Compiling a case

- 8.3 Market supplementation will only be applied where there is strong evidence that pay for a specific role(s) is impacted by an inability to recruit or in some cases is a cause of high turnover.
- 8.4 Cases must be put forward to the HR Director by the appropriate Director or Head of Service (2nd or 3rd tier) and must have been endorsed by their Corporate Director (or Chief Executive for Corporate Directors).
- 8.5 The case presented should address as a minimum the following criteria and should also present details of the level of payment and/or benefit proposed:
- a) Evidence of difficulty in recruiting, which may include:

- Number of times a post has been advertised unsuccessfully
- Media used
- Cost incurred
- Number of responses
- Summary of gap between the person specification requirements and the quality of applicants
- A particular skills shortage in the Nottingham area for that type of job.

b) Evidence for high turnover, which may include:

- Exit interviews indicating pay as a significant reason for leaving
- Turnover as actual figures as a percentage in comparison with turnover rates with other comparable organisations.
- Average length of service of leavers compared with average length of service for organisation.
- Evidence of high internal staff turnover.

8.6 The manager will, in all cases, need to present evidence from current pay surveys to demonstrate that the level of pay for comparable posts in other locally comparable organisations is significantly higher than in Nottingham City Council. For example, the manager should be able to provide examples of comparable jobs with similar duties, competence requirements, management span, location in structure and budgetary responsibilities. It is not enough for the title alone to be compared. Comparisons must be based on the whole package (i.e. including leave entitlement, pension, bonus and other benefits) not just salary. Where exact comparisons are not possible, the case should state that data does not exist and provide the best data available as part of a robust business case. Geographical evidence on a comparable regional basis would normally only be appropriate to Band 4's and higher.

8.7 Evidence that other measures have been considered to support retention, for example, development opportunities will be useful and should be included to support the business case. Further advice on compiling a case is available from HR Service Partners.

8.8 Submitted cases must include details of the numbers of posts affected, the types and mix of supplementation proposed, the proposed level of supplementation, the methodology for discharging the supplementation, the basis for withdrawal and the total cost implication (to include equivalent cash value for non-pay benefits).

8.9 Submitted cases must state how it is proposed to fund the cost of supplementation. There is no central budget for market supplementation. Costs must be accommodated within existing departmental budgets.

Financial Considerations

- 8.10 The salary for the post, together with any market payments and/or benefits that are of a recurring nature, must not exceed 15% above grade maximum when equated to an annual sum in any one year. Examples of recurring market supplementation include regular payments added to substantive pay and increased annual leave. It will therefore be necessary to calculate the equivalent cash value for non-pay benefits to ensure that the 15% maximum is not exceeded.
- 8.11 Market supplementation that is of a 'one-off' nature such as 'Golden Hellos' must not exceed 15% above grade maximum when equated to an annual sum in any one year.
- 8.12 Managers should be aware that it is unlikely that market payments of a recurring nature that amount to a cash value in excess of £5000 pa will be approved.
- 8.13 Market supplements will be paid as a percentage amount on top of the appropriate scp. The percentage applies to the whole of the scp range for the post and the position of the employee within that should be in line with the normal rules for appointment i.e. normally to the minimum of the scp range. The percentage amount will be calculated as a premium and applied equally to all posts covered by the market supplement (subject to the requirements in para. 8.22) whichever scp within the pay grade individuals happen to be on at the time the market supplement is approved.
- 8.14 Under no circumstances must spinal column points be used as a means of paying a market supplement.
- 8.15 Market supplement payments of a recurring nature will usually be paid in equal instalments in addition to basic pay. Arrangements for discharging other payments and/or benefits will be as incorporated and approved in the original case put forward by the Head of Service.
- 8.16 Pay awards will not apply to the market supplement. The value of market supplementation can only alter following review and approval. All market supplements must be reviewed on an annual basis to ensure that the Genuine Material Factor defence still exists for the payment.

Contractual considerations and review

- 8.17 Market supplements are non-contractual discretionary payments and are subject to review. Employees should be made aware of the fact that they have no contractual entitlement to the market supplement and that receipt of the market supplement in one year does not entitle them to receive a market supplement in a subsequent year.

- 8.18 The market supplement will be subject to a review between 12-24 months after commencing, alongside any new cases. This is to ensure that any changes that occur in the job market are reflected. The review may result in no change, an increase, decrease or cessation. The contractual position must make this clear and specify the review period. Due to the nature of one-off payments, such as 'Golden Hellos', review may not be appropriate unless they are linked to other requirements such as; remaining in post for a minimum length of time. Any such linked requirements should be stated clearly in the submitted case and in the contractual documentation.
- 8.19 The full case, together with up to date salary and any other change data, must be submitted for the review. It is the Head of Service's responsibility to re-submit the case – reminders will not be sent. The supplementation will cease automatically if the case is not re-submitted.

Withdrawing the market supplement

- 8.20 If following review it is decided that recurring market-based supplementation, including any pay and benefits should cease, this should be withdrawn on an immediate basis.

General

- 8.21 The appropriate trade unions should be consulted when agreeing and terminating a market supplement.
- 8.22 Market supplementation will apply to all identical posts across the organisation, unless specific locations are identified in the case put forward. Supplementation will not just apply to vacant posts. However, the fact that a post has been awarded market supplementation will not be justification for related posts to receive additional pay. Individual cases for individual posts must be made.
- 8.23 When advertising a post that is in receipt of market supplementation, the advert must indicate the actual grade salary of the role plus the additional market supplementation element(s) on top of this. Advice should be sought from HR if any clarification is required.
- 8.24 Individual recipients of market supplementation may raise concerns over the process as described in this policy, using the grievance procedure.

Roles and responsibilities

- 8.25 Heads of Service and above (Bands 1, 2 and 3) are responsible for compiling and submitting cases, resubmitting them on an annual basis if required and consulting with the trade unions. In completing their

cases the Head of Service can call on their HR Service Partners to provide advice and guidance.

- 8.26 The decision for considering and approving cases rests with the Director of HR and is final.
- 8.27 The ESC are responsible for implementation of the market supplement. Market supplementation requests should be submitted to the ESC together with a copy of the relevant business case, signed off by the Director of HR.

Monitoring and evaluation

- 8.28 Evaluation, decision making and monitoring will be the responsibility of the HR Function and will be shared at Central Panel.

9. Pay Protection

- 9.1 Employees who are redeployed into a lower graded post as a result of a formal restructuring or because they are at risk of redundancy may receive pay protection for a period of not more than one year (the 'protection period'). Pay protection will only apply where the employee is redeployed into a job not more than two grades below the employee's previous grade. (Where an employee is redeployed because they are unable to fulfil the duties of their existing job because they are disabled within the meaning of the Equality Act 2010 (and any reasonable adjustments have been considered), they will be treated no less favourably in terms of the pay protection than employees who are redeployed because they are at risk of redundancy.)
- 9.2 Employees will be moved to the maximum point of their new grade and will receive the difference in salary between the two roles as a protected element in addition to their new basic salary. Employees will receive pay awards on their new basic salary but not on the protected element.
- 9.3 Pay protection will be calculated on contracted hours and will only be payable while the employee performs the post to which the pay protection element applies.
- 9.4 Where an employee's normal working hours are decreased during the protection period, the pay protection element will be pro-rated accordingly.
- 9.5 In certain circumstances, where an employee temporarily reduces their hours the pay protection element will be temporarily reduced. If the employee increases their hours again within the pay protection period, the pay protection element will increase in line with the employee's increase in hours with the proviso that the employee's overall pay (inclusive of the pay protection element) will not increase to a level that

is higher than the initial pay protected salary. Such cases may include situations where a woman returning from maternity leave wishes to return on reduced hours temporarily gradually increasing her hours over a defined period.

- 9.6 Subject to 9.5 and 9.10, where an employee's normal working hours are increased during the protection period the pay protection element will not change. However, where the increase in hours allows the employee to maintain their former basic salary, the pay protection element will cease.
- 9.7 Where an employee is promoted to a higher grade during the protection period the employee shall be placed on the SCP in the grade which is equal to the protected salary and pay protection will cease. (Where no such SCP exists, the employee shall be placed on the lowest SCP in the grade which has a salary greater than the protected salary. Where neither of these is possible, the employee shall be placed on the highest available SCP in the grade and any pay protection element remaining shall be paid for the remainder of the protection period.)
- 9.8 Pay protection will cease automatically when the protection period ends. If pay protection is continued beyond the protection period in error, the Council reserves the right to recover any overpayment made in accordance with Section 10 of this policy.
- 9.9 Where an employee undertakes additional duties and responsibilities over and above their new grade the pay protection element must be taken into account in accordance with paragraph 7.7 of this policy before any additional payment is considered.
- 9.10 Only an employee's basic salary will be protected. An employee's previous terms and conditions, including any contractual allowances and market supplementation payments, will not be protected. Similarly, an employee's previous hours will not be protected. Where an employee is redeployed into a lower-graded post which carries more hours, protection will not apply where the increase in hours enables the employee to maintain their former basic salary.
- 9.11 Pay protection will not apply where an employee is downgraded due to misconduct or capability.
- 9.12 Nothing in this Policy shall entitle an employee to receive any pay protection which amounts to a sum greater than their actual financial loss.

10. Overpayments

- 10.1 On occasion, overpayments of salary or expenses may occur as a result of administrative oversight, error or late notification of payroll

changes. After an investigation of the facts, recovery of the overpayment will be the normal approach taken where an overpayment of salary or expenses is discovered.

Is the overpayment recoverable?

- 10.2 Under the Employment Rights Act 1996, an employer is entitled to deduct from an employee's wages (even without the consent of the employee) an overpayment of wages made to the employee as long as recovery is lawful under general legal principles. In order to decide whether recovery is lawful there needs to be an investigation of the cause and surrounding circumstances of the overpayment including the wording of any contractual documentation.
- 10.3 Overpayments are normally recoverable. There may be circumstances where the Council considers writing off an overpayment, but these will be rare and, as a minimum, the following would need to apply:
- The employer has led the employee to believe that he or she is entitled to treat the money as his/her own, **and**
 - The employee has, in good faith, changed his or her position (i.e. spent the money believing it to be his or her own), **and**
 - The overpayment was not caused primarily by the fault of the employee.
- 10.4 An example might be where an employee has queried their pay with the ESC and been assured that the calculation is correct and the money due to the employee. Another example where the employee may have acted in 'good faith' is where an overpayment is made consistently over a substantial period, and the amount overpaid each month is a relatively small amount and not reasonably identifiable to the employee as an overpayment.

Guidelines for recovery

- 10.5 Recovery of overpayments will be the normal approach in the majority of cases. There may be circumstances when partial repayment or writing off the overpayment is considered, for example, where the employee can demonstrate that they did not know, nor could reasonably have known, that an overpayment had occurred.
- 10.6 However an overpayment comes to light, the ESC must be notified in all instances. The ESC will write to the employee's manager with a written explanation of the overpayment which will detail, where relevant:
- How the overpayment occurred
 - Over what period overpayment occurred
 - The total amount overpaid

- The net amount to be repaid once deductions for tax and NI are taken into account.

A letter, containing the same information, will be sent to the employee enclosing an Overpayment Recovery Option (ORO) Form.

- 10.7 The employee's manager, having sought advice from their departmental HR Officer, should (where the need arises) meet with the employee to discuss the overpayment and how this is to be resolved. An employee may choose to be accompanied at this meeting by a trade union representative or a work colleague if they wish.
- 10.8 The method of recovery of the overpayment could be decided at this meeting having regard to the options which are:
- (a) A one-off payment for the full amount via salary deduction;
 - (b) A cheque payment for the full net value payable to Nottingham City Council; or,
 - (c) In regular instalments via salary deduction.

In discussing the options with the employee, managers should have regard to Financial Regulations which stipulate that the maximum recovery period for overpayments should not exceed 12 months unless the Chief Finance Officer has agreed an extended period in exceptional circumstances.

- 10.9 The employee should return the ORO Form to the ESC with their preferred recovery method. Although the employee's written consent to the recovery of the overpayment is not legally required, it is good practice to try and obtain written agreement for overpayments. Where the employee does not return their ORO Form or indicate their preferred recovery method within the timescales specified, recovery of the overpayment will proceed on a default basis. The default recovery method is option (c).
- 10.10 In implementing an overpayment recovery arrangement, Nottingham City Council will act reasonably and in all cases of recovery, the amount being repaid must not result in the employee's basic hourly rate falling below the national minimum wage.
- 10.11 It is important that overpayments are handled fairly and consistently to avoid any hint of favouritism or unlawful discrimination. It is not acceptable to pursue overpayments for some employees but agree to 'write them off' for others. Managers should not allow employees to work additional hours and receive paid overtime as a way of 'paying off' the overpayment. If overtime is necessary and approved this is a separate matter and should not be used to offset the amount owed by the employee who has been overpaid.

- 10.12 If there are compelling reasons why the overpayment is not to be recovered the manager should discuss the reasons for non-recovery with the ESC and prepare a report outlining the rationale to be forwarded for consideration by the Chief Finance Officer. The ESC will need to be advised by the appropriate manager not to pursue the overpayment until the report has been considered and a decision communicated.

The process for school-employed staff

- 10.13 While it is expected that the principles of this guidance are followed for school-employed staff, the method of recovery may differ depending on the nature of the buy-back arrangements for HR/Payroll Services with the school in question.

Disputes

- 10.14 Where an employee disputes the overpayment or the proposed recovery arrangement, legal advice may be sought on the matter.

Overpayments where the employee is no longer employed or is on notice

- 10.15 Where an employee leaves the employment of the Council within the period of an overpayment recovery arrangement, where appropriate any outstanding balance will be deducted from their final pay. Where final pay is not enough to cover the amount of the overpayment, then the outstanding amount will be due to be repaid to the Council within one month after termination of employment.
- 10.16 Where an employee has been overpaid and has subsequently left the employment of the City Council, any outstanding balance will be dealt with as a sundry debt.

Confidentiality

- 10.17 The confidentiality of employees will be strictly preserved in any overpayment situation and the details of the overpayment and the recovery arrangement will be released on a strict need-to-know basis.

11. Responsibilities in applying the pay policy

Directors

- 11.1 The day to day operational management of pay rests with Directors who are accountable for their budgets. It is therefore the Director's responsibility to ensure that all pay decisions are equitable, reasonable, and affordable, within the existing budget and within Nottingham City Council's pay policy.

Managers

- 11.2 Due to the risk that equal pay poses managers must apply the pay policy in all cases and must not make payments that do not accord with it. Any proposals to make payments outside of this policy must be agreed by the HR Director and be signed off by SMT and Central Panel.

The Employee Service Centre

- 11.3 The ESC will not make payments that are not in accordance with this policy without the permission of the Director of HR.

Appendix 1 – LGS Pay Scales

SCP	1 Apr 08	1 Apr 09
4	£11,995	£12,145
5	£12,160	£12,312
6	£12,334	£12,489
7	£12,629	£12,787
8	£13,027	£13,189
9	£13,421	£13,589
10	£13,703	£13,874
11	£14,587	£14,733
12	£14,891	£15,039
13	£15,291	£15,444
14	£15,570	£15,725
15	£15,895	£16,054
16	£16,278	£16,440
17	£16,663	£16,830
18	£16,991	£17,161
19	£17,626	£17,802
20	£18,270	£18,453
21	£18,937	£19,126
22	£19,427	£19,621
23	£19,998	£20,198
24	£20,652	£20,858
25	£21,306	£21,519
26	£22,001	£22,221
27	£22,730	£22,958
28	£23,473	£23,708
29	£24,402	£24,646
30	£25,220	£25,472
31	£26,016	£26,276
32	£26,784	£27,052
33	£27,573	£27,849
34	£28,353	£28,636
35	£28,947	£29,236
36	£29,714	£30,011
37	£30,546	£30,851
38	£31,439	£31,754
39	£32,475	£32,800
40	£33,328	£33,661
41	£34,207	£34,549
42	£35,079	£35,430
43	£35,953	£36,313
44	£36,838	£37,206
45	£37,665	£38,042
46	£38,575	£38,961
47	£39,460	£39,855
48	£40,338	£40,741
49	£41,204	£41,616

Appendix 2 – Variations to the Policy

In certain circumstances, the Council will agree a variation to the above policy for certain groups of staff. These variations will be agreed by Central Panel or such other body as agreed. They must comply with Equal Pay law and have no taint of discrimination for the basis of them or their application.

All requests for any variations to the policy must have a full business case provided and have been agreed with the relevant HRSP and the appropriate HR Corporate team.

The current agreed variations are:

Market Supplementation – Exemptions to Section 8 of the Pay Policy

Communities

Aerobics Instructors

A market supplement will apply to pay an overall rate of £16.07 per hour inclusive of any enhancements for evening and weekend working. This supplement is subject to review in accordance with Section 8 of this policy. (Approved 1 November 2013 for 24 months. Review 1 November 2015).

Personal Trainer

A market supplement will apply to pay an overall rate of £16.07 per hour inclusive of any enhancements for evening and weekend working. This supplement is subject to review in accordance with Section 8 of this policy. (Approved 1 October 2013 for 12 months. Review 1st October 2014)

Approved Mental Health Practitioners

A market supplement of £1700 per annum (pro rata for part time workers) will be paid to Approved Mental Health professionals whose duties include participation in an AMPH rota to undertake mental health assessments and, where necessary, admit clients to hospital for compulsory psychiatric assessment. This market supplement is subject to review in accordance with Section 8 of this policy.

(Approved 7 January 2013 for 12 months. Review 7 January 2014.)

Resources

IT Networks

A market supplement of 15% of pay to be applied to the posts of:
Team Leader, IT Networks and Communications, Delphi post number CSITNETCTL01

IT Network Analyst, Delphi post number CSITNETWAN01 (3 posts).

This supplement is subject to review in accordance with Section 8 of this policy after 24 months.

(Approved 4 January 2012. Review 4 January 2014)

Children and Families

MST (Multi Systemic Therapy) Supervisor

A market supplement of £5000 per annum will be applied to this post. The supplement is subject to review in accordance with Section 8 of this policy after 12 months,

(Approved 6 August 2013. Review 5 August 2014)

Night Working - Exemptions to Section 6 of the Pay Policy

Children and Families

Emergency Duty Team

The discretion to pay enhanced rates for night time working will be applied to staff employed in the Emergency Duty Team in the form of a 20% plussage.

(Approved 4 June 2013. Review 7 January 2014.)

Overtime - Exemptions to Section 6 of the Pay Policy

Children and Families

Children's Residential Managers above scp 30

Those managers required to work overtime will receive overtime rates in line with the above policy at Section 6.1 (a)(ii) instead of time off in lieu (TOIL).

(Approved 7 January 2013 for 12 months. Review 7 January 2014)

Emergency Duty Team

Employees below SLMG level and above scp 30 will be able to access overtime in accordance with Section 6.1 (a)(ii) of the Pay Policy for participating in the EDT On Call Rota where the additional hours cannot reasonably be contained within normal TOIL provisions.

(Approved 7 January 2013 for 12 months. Review 7 January 2014)

Youth Crime Audit Officer

Payment will be made of a London Weighting in accordance with the London Agreement (Gold Book) to the Youth Crime Audit Officer whilst on secondment to the Youth Justice Board (wef 11 November 2012). This payment will cease when the secondment ceases.

(Approved 9 November 2012. Review 9 November 2013)

Communities

Social Work Practice Assessors

Social Workers above scp 30 engaged in social work practice assessment type work will be able to access payment of overtime in accordance with Section 6.1 (a)(ii) of the Pay Policy where this work is undertaken. This is subject to the following conditions:

- Payment is in respect of work actually undertaken that cannot reasonably be accommodated within the normal working week or within normal TOIL provisions;
- Overtime is capped at up to 3 hours per week.
(Approved: 6 August 2013 for 12 months. Review 9 July 2014).

Residential Care Assistants

Residential Care Assistants who temporarily act up into the Team Leader role will receive an allowance for undertaking additional duties without them having to have the one month qualifying period as required by section 7.3 of the Pay Policy subject to the following conditions:

- Residential Care Assistants will receive this allowance where required to act up as Team Leader for the minimum of a full 'shift' as part of their 'normal' working week (i.e. contractual hours);
- Where such work is undertaken on an ad hoc basis and in addition to their normal working week this should be treated as casual work;
- That the service consider the approach to Team Leader act ups and whether this is the most appropriate arrangement taking into account the requirements of the service needs to be delivered;

The exception is reviewed after 6 months to ensure that the rationale still applies.

(Approved 19 July 2013 for 3 months. Review 1 October 2013)

Tool Allowance

A tool allowance of £29.81 per month for Vehicle Fitters and apprentices who work in the Vehicle Maintenance Garage where tools that are essential for the work are not provided by the Council subject to this exception being reviewed after 12 months to ensure that the rationale still applies. The amount of the allowance will be increased in line with the national craft worker agreement.

(Approved 7 January 2013. Review 7 January 2014)

Sports Coaches

Exemption to Sections 6 and 8 of the Pay Policy

A market supplement will apply to pay an uplift of 15% to the hourly rate for Sports Coaches, inclusive of any enhancements for evening and weekend working. This supplement is subject to review in accordance with Section 8 of this policy after 24 months.

(Approved 1 October 2013 for 12 months. Review 1 October 2014)

Chief Executives

Sessional Interpreters

Exemption to Sections 6 and 8 of the Pay Policy

A market supplement will apply to pay an overall rate of £15.00 per hour inclusive of any new enhancements for evening and weekend working. This supplement is subject to review in accordance with Section 8 of this policy after 24 months.

(Approved 1 December 2011. Review 1 December 2013)

Sessional Translators

Translators to be paid £7.50 per 100 words translated subject to review after 12 months to ensure that the rationale still applies.
(Approved 7 January 2013. Review 7 January 2014)

Appendix 5: Matrix of Terms and Conditions

Terms and Conditions (as at 31 December 2013)	Chief Executive	Other Chief Officers	LGS Employee
Basic Pay ¹	Contractual Current pay £160,000 Range £165,000 - £185,000	Contractual Range £46,418 - £144,653 Competency pay from previous year may take pay up to £3000 over maximum salary band	Contractual Range £12,266 - £47,487
Performance Related Pay ²	X	X	X
Incremental progression (frozen for years 2011/12, 2012/13 and 2013/14)	X	X	
Annual cost of living increase (nationally negotiated – frozen for chief officers for past 5 years)			
Market Supplement Payment (Restricted - based on business case requiring evidence. Approval by Director of HR and Transformation. Reviewed every 12-24 months)	but not in receipt of payment and historically never offered to the Chief Executive	but no chief officers in receipt of payment	
Overtime, evening, weekend, night working payments	X	X	Contractual
Out of hours, recall to work, standby payments, critical incidents, sleep in duty, shift working, client holidays payments	X	X	Contractual
Acting up allowances, honoraria and ex gratia payments	X	As at 31 Dec 13, six Chief Officers were in receipt of payment totalling £26,986 between them.	
Monitoring Officer Payment (statutory duty) ³	X	payment of £11034 made to one chief officer	X
Returning/Counting Officer Payment (to run elections) ⁴ or Election Duty Payments	however no payment made during 2013	if acting as deputy, this payment is paid out of the Returning Officer's personal fee	if working on elections
Bonus payments	X	X	X
Redundancy Payment (same multiplier criteria used for all groups)			

¹ See Appendix 3 for pay bandings

² A competency based pay scheme was in operation for SLMG managers until 1 April 2011 where it was removed

³ This payment is being made to fulfil a statutory obligation and paid to one Chief Officer

⁴ This is a bulk payment made to a nominated chief officer to fulfil the duties of running Local, European or Parliamentary elections.

Terms and Conditions (as at 31 December 2013)	Chief Executive	Other Chief Officers	LGS Employee
Efficiency Payment (same criteria used for all groups) ⁵			
Relocation Payments			
Essential Car User Allowance (restricted and dependant on role)	X	X	where criteria is met
Company Car	X	X	X
Car Parking Allowances (restricted and dependant on role; the majority of employees pay for their own parking)	X	X	
Travel expenses within County of Nottinghamshire	X	X	
Travel expenses outside of County of Nottinghamshire (Must use standard rail fare. mileage capped at 40p per mile for 10,000 miles and 25p per mile thereafter) ⁶			
Disturbance Allowance (paid up to one year for significant changes to work location)	X	X	
Payment for home telephone line for work purposes	X	X	however only a small number of employees receive this payment
Reimbursement of reasonable expenditure (limits apply equally to all groups and receipts must be provided) ⁷			
Sickness Pay entitlement linked to length of service – applied equally to all groups	Contractual	Contractual	Contractual
Notice Period	Contractual 3 months	Contractual 3 months	Contractual 1-2 months
Payment of Membership Fees	X	X	X
Access to the Local Government Pension Scheme – employer and employee contribution (Employer rate contribution equal for all groups)	Contractual Employee rate: 7.5%	Contractual Employee rate: 7.2-7.5%	Contractual Employee rate: 5.5-7.2%
Discretion to enhance pension entitlements ⁸			
Salary Sacrifice Benefits allowing NI and Tax relief (purchase of annual leave, bike, childcare, mobile phones etc)			
Other employee discounts through works perks (e.g. retail discounts etc) applies to all groups equally			

⁵ This is covered in the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (DCR) Policy. See Appendix 6

⁶ See Appendix 8 for details of the Council's Business Travel Scheme

⁷ See Appendix 9 for details of the Council's policy on Reimbursement of Expenditure

⁸ See Appendix 7 for the Council's policy on in relation to the exercise of discretions under the Local Government Pension Scheme

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THE LOCAL GOVERNMENT (EARLY TERMINATION OF EMPLOYMENT) (DISCRETIONARY COMPENSATION) (ENGLAND AND WALES) REGULATIONS 2006 - POLICY STATEMENT

In accordance with the requirements of Regulation 7(1) of the above Regulations, Nottingham City Council has agreed the following policy statement in respect of the discretions available under Regulations 5 and 6 of the same Regulations (the 'DCR' Regulations).

1. Regulation 5

- 1.1 For employees with two or more years' continuous service with the City Council (or with an organisation covered by the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999) (the 'RPMO'), who are dismissed by reason of redundancy, compensation will be paid equivalent to the statutory redundancy payment to which they are entitled under the Employment Rights Act 1996 (ERA).
- 1.2 In calculating the amount of redundancy compensation to which an employee is entitled under this Regulation, the statutory limit¹ on a week's pay as imposed by section 227 of the ERA will apply.
- 1.3 Continuous service with an organisation covered by the provisions of the RPMO will count towards the redundancy compensation calculation under this Regulation.

2. Regulation 6

- 2.1 For employees who are entitled to a statutory redundancy payment under Regulation 5, no discretionary compensation element will be paid under Regulation 5.
- 2.2 For an employee who is dismissed in the interests of the efficient exercise of the Council's functions, the Council shall have discretion to make a payment to the employee up to a maximum of 52 weeks' pay in circumstances where there is a demonstrable business benefit to the Council arising from the payment. Discretionary compensation payments paid in the interests of the efficient exercise of the Council's functions will not normally exceed £30,000 unless prior approval is obtained from the Appointments and Conditions of Service Committee. It is expected that discretionary payments made in the interests of the efficient exercise of the Council's functions will only be considered in exceptional circumstances.
- 2.3 Discretions under this policy shall be applied in the following manner:
 - a) Payments to officers at the level of Head of Service and above² on the grounds of redundancy (compulsory or voluntary) or in the efficient exercise of the functions of the Council shall be made at the discretion of the Appointments and Conditions of Service Committee.
 - b) Payments to officers below the level of Head of Service on the grounds of voluntary redundancy or in the efficient exercise of the functions of the Council shall be made at the discretion of the Chief Executive.

¹ With effect from 1 February 2013, the statutory limit of a week's pay is £450 per week.

² This includes Corporate Directors and officers within the Strategic Leadership Management Group (SLMG).

- c) Payments to officers below the level of Head of Service on the grounds of compulsory redundancy shall be made at the discretion of the relevant Corporate Director.

3. Additional Membership of the Local Government Pension Scheme

- 3.1 Employees who are members of the Local Government Pension Scheme (LGPS) who receive a discretionary compensation payment under Regulation 6 of the DCR, will have the option to convert their discretionary compensation payment under Regulation 6 (in the case of redundancy, the 'discretionary compensation element'), into additional membership of the LGPS up to a maximum of ten years.
- 3.2 The decision to convert any of the discretionary compensation element into pension must be taken before the employee leaves the employment of the Council.

4. Potential employment related claims

A condition of the Council exercising its discretions under Regulations 5 and 6 will be that the employee agrees to sign a compromise agreement under the Employment Rights Act 1996, by which the employee will agree not to pursue any legal claims, including unfair dismissal claims, against the Council. Where an employee unreasonably refuses to enter into such an agreement, the employee will be entitled only to the statutory minimum compensation (if any).

5. Changes to this policy

In accordance with Regulations 7 (2) and (3), any changes to this policy and its application will not be made until one month after a statement setting out the intended changes has been published. The policy will be periodically reviewed to ensure its continued effectiveness.

POLICY IN RELATION TO THE EXERCISE OF DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME

The City Council has produced the following policy statement as required by the Local Government Pension Scheme (LGPS).

EMPLOYER DISCRETIONS

1. Early Release of Pension Benefits

1.1 The LGPS provides for a normal retirement age of 65. Employees who are members of the LGPS may retire at age 60 and over without permission. Retirements below age 60 require permission from the City Council.

1.2 An employee who opts to retire at or after age 60 but before the normal retirement age of 65 will have their pension benefits reduced on an actuarial basis to take account of the fact that pensions will be drawn earlier and for longer. The City Council is unlikely to agree to ignore the actuarial reduction. (Note that there are protections available under the old '85 year rule' for employees who were members of the LGPS before 1 October 2006.)

1.3 Where permission to retire is required, the Chief Executive will consider requests for early retirement for staff below second tier level¹ once a business case has been made that shows what possible net savings would be made taking into account the potential costs on the pension fund, the needs of the service and whether there would be operational benefits to be made that would facilitate a re-organisation.

2. Power of employing authority to increase membership

Decisions on whether to grant extra Scheme membership below second tier level will be delegated to the Chief Executive supported by a business case. Decisions to grant extra Scheme membership for first and second tier officers shall be made at the discretion of the Appointments and Conditions of Service Committee supported by a business case.

3. Power of employing authority to award additional pension

Decisions on whether to award additional pension below second tier level will be delegated to the Chief Executive supported by a business case. Decisions to award additional pension for first and second tier officers shall be made at the discretion of the Appointments and Conditions of Service Committee supported by a business case.

4. Shared Cost AVC Facility

The City Council will not consider making contributions to a shared cost AVC facility without a further report to the Appointments and Conditions of Service Committee.

5. Time Limits for Converting AVC's

Employees have 30 days to decide whether to convert in-house AVC's to a service credit within the pension fund when retiring on ill-health grounds.

7. Returning to Work Following Unpaid Leave

¹ Discretionary decisions in respect of first and second tier officers can only be taken by the Appointment and Conditions of Service Committee.

Employees will have three months after returning from a period of absence to decide whether they wish to pay additional contributions for that period of absence.

9. Widowers' Pensions

The City Council considers that in the interests of fairness and equality, all female contributors will be given credit for pensionable service accrued between 1972 and 1988 and to count this towards a widower's pension.

10. Transfers in of Earlier Periods of Service - Late Applications

10.1 A request for a transfer of previous pension rights from another scheme or previous service within the LGPS or arrangement into the LGPS must be made within 12 months of joining/re-joining the scheme.

10.2 The City Council's policy is to accept transfers in applied for outside the period of 12 months, provided that, at the time the transfer is being considered, there is no cost to the Council.

11. Flexible Retirement

The City Council's Policy on Flexible Retirement is set out in the People Management Handbook.

12. Double Entitlement

The City Council will if the need arises choose the most appropriate entitlement for an employee who is leaving the Council if they had not already done so.

13. Contributions

The City Council will decide any question about what contribution rate a member is liable to pay on their first joining the Scheme, on 1 April each year, and upon each subsequent contractual pay change that affects their contribution banding.

BUSINESS TRAVEL SCHEME

1. Introduction

1.1 Travelling expenses will be paid to employees who travel on the Council's business.

1.2 The following expenses will be paid:

- public transport rate (including standard rail fare);
- mileage allowance payments (where an employee is authorised to use their own vehicle for work purposes);
- taxi fares where a suitable alternative (including public transport) is not available.

1.3 The purpose of the scheme is to compensate employees for costs they necessarily incur in the course of their duties which are in addition to any travel costs incurred by the employee for non business travel. For example, where an employee purchases a bus pass for home to work and other non business travel purposes and this pass can also be used during working hours for business journeys, no additional expenses have been incurred by the employee and therefore no reimbursement is applicable.

2. Authorised Business Travel

2.1 National Conditions of Service state that 'employees required to use their motor vehicles for the efficient performance of their duties will receive allowances for the use of their motor vehicles on business only after being so authorised by the local authority'. The local authority may determine whether the use is casual or essential and the cubic capacity of the car considered appropriate. There is no obligation on casual users to provide a car for use at work.

2.2 An employee will be authorised to use their own car for work purposes where it is required for the effective performance of their duties and where the use of public transport alternatives is not available or would add significantly to the cost of travel or travelling time.

2.3 Where employees use their own car for journeys outside the County boundary, a comparison will be made against the equivalent public transport cost and where this is lower, and it is reasonable for the employee to make the journey by public transport, it is the equivalent public transport cost only that will be reimbursed.

2.4 Public transport should be used wherever possible, where this represents better value for money.

3. Journeys to and from home

3.1 Expenses will only be paid for journeys that form part of an employee's employment duties (e.g. journeys between clients' premises or attendance at meetings). Journeys to and from an employee's normal place of work and their home are not covered. Where an employee travels to an alternative work base direct from or to home (e.g. to attend a meeting or meet with a client), only the travel that is in excess of what would normally be incurred (i.e. between the employee's home and normal place of work) may be claimed.

3.2 The following exceptions will apply:

- An employee who is at home on standby to be recalled to work will be eligible to claim for their mileage if they are called out, e.g. an engineer called out at night to attend to a breakdown.
- Where an employee is required to attend to an emergency, an official meeting or other approved official business from home outside of their normal working hours, the maximum mileage that will be reimbursed will be 20 miles per return journey.

3.3 Where an employee's place of work changes the new place of work will be regarded as their normal place of work after four weeks have elapsed.

4. Mileage Allowance Payments

4.1 Where an employee is authorised to use their own vehicle for work purposes, mileage allowance payments (MAPs) may be claimed in accordance with the rules and rates determined by the HMRC from time to time. Current rates shown in the table below.

Tax – Rates per business mile

Type of vehicle	First 10,000 miles	Above 10,000
Cars and vans	45p	25p
Motorcycles	24p	24p
Cycles	20p	20p

4.2 Mileage logs should be fully itemised showing exact mileage and a description of the business journey.

5. Car Parking Fees

5.1 Where City Council business requires the payment of car parking fees, actual expenses shall be reimbursed provided that they have been reasonably incurred.

5.2 Where the City Council business is carried out within the City boundary, prior arrangements for free parking should be made where possible; where this is impossible, City Council Car Parks only should be used.

5.3 In all claims for reimbursement of car parking expenses, supporting evidence should be provided as to the destination of the employee and the address of the car park used.

6. Receipts

6.1 For tax and audit purposes original receipts are required for reimbursement of expenses. Employees will be informed of any additional documentation required from time to time.

6.2 Employees will need to submit a VAT receipt (or receipts) with their mileage claim form. It does not matter if the employee purchases fuel for both private and business use; what

does matter is that the total on the VAT receipt/s covers the cost of fuel used for the claim. A rough calculation would be to submit VAT receipt/s of at least £10 for every 100 miles of business travel claimed.

7. Approval

All travel expenses claim forms, including mileage claim forms, must be checked and approved by the employee's manager before submitting the form for payment.

8. No Claims Bonus Scheme

8.1 The Council operates a No Claims Bonus Scheme to provide a measure of compensation for loss of bonus or payment of excess or both where private motor vehicles are used by employees in the course of their employment duties. The scheme will not give cover for journeys to and from the work base.

8.2 The Council's Insurance Section will be able to supply details of the scheme in operation from time to time.

9. Essential Users

9.1 Essential user allowances will be as determined by the National Joint Council for Local Government Services with the following revisions:

- Where cars of 1200cc and over are used, the mileage allowance payable will be at the rate set for cars of 1000cc to 1199cc
- The mileage allowance payments will not exceed the rates determined by the HMRC from time to time.

9.2 An employee may be deemed an Essential User where they are required to provide a car for work purposes and their annual mileage can expect to exceed 8541 miles per annum. Those who cannot be expected to exceed this figure will not be considered for an essential user allowance.

9.3 Essential user allowances will also be granted below the 8541 threshold where the employee works in one of a small number of occupations designated by Councillors and there is a regular need to carry service users.

9.4 Essential user car allowances will be reviewed annually to determine whether employees awarded essential user status still meet the criteria. The criteria are also subject to review and may be amended by the Council from time to time. Following review, if an employee no longer meets the criteria to be considered for an essential user allowance, they will receive notice of the change of their status (in accordance with the schedule below) and the allowance will cease to be paid once the applicable notice period has expired.

Financial Year

2010/11	4 months' notice
2011/12	2 months' notice
2012/13	1 month's notice

9.5 Following review, employees no longer meeting the criteria will receive reimbursement for authorised business travel in accordance with the rates applicable for non-essential users outlined in this Scheme.

9.6 Essential Users are eligible to apply for a loan to purchase a car in accordance with the Council's Assisted Car Purchase Scheme . The Council's Insurance Section will be able to supply details of the scheme in operation from time to time.

10. Disabled Employees

Disabled employees who are unable to drive are allowed to use approved taxis for journeys which would otherwise qualify for a mileage allowance payment.

11. SLMG employees

Travel expenses will be paid in accordance with this scheme for authorised travel outside of the County boundary only.

REIMBURSEMENT OF EXPENDITURE

1. Colleagues necessarily incurring additional expense in the course of their work in respect of travel, meals or overnight accommodation will be reimbursed approved expenses, subject to receipts being produced. (In exceptional circumstances small sums may be reimbursed without receipts provided there is other evidence of the expenditure and the colleague can explain why it was not possible to obtain a receipt.)
2. Claim forms are available from departmental HR officers. These must be completed and signed by the colleague and then approved by their manager.
3. The fraudulent submission of claims for reimbursement of expenditure will be treated as gross misconduct.
4. In exceptional circumstances advance payments in respect of reimbursement of expenditure can be authorised. In such cases receipts for the expenditure incurred will be submitted within seven days of the colleague's return to work. If receipts are not submitted within the seven day period, or if the advance payment exceeded the total justified by the receipts, the advance (or the excess) will be recovered from the colleague's pay at his/her next pay day.
5. It is the settled policy of the Council that expenses payable to colleagues should not exceed those available to councillors (see below).
6. Guidance on the reimbursement of expenses linked to training (other than in respect of meals, travel and accommodation) is set out in the section of this handbook dealing with training and development.
7. The allowances set out below are the maximum amount which can be claimed in respect of any expenditure. Amounts claimed will still have to be justified and approved as set out above. A receipt must be obtained and the expenditure must be necessary and additional to the colleague's ordinary expenditure on a meal at the relevant time. (A deduction of £1.00 for breakfast and lunch and £2.00 for an evening meal should be made from all claims in respect of a meal taken at that time and the national agreement only allows for the reimbursement for additional costs).
8. The amounts will be updated periodically in line with the provisions for councillors.

Breakfast (before 11.Am)	Maximum £5.00 Vat Inc
Lunch (12noon - 2pm)	Maximum £5.00 Vat Inc
Evening Meal (After 5pm)	Maximum £10.00 Vat Inc

Over night Accommodation

9. Where possible, the cost of overnight accommodation should be contained with the following limits:

Maximum for overnight accommodation outside Central London	£ 79.82 Vat Inc
Maximum in Central London	£91.04 Vat Inc

If accommodation is not available within these limits then the actual cost will be met provided it is reasonable. Where attendance at a conference or similar event necessitates an overnight stay, accommodation at the conference hotel or a hotel of an equivalent standard will be arranged and paid for by the Council. For meals taken in connection with the event, the reasonable actual cost will be reimbursed, or paid in accordance with the subsistence rates set out above, subject to production of a receipt to the colleague's manager.

CITY COUNCIL – 3 MARCH 2014

REPORT OF THE DEPUTY LEADER

TREASURY MANAGEMENT 2014/15 STRATEGY

1 SUMMARY

1.1 This report seeks approval for a series of strategies relating to treasury management in 2014/15. The strategies were considered as part of a number of reports on the 2014/15 budget process. They were submitted for endorsement to Executive Board on 25 February 2014 and were also considered by Audit Committee, as part of its scrutiny role, on 28 February 2014.

A copy of the Executive Board report is detailed in Appendix 1 which has been circulated separately. Full details of the strategies and other material referred to below are shown within that document. The specific strategies included are:

- the overall treasury management strategy for 2014/15 (Annex 1, pages 1-13);
- the strategy for debt repayment in 2014/15 (section 5 of Annex 1, pages 6 - 7);
- the Housing Revenue Account Treasury Management Strategy for 2014/15 (section 6 of Annex 1, pages 7 - 8);
- The investment strategy for 2014/15 (section 7 of Annex 1, pages 8 - 12).

Approval is also required for the Prudential Indicators and limits from 2013/14 to 2016/17 (Appendix A within Annex 1, page 14).

2 RECOMMENDATIONS

2.1 It is recommended that:

- 1) the 2014/15 treasury management strategy document, including the strategy for debt repayment and the investment strategy, detailed in Appendix 1 (Annex 1, pages 1-13) is approved;
- 2) the Prudential Indicators and limits from 2013/14 to 2016/17, detailed in Appendix 1 (Annex 1, page 14) are approved;

3 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

3.1 To ensure compliance with the Code of Practice on Treasury Management in Public Services (the Code).

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

4.1 The approval of a treasury management strategy, including Prudential Indicators, is a requirement of the Code, so no other options are available for consideration.

5 BACKGROUND

5.1 Treasury management is the management of the Council's cash flows, including borrowings and investments and is regulated by the Code.

- 5.2 Treasury Management is the subject of robust governance arrangements including legislation, government guidance, codes of practice and financial regulations. The approval of a strategy relating to treasury management, including a strategy for debt repayment and investment, is good practice and ensures that the City Council complies with the governance framework.
- 5.3 Prudential Indicators for the forthcoming and following two financial years must be set before the beginning of that year. They may be revised at any time, following due process, with any changes to the current indicators being approved at a meeting of Full Council.
- 5.4 On 25 February 2014, Executive Board considered a report seeking endorsement of the proposed treasury management strategy for 2014/15. Scrutiny of the strategy was addressed by a meeting of the Audit Committee on 28 February 2014. Any changes to the proposed 2014/15 strategy as a result of those two meetings will be reported verbally.

6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

- 6.1 Total treasury management payments comprise interest charges and receipts and provision for repayment of debt. A proportion of the City Council's debt relates to capital expenditure on council housing and this is charged to the Housing Revenue Account (HRA). The remaining costs are included within the treasury management section of the General Fund budget. Table 1 overleaf sets out the budget for 2014/15:

TABLE 1: REVENUE BUDGET POSITION			
DESCRIPTION	BUDGET 2013/14 £m	FORECAST OUTTURN 2013/14 £m	BUDGET 2014/15 £m
External interest	30.929	28.849	28.358
Less: HRA interest	(11.605)	(11.495)	(11.786)
Debt repayment provision	32.583	33.529	35.317
General Fund expenditure	51.907	50.883	51.889
Investment interest	(1.182)	(1.391)	(1.029)
Prudential borrowing recharge	(0.516)	(0.521)	(0.250)
Transfer to / (from) Reserve	-	-	-
NET GEN. FUND POSITION	50.209	48.971	50.610

The above figures are included in the City Council's 2014/15 budget, which has been submitted for approval elsewhere on this agenda.

7 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

- 7.1 Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. The management of specific treasury management risks is set out in the Manual of Treasury Management Practices and Procedures and a risk register is prepared for the treasury function.

The key Strategic Risk relating to treasury management is SR17 'Failure to protect the Council's investments'. The current rating for this risk is 4.48 (Likelihood is rated unlikely, Impact is rated moderate). Details of the current Risk Management Action Plan are provided in the Executive Board Report (Annex 1, Appendix B).

8 EQUALITY IMPACT ASSESSMENT (EIA)

An EIA is not required as the report does not relate to new or changing services or policies.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Executive Board report - 25 February 2014

10.2 Audit Committee report – 28 February 2014

**COUNCILLOR GRAHAM CHAPMAN
DEPUTY LEADER**

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EXECUTIVE BOARD – 25 FEBRUARY 2014

Subject:	TREASURY MANAGEMENT 2014/15 STRATEGY		
Corporate Director(s)/ Director(s):	Carole Mills, Deputy Chief Executive/Corporate Director for Resources		
Portfolio Holder(s):	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
Report author and contact details:	Tony Kirkham, Director of Strategic Finance 0115 8764157 tony.kirkham@nottinghamcity.gov.uk		
Key Decision	<input type="checkbox"/> Yes	£ No	Subject to call-in
	<input type="checkbox"/> Yes	£ No	<input type="checkbox"/> Yes
Reasons:	<input type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
	<input type="checkbox"/> Revenue	<input type="checkbox"/> Capital	
Significant impact on communities living or working in two or more wards in the City	<input type="checkbox"/> Yes	£ No	
Total value of the decision: Nil			
Wards affected: All	Date of consultation with Portfolio Holder(s): Throughout January/ February 2014		
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter			£
Cut crime and anti-social behaviour			£
Ensure more school leavers get a job, training or further education than any other City			£
Your neighbourhood as clean as the City Centre			£
Help keep your energy bills down			£
Good access to public transport			£
Nottingham has a good mix of housing			£
Nottingham is a good place to do business, invest and create jobs			£
Nottingham offers a wide range of leisure activities, parks and sporting events			£
Support early intervention activities			£
Deliver effective, value for money services to our citizens			£
Summary of issues (including benefits to citizens/service users):			
This report sets out the Treasury Management and Investment strategies for 2014/15 including the debt repayment strategy (Annex 1). The associated Prudential Indicators are shown within an appendix to the strategy, along with existing risks and a glossary of technical terms.			
The decision is not subject to call-in as Councillor Brian Parbutt, Chair of the Overview and Scrutiny Committee, has agreed that the decision is reasonable in all the circumstances and should be treated as a matter of urgency as the Council's budget has to be approved at the Full Council meeting on 3 March 2014 (which is before the call-in period has ended).			
Exempt information:			
None			
Recommendation(s):			
1 To endorse and recommend for approval by the City Council at its meeting on 3 March 2014 the overall Treasury Management Strategy for 2014/15 (Annex 1), and, in particular:			

- the strategy for debt repayment (Minimum Revenue Provision) in 2014/15 (**section 5 of Annex 1**);
- the Housing Revenue Account Treasury Management Strategy for 2014/15 (**section 6 of Annex 1**);
- the Investment Strategy for 2014/15 (**section 7 of Annex 1**);
- the prudential indicators and limits from 2013/14 to 2016/17 (**Appendix A within Annex 1**).

1 REASONS FOR RECOMMENDATIONS

1.1 To comply with:

- Financial Regulations and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management by submitting a policy and strategy statement for the ensuing financial year;
- guidance issued by the Secretary of State under section 15(1) (a) of the Local Government Act 2003 in approving, at Council, an Annual Investment Strategy before 1 April;
- guidance issued by the Secretary of State under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 which requires the preparation of an annual statement of the Council's policy on making a Minimum Revenue Provision (MRP) for the repayment of debt.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Treasury management is a term used to describe the management of an organisation's borrowing, investments and other financial instruments, their associated risks and the pursuit of optimum performance or return consistent with those risks.
- 2.2 The treasury management function is governed by provisions set out under Part 1 of the Local Government Act 2003, whereby the Council must have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The Council formally adopted the current requirements of these codes on 5 March 2012, as part of its Treasury Management Policy Statement.
- 2.3 External advisors are retained to provide additional input on treasury management matters. The service provided includes economic and interest rate forecasting, advice on strategy, portfolio structure, debt restructuring, investment policy, creditworthiness, credit ratings and other counterparty criteria and technical assistance on other related matters, as required.
- 2.4 The Treasury Management and Investment Strategies will be considered by Audit Committee on 28 February 2014, as part of the scrutiny process required by the CIPFA Code of Practice.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Options for management of the Council's debt and investment portfolio are continually reviewed. The overall aim is to minimise the net revenue costs of the debt whilst maintaining an even debt maturity profile in future years, and to maximise investment returns within stated security and liquidity guidelines.

4 TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2014/15

- 4.1 The Treasury Management Strategy sets the strategic context, within the Council's planning cycle, for how treasury management activity will take place. The various aspects of the Strategy (i.e. treasury, investment and debt) are set out at **Annex 1**. The objectives of the strategy are:
- to achieve the lowest net interest rate costs on the Council's external debt, whilst recognising the risk management implications;
 - to protect the Medium Term Financial Plan (MTFP) from the unbudgeted financial impact of fluctuations in interest rates and to prevent the need for excessive borrowing in future years when rates may be unfavourable;
 - to maintain the security and liquidity of external investments, and within those parameters, to seek to maximise the return on such investments;
 - to manage the Council's cash flows such that sufficient cash is available to meet creditor and other requirements and to minimise the cash balance held in the Council's current bank account each day without incurring bank overdraft charges.
- 4.2 Department for Communities for Local Government (DCLG) guidance on local authority investments also requires an annual investment strategy to be in place before the financial year in which it applies. This is incorporated within the Treasury Management Strategy and sets out how investments will be managed to protect the Council's financial position and the value of funds invested, whilst ensuring that the returns obtained are appropriate, given the stated attitude to risk. The DCLG guidance reiterates security and liquidity as the primary objectives of a prudent investment policy. These are principles embraced by the Council.
- 4.3 The main changes to the Treasury Management Strategy for 2014/15 are:
- amendments to the proposed Housing Revenue Account (HRA) Treasury Management Strategy (**Annex 1, Section 6**), to allow the HRA to fix the interest rate and period for debt raised internally from the General Fund;
 - various changes to the Investment Strategy and the approved counterparty investment list (**Annex 1, Section 7**).

5 PRUDENTIAL INDICATORS (ANNEX 1, APPENDIX A)

- 5.1 The Prudential Code, issued by CIPFA and adopted formally by the Council, requires a series of Prudential Indicators (PIs) to be set and approved for the forthcoming and following two financial years. These financial indicators are derived from proposed treasury management activity and provide insight into the financial impact of such activities.
- 5.2 **Appendix A** within the Treasury Management Strategy (**Annex 1**) sets out the indicators for 2013/14 to 2016/17 that are expected to be generated by the proposed strategies. Explanatory notes for each PI are also provided.

6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 6.1 Net treasury management expenditure comprises interest charges, interest receipts and a revenue provision for debt repayment. A proportion of the Council's debt relates to capital expenditure on council housing and from 1 April 2012 separate arrangements have been established for the HRA. The remaining costs are included within the treasury management section of the General Fund budget, although there remain a number of recharges between the General Fund and the HRA. **Table 1** summarises the forecast outturn for the current financial year and provides the estimate for 2014/15:

TABLE 1: TREASURY MANAGEMENT - REVENUE BUDGET POSITION			
DESCRIPTION	BUDGET	FORECAST	BUDGET
	2013/14 £m	OUTTURN 2013/14 £m	2014/15 £m
External interest	30.929	28.849	28.358
Less: HRA interest	(11.605)	(11.495)	(11.786)
Debt repayment provision	32.583	33.529	35.317
General Fund expenditure	51.907	50.883	51.889
Investment interest	(1.182)	(1.391)	(1.029)
Prudential borrowing recharge	(0.516)	(0.521)	(0.250)
NET GENERAL FUND POSITION	50.209	48.971	50.610

- 6.2 The forecast outturn for 2013/14 reflects savings in external interest as a result of the continued strategy of internal borrowing (use of surplus cash to fund borrowing needs, rather than being externally invested). The projected under spend in the year of £1.238m is reflected in the overall position for 2013/14, reported elsewhere on this agenda.
- 6.3 The budget for 2014/15 is based on the financial implications of the various proposed strategies, as detailed in **Annex 1**. The estimate of £50.610m is included within the Medium Term Financial Plan (MTFP).
- 6.4 As part of the Council's MTFP, a number of capital regeneration investment schemes are currently being developed in respect of the City Centre. Funding will come from a variety of sources, including prudential borrowing by the Council. The Capital Programme does not include provision for these schemes at present, and they will only be brought forward for approval subject to the establishment of a robust business case. When schemes are approved, relevant budget estimates and Prudential Indicators will be amended accordingly.

7 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 7.1 Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. The management of specific treasury management risks is set out in the Manual of Treasury Management Practices and Procedures and a risk register is maintained for the treasury function.
- 7.2 The key strategic risk relating to treasury management is SR17 'Failure to protect the Council's investments'. The current rating for this risk is 4.48 (Likelihood = unlikely, Impact = moderate). Full details of the Risk Management Action Plan are provided in **Annex 1, Appendix B**.

8 SOCIAL VALUE CONSIDERATIONS

- 8.1 Not applicable.

9 REGARD TO THE NHS CONSTITUTION

- 9.1 Not applicable.

10 EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council) E
- (b) No
- (c) Yes – Equality Impact Assessment attached

11 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

11.1 None

12 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

12.1 None

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NOTTINGHAM CITY COUNCIL

TREASURY MANAGEMENT STRATEGY 2014/15

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Executive Board 25 February 2014

Audit Committee 28 February 2014

City Council 3 March 2014

TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2014/15

1. Context

Medium Term Financial Strategy (MTFS)

The MTFS sets out the arrangements for the planning and management of the Council's finances. Strategic Principle G sets out the overall context for the Council's treasury management activities, as follows:

- G1 All borrowing and debt management activity will be carried out in accordance with the annually approved Treasury Management Strategy and the Manual of Treasury Management Practices and Procedures, and within approved Prudential Indicators, having the highest regard for prudence, affordability and sustainability in the longer term.
- G2 The management of the treasury investment portfolio will be in accordance with the approved investment strategy, with all investments complying with counterparty limits and restrictions.
- G3 Appropriate use of prudential borrowing to fund capital investment will be made within prudential indicators and subject to medium term affordability.

The Debt Portfolio

The Council's debt portfolio comprises borrowing raised to finance capital expenditure not met from other sources over the years. Its management is a key element of the Treasury Management Strategy. At 31 March 2014 the total value of the portfolio will be c £709m (excluding Private Finance Initiative notional 'debt'), borrowed at an average interest rate of 3.69%. This figure includes £100m raised from the Public Works Loan Board (PWLb) in 2012/13 to finance a required capital contribution for the Nottingham Express Transit (NET) Phase 2 scheme. This borrowing was raised in advance of need, to take advantage of low interest rates and the cash is expected to be expended in early 2015.

In 2014/15 total debt is forecast to increase to c £754m (again, excluding PFI-related debt), with the average interest rate forecasted to rise to 3.71%.

The Investment Portfolio

An investment portfolio is also maintained to ensure that the Council's surplus cash (working capital, plus cash-backed reserves and provisions and any borrowing raised in advance of need) earns interest whilst being held. The average value of investments during 2013/14 was circa £201m (excluding monies held by the Council as the 'accountable body' for other organisations and the remaining deposits in Icelandic banks). During 2014/15 an average balance of circa £188m is forecast.

The average return on investments during 2013/14 is expected to be circa 0.67% and, with short-term interest rates expected to remain at their current levels throughout 2014, a similar return is expected in 2014/15. Some improvement in yield may be seen towards the end of the financial year, if there is an expectation of increases in the base interest rate by the Monetary Policy Committee (MPC).

Market Conditions

The Treasury Management Strategy seeks to protect the Council from market related risks by proactively monitoring key factors such as interest rates and economic opinions, both nationally and globally. The adopted strategy will continue to be regularly reappraised and, if necessary, realigned to reflect market conditions and changes to interest rate forecasts.

Economic Background

The MPC has previously indicated that it would not increase the base interest rate from its current level of 0.50% until the unemployment rate fell below 7.0%. Although the January 2014 figure for unemployment was recorded at 7.1%, the MPC were quick to confirm that a 7.0% rate would not be an automatic trigger point and that the base interest rate was likely to remain at 0.50% until 2016, in order to ensure that the recovery in the UK economy remained established and sustainable. Current inflation figures are at the target level provided to the MPC (2.0%) and there is little indication that these will rise significantly in 2014, to trigger an early increase in the base interest rate.

Current growth data suggests that the strong figures in 2013 (+1.9%) may not be maintained through 2014. The consumer debt-funded element of the growth remains predominant, with businesses still reluctant or unable to obtain credit to fund significant expansion, despite Government initiatives.

Outlook for interest rates

The Bank of England base rate has remained at its all-time low of 0.50% since March 2009. The current forecast is for this rate to be unchanged until quarter 2 of 2016.

Table 1 shows interest rates at 31 December 2013, together with projections to the end of March 2016, based on latest estimates provided by the Council's advisors. Short-term money rate forecasts are used to inform decisions on the investment of surplus monies. Interest rates for long-term borrowing are directly linked to the Gilt rates for the appropriate period.

TABLE 1: PROJECTED MOVEMENTS IN INTEREST RATES 2013 - 2016								
YEAR	END PERIOD	BASE RATE	SHORT TERM MONEY RATES			LONG TERM GILT RATES		
			3 MONTHS	6 MONTHS	12 MONTHS	5 YEARS	20 YEARS	50 YEARS
2013	Dec	0.50	0.45	0.63	0.81	1.60	3.45	3.60
2014	Mar	0.50	0.45	0.65	0.90	1.70	3.35	3.45
	Jun	0.50	0.45	0.65	0.95	1.75	3.40	3.50
	Sep	0.50	0.50	0.70	0.95	1.85	3.45	3.55
	Dec	0.50	0.55	0.75	0.95	1.95	3.55	3.60
2015	Mar	0.50	0.65	0.80	1.00	2.00	3.60	3.65
	Jun	0.50	0.70	0.85	1.05	2.00	3.60	3.70
	Sep	0.50	0.75	0.90	1.10	2.05	3.65	3.75
	Dec	0.50	0.80	0.95	1.20	2.10	3.70	3.80
2016	Mar	0.50	0.90	1.00	1.30	2.20	3.75	3.85

Interest rate forecasts are usually prepared with an 'upside' and a 'downside' risk, because they may move by more or less than forecast. The current predominant risk is that rates may rise more quickly than forecast, if inflationary pressures need to be addressed.

Credit Outlook

The credit risk of further banking failures has diminished, both in the UK and elsewhere. However, this improvement has been accompanied by a sea-change in Government attitudes towards financial institutions. Regulations are proposed in the UK, Europe and the USA to avoid the need for future state bail-outs of failing banks, by ensuring that shareholders, bond holders and unsecured creditors participate in any future recovery processes. This has already been evidenced in the UK with the Co-operative Bank's recent recapitalisation, which required many existing holders of bank debt to accept losses ('haircuts') to enable the bank to survive.

This new 'bail-in' approach, when fully incorporated, will have significance for future investment in financial institutions by local authorities, who would have to share in the 'haircut' process, in the event of the failure of the counterparty. As a consequence, diversification between creditworthy counterparties and the use of alternative investment products will assume a greater importance, to mitigate this bail-in risk.

2. Strategic Principles

The Council's treasury management activities will be undertaken with the following strategic aims and objectives:

1. To achieve the minimum interest rate cost on external debt, whilst recognising the risk management implications;
2. To protect the capital value of external cash investments and ensure the liquidity of those investments;
3. To provide an income stream from investments and maximise this stream, within the stated parameters of security and liquidity;
4. To apply mitigation to the risks associated with treasury management activity;
5. To seek to follow best practice at all times.

The actual outcomes against these strategic principles can be assessed by the use of prudential indicators (PIs) and associated commentary. **Table 2** lists which of the PIs set out in **Appendix A** relate to each of the principles.

TABLE 2: STRATEGIC PRINCIPLES LINK TO PRUDENTIAL INDICATORS	
PRINCIPLE	PIs
1	2i, 2iii, 2iv, 2v, 3i, 3ii, 3iii, 3v,
2	3iv, 3v, 3vi
3	3iv, 3v
4	3v
5	3v

Within these principles, specific strategies will be adopted in 2014/15 in respect of:

- Borrowing
- Debt rescheduling
- Provision for repayment of debt
- Management of the HRA debt portfolio
- Investments
- Liquidity management
- Reporting
- Training, and
- Management of risk.

These strategies are addressed in the following paragraphs.

3. Overall Borrowing Requirement and Strategy

The Council undertakes borrowing to:

- Finance capital expenditure not met from other sources (e.g. grants, capital receipts etc.)
- Replace maturing debt (net of minimum revenue provision)
- Finance cash flow in the short-term.

The primary risks associated with the management of a debt portfolio are the uncertain future fluctuations in interest rates and an uneven loan maturity profile, requiring large amounts of debt to be replaced in any single period. To mitigate this risk, the debt portfolio is managed with the aim of reducing the annual revenue cost of borrowing and evenly spreading the debt maturity profile. **Table 3** shows the estimated total borrowing requirement for 2014/15, reflecting the current approved capital programme:

TABLE 3: TOTAL BORROWING REQUIREMENT 2014/15	
	£m
Debt maturing during the year	13.8
Unsupported borrowing 2014/15:	
HRA	-
General Fund	143.4
Less: revenue provision for repayment:	
HRA	- 1.0
General Fund	-31.6
TOTAL	124.6*

**NOTE: £100m advance borrowing already raised, December 2012*

The Council can raise borrowing from a variety of sources:

- The Public Works Loan Board (PWLB)
- UK local authorities
- Money markets
- Commercial banks and other institutions
- UK pension funds
- Capital markets (stock issues, bills etc)
- Structured finance
- Local authority bond issues.

The Council has previously raised most of its debt from the Government's PWLB, which continues to be one of the cheapest and most flexible sources of longer-term borrowing. However, alternative sources of debt continue to be investigated. The type, period, and timing of new borrowing will be determined by the Chief Finance Officer (CFO), under delegated authority, taking into account the following factors:

- Expected movements in interest rates
- The maturity profile of existing debt

- The impact on the medium term financial strategy
- Prudential Indicators and limits.

With an average return on external investments of less than 1%, and the cost of long-term borrowing in excess of 4%, the Council has, in recent years, adopted a strategy of using surplus cash to meet borrowing requirements where possible, rather than investing it externally. This 'internal borrowing' approach is expected to continue in 2014/15, although it is likely that some longer-term external debt will be required, to ensure a minimum cash-backed investment balance.

From 1 April 2013, the Localism Act gave councils additional legal powers under a General Power of Competence. Those powers include, in theory, the opportunity to use financial instruments such as derivatives, which enable the management of risks associated with future movements in interest rates. However, the General Power of Competence does not provide explicit approval for such instruments and requires a test case, through legal proceedings, for such approval to be confirmed. Consequently, the authority does not intend to use standalone derivatives in the forthcoming financial year. Should the legal position change, City Council approval would be required to effect the necessary change in strategy and to develop an appropriate risk management framework.

The Council has a limited exposure to 'embedded derivatives', through its holding of debt raised from commercial banks, with periodic repayment options available to the lenders. However, the total exposure to this market debt at 1 April 2014 is £49m, of which £34m is potentially subject to demands for early repayment in 2014/15. This sum represents only 4.5% of total debt and the risks associated with any demands for early repayment are managed within the overall treasury risk management strategy.

4. Debt Restructuring

Opportunities for debt restructuring, which involves the premature replacement of existing debt with new loans for different periods and at different rates, will be monitored and appropriate action taken by the CFO under delegated authority, taking into account the following factors:

- The debt maturity profile
- Ongoing revenue savings
- The impact of premiums and discounts
- The impact on Prudential Indicators.

Existing PWLB variable rate debt and market loans with lender repayment options will be monitored against prevailing interest rates. Where beneficial to do so, restructuring into fixed-rate products may be undertaken, to reduce the risk of future interest rate movements.

The current wide margin between borrowing and repayment interest rates for fixed-rate PWLB debt means that there would be a large financial penalty for such debt repayment, making rescheduling of this debt unlikely in the short-term.

5. 2014/15 Minimum Revenue Provision (MRP) Statement

Under the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008 (S.I. 2008/414), councils must produce an annual statement on their policy for making a Minimum Revenue Provision (MRP) for the repayment of outstanding debt. For 2014/15, the Council will adopt the following policies in determining its MRP:

- For all General Fund capital expenditure financed through borrowing prior to 31 March 2008, the regulatory method (designated by the Regulations as Option 1) will be adopted – MRP will be 4% of the opening capital financing requirement (CFR)
- For General Fund capital expenditure incurred after 1 April 2008, and financed by supported borrowing, the regulatory method will also be adopted (Option 1)
- For all existing HRA supported borrowing, there is no current requirement to make an annual MRP and this approach will be continued
- For all capital expenditure incurred after 1 April 2008, and financed by unsupported borrowing (both General Fund and HRA), the authority will adopt the asset life method (Option 3). The MRP will be based on the capital expenditure divided by a determined asset life, *either* through an annuity loan *or* via equal annual repayments of principal
- The MRP in respect of Private Finance Initiative schemes and finance leases, brought onto the Council's balance sheet under International Financial Reporting Standards (IFRS) will match the annual principal repayment for the associated deferred liability. The impact on the Council's revenue account is therefore neutral.

6. Housing Revenue Account Treasury Management Strategy

Background

From 1 April 2012, the Council's HRA became self-sufficient, with the adoption of a 30-year business plan enabling the future maintenance and development of its housing stock to be financed from rent income, but with no further central Government subsidy. To achieve this position, the Government repaid £66m of outstanding HRA debt in March 2012. As a consequence, the HRA Capital Financing Requirement (i.e.: the overall need to borrow to finance capital assets) was reduced to £284.3m at 1 April 2012. A separate debt portfolio was created for the HRA at that date, with an appropriate proportion of the Council's existing PWLB and market loan debt being allocated to this new portfolio. Regulation requires that councils with an HRA should adopt specific strategies for the management of related debt and investments.

Proposals for 2014/15

The following policies are proposed for 2014/15:

- The HRA will continue to meet the annual interest costs of its original external debt portfolio
- Any new external long-term borrowing raised by the Council will be allocated between the General Fund and the HRA as required and will take account of the specific needs of those separate organisations in terms of loan type, amount, timing and period
- The HRA will continue its policy of making no Minimum Revenue Provision in its revenue account for debt repayment, other than for specific existing and future prudential borrowing (see **section 5**)
- Any temporary internal borrowing from the General Fund by the HRA, arising as a result of existing debt maturing and not being replaced, will be re-charged to the HRA revenue account at an interest rate equivalent to the Council's average cost for temporary external debt
- Where considered appropriate to the HRA's business plan, such temporary borrowing from the General Fund may be fixed, both in period and interest rate, subject to the agreement of both parties
- Net cash surpluses held by the HRA (working capital plus reserves etc) will be calculated on a daily basis, with interest credited to the HRA revenue account. That

interest rate will be based on the average 3-month Government Treasury Bill yield, which reflects the risk-free nature of the investment return.

7. Investment Strategy 2014/15

Investment Policy

All external investments will be made in accordance with the Council's adopted investment policy and prevailing legislation and regulation. In line with the CIPFA Code of Practice and DCLG guidance, the Council's general policy objective is to invest its surplus funds prudently. The investment priorities are:

- Security of the invested capital
- Liquidity of the invested capital
- And, commensurate with security and liquidity, an optimum return on investments.

Introduction

The key change to the Council's investment strategy in 2014/15 is in respect of the proposed Regulations to be introduced by the Government, providing for a 'bail-in' by any failing financial institution, requiring holders of debt, including fixed deposits, to bear the initial costs of any losses - see **Section 1, Credit Outlook (Annex 1, pages 3 - 4)**.

To mitigate against this new risk, the Council will seek to further reduce the sums invested externally, through the continued application of surplus monies to meet internal borrowing - see **Section 3 (Annex 1, pages 5 - 6)**. In addition, the following changes to the Council's investment strategy are proposed:

- The inclusion of alternative investment products within its approved counterparty list such as bank 'covered bonds', which would be protected from any future 'bail-in' proposals
- Further diversification of investments, through the adoption of lower cash limits for individual institutions
- The application of shorter investment duration to institutions with lower credit ratings
- An extension of the maximum duration for investments with other UK local authorities to 5 years.

Specific Investment Criteria

The selection of counterparties eligible for investment in 2014/15 has been based on advice received from our advisors and has taken into account all appropriate credit ratings for those institutions (using the lowest available rating supplied by the three main agencies). In addition to the use of counterparty credit rating information, a range of other factors have been taken into account:

- Other sovereign support mechanisms
- Country credit ratings
- Credit Default Swap rates (where quoted)
- Share prices (where quoted)
- Economic fundamentals, corporate developments etc
- Press articles and reports
- Market sentiment and momentum
- Any other information pertinent to the security of the investment.

Investment counterparties

All investments are required to be categorised as 'Specified' or Non-Specified', based upon criteria within the DCLG guidance. To qualify as a Specified Investment, the investment has to be:

- In sterling only
- For a maximum period of 364 days
- With a counterparty of a high credit quality, as determined by the Council
- Not defined as capital expenditure under section 25(1) (d) in SI 2003 No 3146.

By definition, any investments not meeting the above requirements are deemed to be Non-Specified investments. The Council is required to have particular regard to the security of Non-Specified investments and to impose a ceiling on the proportion of its investment portfolio that can be held within this category.

The proposed investment instruments identified for use in 2014/15 have been selected based on the criteria detailed above:

a) Specified investments (high credit quality, < 365 days duration)

- UK banks - call accounts, term deposits, Certificates of Deposit (CDs) and covered bonds – with the retention of the existing requirement for a minimum individual credit rating of A- (or equivalent)
- Overseas banks – as UK banks, with an additional requirement for a minimum sovereign credit rating of AA+ (or equivalent) for all non-UK institutions
- Local authority deposits
- Supranational bonds (the debt of international organisations such as the European Investment Bank, the World Bank etc.)
- UK Government Debt Management Account Deposit facility (DMADF) deposits, Treasury Bills and UK Gilts
- Money Market Funds (instant access) - Variable Net Asset Value (VNAV) or Constant Net Asset Value (CNAV) Funds
- Other Pooled Funds - VNAV notice Funds, with 1-5 day access.

b) Non-specified investments (any investment of lower credit quality or > 364 days)

- UK and overseas banks – term deposits with a maximum period of 2 years
- Local authority deposits – with a maximum period of 5 years
- Negotiable instruments (CDs, covered bonds, Supranational Bonds, Gilts etc, with a secondary resale market) – with a maximum maturity limit of 5 years
- Housing Associations (registered providers with a strong regulatory framework, low debt: revenue ratios, a high proportion of income from Government subsidies and a good likelihood of Government support) – with a maximum maturity limit of 2 years.

Approved investment counterparty list

A proposed approved counterparty list, based on the above specifications, has been drawn up in liaison with the Council's external advisors, and details are provided in **Table 4 (Annex 1, Page 11)**. Regular monitoring and evaluation of credit ratings and other criteria will be maintained, and appropriate action taken, based on this combined evaluation. Actions may include; reducing the period for new investments below the maximum sum or period (but not

above the adopted limits); suspending counterparties from the approved list for further investment; or requesting repayment of deposits, where terms allow.

Maximum limits on periods of investment and maximum sums to be deposited have been applied to individual institutions, based on the evaluation of the adopted criteria and strengthened through reference to the size of the investment portfolio, banking group structures and country limits. In particular:

- Group limits – where more than one bank on the counterparty list is included within a banking group (e.g. Bank of Scotland and Lloyds TSB Bank), the individual limits will also apply to the group as a whole
- The Council's bank – to accommodate short-term cash management, an unlimited maximum sum for up to 5 days is provided for the Council's own bank
- Country limits – other than for UK institutions, a total investment limit will apply to all counterparties in a particular country. No more than 15% of the total investment portfolio, at the time of the deposit, will be placed with any one country
- Overall country limit – in addition, no more than 25% of the investment portfolio, at the time of the deposit, will be placed with non-UK banks in total
- Period limits (term deposits) – the maximum approved duration for bank term deposits without a secondary market will be 2 years
- Period limits (negotiable instruments) – the maximum approved duration for negotiable instruments such as covered bonds, CDs, Government Gilts and Supranational Bonds which have a secondary market (i.e. can be sold before maturity) will be 5 years
- UK local authorities – an individual limit of £20m per authority and a maximum period of 5 years will apply
- UK Government DMADF* – no limit to the maximum sum or period
- UK Government Treasury Bills* - no limit to the maximum sum or period
- Government Gilts (bonds issued by the UK Government) – a maximum sum of £20m and a maximum period of five years
- CNAV instant access MMFs (individual) – an individual limit of £10m per Fund, with a further over-riding limit of 0.50% of the net asset value of the Fund
- VNAV instant access MMFs (individual) – an individual limit of £10m per Fund, with a further over-riding limit of 0.50% of the net asset value of the Fund
- Short-term Pooled Funds (individual) - an individual limit of £5m per Fund, with a further over-riding limit of 0.50% of the net asset value of the Fund
- All MMF and other Pooled Funds (total) - an overall total limit of £100m in all pooled funds will also be applied
- Supranational Bonds – an individual limit of £20m and a maximum period of five years
- Housing Associations (Registered Providers) – an individual limit of £10m and a maximum period of two years
- Non-Specified Investments – the maximum proportion to be held in non-specified investments will be 25% of the portfolio at the time of investment.

* Deposits with the U.K. Government, either directly into the DMADF, or in the form of Treasury Bills, are treated as an ultimate 'safe haven' for cash deposits and therefore no limits are applied to the amount or the period of deposit.

TABLE 4: ELIGIBLE COUNTERPARTIES FOR INVESTMENT 2014/15

INV. TYPE	COUNTRY	COUNTERPARTY	MAX SUM £m	MAX PERIOD (TERM DEPOSITS)	MAX PERIOD - NEGOTIABLE INSTRUMENTS
Term deposit, call a/c, covered bonds, CDs.	U.K.	Bank of Scotland / Lloyds TSB	20	2 years	5 years
		Barclays Bank	20	2 years	5 years
		Council's current bank	-	5 days	-
		HSBC Bank	20	2 years	5 years
		Nationwide Building Society	20	2 years	5 years
		RBS / Nat West	20	2 years	5 years
		Santander UK	20	2 years	5 years
		Standard Chartered	20	2 years	5 years
	Australia	Australia & NZ Banking Group	10	2 years	5 years
		Commonwealth Bank of Aus	10	2 years	5 years
		National Australia Bank Ltd	10	2 years	5 years
		Westpac Banking Corporation	10	2 years	5 years
	Canada	Bank of Montreal	10	2 years	5 years
		Bank of Nova Scotia	10	2 years	5 years
		Canadian Imp. Bank of Comm.	10	2 years	5 years
		Royal Bank of Canada	10	2 years	5 years
		Toronto-Dominion Bank	10	2 years	5 years
	Finland	Nordea Bank Finland	10	2 years	5 years
		Pohjola	10	2 years	5 years
	France	BNP Paribas	10	2 years	5 years
		Credit Agricole SA	10	2 years	5 years
		Credit Agricole CIB	10	2 years	5 years
		Société Générale	10	2 years	5 years
	Germany	Deutsche Bank AG	10	2 years	5 years
	Netherlands	Bank Nederlandse Gemeenten	10	2 years	5 years
		ING Bank	10	2 years	5 years
		Rabobank	10	2 years	5 years
	Singapore	DBS Bank Ltd	10	2 years	5 years
		Overseas-Chinese Bank Corp.	10	2 years	5 years
		United Overseas Bank	10	2 years	5 years
	Sweden	Svenska Handelsbanken	10	2 years	5 years
	Switzerland	Credit Suisse	10	2 years	5 years
	U.S.	JP Morgan	10	2 years	5 years
Term deposit	U.K.	Local authorities	N/A	5 years	N/A
		Govt. Debt Mgt Deposit Facility	N/A	-	-
		Government Treasury Bills	N/A	-	-
Govt. Gilts	U.K.	Bonds issued by the UK Government	20	N/A	5 years
MMFs	World-wide	Instant access funds (CNAV or VNAV)	10	N/A	N/A
Pooled Funds	World-wide	VNAV notice funds (1-5 days)	5	N/A	N/A
Supra-national Bonds	World-wide	E.g. European Investment Bank/Council of Europe/World Bank	20	N/A	5 years
Other	U.K.	Housing Associations	10	2 years	N/A

IMPORTANT NOTES TO TABLE 4:

Limiting Factors

The Council's bank – to accommodate short-term cash management, an unlimited maximum sum for up to 5 days is provided for the Council's own bank

Groups - where more than one institution is included within a banking group, the individual limit will apply to the total investment in that group

Countries - a maximum of 15% of the investment portfolio to be invested in any one country (excluding the UK) at the time of investment, with a maximum of 25% of the portfolio, at the time of investment, in non-UK banks in total.

Money Market Funds and other Pooled Funds – an overall limit of £100m in all CNAV and VNAV Funds is to be applied at all times

Non-Specified investments – a maximum of 25% of the portfolio to be held as non-specified investments, at the time of investment.

Investment management

Counterparties - all investments will be limited to institutions based on the adopted criteria. A schedule of eligible counterparties will be maintained. Their credit ratings and other relevant information will be analysed and monitored on a regular basis by the Council and its advisors, to ensure the security of monies invested

Maximum sums - total investments with individual counterparties, groups, and non-UK institutions, as detailed in **Table 4**, will apply at all times

Liquidity - the maximum period for investment will be 2 years for bank term deposits and 5 years for investments with a secondary market. In order to maintain liquidity and reduce the associated risk, the average period for investments will be monitored and reported on a regular basis.

Return - within the criteria detailed above, an appropriate return will be sought

Reporting - details of the investment portfolio, use of counterparties and the rates of return will be included in all reports to the Audit Committee and Executive Board. In addition, regular monthly reports will be provided to the Treasury Management Panel (see **Section 9**).

8. Liquidity Management

The Council maintains a cash flow forecasting model to determine short-term cash requirements and to determine the maximum period for which surplus funds may be externally invested. To avoid being forced to borrow monies on unfavourable terms to meet its financial commitments, this model is compiled on a prudent basis, and limits on the level of long term investments are set, with reference to the Council's MTFP and its cash flow forecast.

9. Reporting Process

Following approval of the Treasury Management Strategy for 2014/15, the reporting of activity and performance during the year will be, as a minimum:

- Quarterly reports to the officer Treasury Management Panel – see below
- A mid-year report to Audit Committee and Executive Board
- An outturn report to Audit Committee and Executive Board.

Any required changes to the Strategy, or the associated Prudential Indicators, will be reported to a meeting of the full City Council for consideration and approval, in accordance with CLG guidance. The Treasury Management Panel (comprising the CFO, Director of Strategic Finance, Head of Corporate and Strategic Finance, Treasury Management Officer and other senior finance colleagues) will scrutinise regular reports on treasury management activity throughout the year.

10. Training

The revised CIPFA Code of Practice requires the CFO to ensure that all councillors tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive training appropriate to their needs and understand fully their roles and responsibilities.

11. Management of Risk

Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. **Appendix B** details the specific risks identified in respect of treasury management within the Council and the adopted Risk Management Action Plan. This Plan is reviewed at regular intervals at meetings of the Treasury Management Panel.

PRUDENTIAL INDICATORS 2013/14 – 2016/17					
	2012/13 Actual £m	2013/14 Est £m	2014/15 Est £m	2015/16 Est £m	2016/17 Est £m
1. PRUDENCE INDICATORS					
i) Capital Expenditure					
General Fund	78.9	101.8	191.5	49.4	32.1
HRA	44.2	60.7	77.1	48.0	34.5
	123.1	162.5	268.6	97.4	66.6
ii) CFR at 31 March					
General Fund	553.0	563.8	675.5	663.9	669.5
HRA	283.3	282.3	281.3	280.3	279.3
PFI-related debt	66.0	93.4	237.3	231.9	221.9
	902.3	939.5	1,194.1	1,176.1	1,170.7
iii) External Debt at 31 March					
Borrowing	776.7	708.9	754.3	741.7	746.3
Other (PFI debt)	66.0	93.4	237.3	231.9	221.9
Gross debt	842.7	802.3	991.6	973.6	968.2
2. AFFORDABILITY INDICATORS					
i) Ratio of financing costs to net revenue stream					
General Fund	14.55%	13.37%	14.19%	14.89%	15.21%
HRA	13.45%	12.46%	11.81%	11.52%	11.19%
ii) Impact of capital investment decisions					
Council Tax Band D (per annum)	+ £1.10	-	-	-	-
HRA rent (per week)	+ £0.56	-	-	-	-
	£m	£m	£m	£m	£m
iii) Authorised limit for external debt	882.0	882.3	1091.6	1083.6	1078.2
iv) Operational Boundary for ext. debt	882.0	842.3	1041.6	1033.6	1028.2
v) HRA limit on indebtedness					
HRA CFR	283.3	282.3	281.3	280.3	279.3
HRA Debt Cap (CLG prescribed)	319.8	319.8	319.8	319.8	319.8
Difference - headroom	36.5	37.5	38.5	39.5	40.5
3. TREASURY MANAGEMENT INDICATORS					
i) Limit on variable interest rates- debt	6.99%	0-50%	0-50%	0-50%	0-50%
ii) Limit on fixed interest rates- debt	93.01%	50-100%	50-100%	50-100%	50-100%
iii) Fixed Debt maturity structure					
- under 12 months	9.82%	0-25%	0-25%	0-25%	0-25%
- 12 months to 2 years	1.80%	0-25%	0-25%	0-25%	0-25%
- 2 to 5 years	5.99%	0-25%	0-25%	0-25%	0-25%
- 5 to 10 years	19.67%	0-50%	0-50%	0-50%	0-50%
- 10 to 25 years	35.54%	0-50%	0-50%	0-50%	0-50%
- 25 to 40 years	16.41%	0-25%	0-25%	0-25%	0-25%
- 40 years and above	10.77%	0-75%	0-75%	0-75%	0-75%
iv) Sums invested for >364 days					
- in-house limit	£17.0m	£60.0m	£50.0m	£40.0m	£40.0m
v) Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services					
	YES	YES	YES	YES	YES
vi) Credit risk	Provided in Annex 1, Section 7				

NOTES TO THE SCHEDULE OF PRUDENTIAL INDICATORS

1) Prudence Indicators

- i) *'Estimate of total capital expenditure'* – a “reasonable” estimate of total capital expenditure to be incurred in the next 3 financial years, split between the General Fund and the HRA.
 - This estimate takes into account the current approved asset management and capital investment strategies.
- ii) *'Capital financing requirement' (CFR)* – this figure constitutes the aggregate amount of capital spending which has not yet been financed by capital receipts, capital grants or contributions from revenue, and represents the underlying need to borrow money long-term. An actual figure at 31 March each year is required, together with estimates for the next three financial years.
 - This approximates to the previous Credit Ceiling calculation and provides an indication of the total long-term debt requirement.
 - The figure includes an estimation of the total debt brought 'on-balance sheet' in respect of PFI schemes and finance leases.
- iii) *'External debt'* - the actual level of gross borrowing (plus other long-term liabilities, including the notional debt relating to on-balance sheet PFI schemes and leases) calculated from the balance sheet, with estimates for the next three financial years.

2) Affordability Indicators

- i) *'Ratio of financing costs to net revenue stream'* – expresses the revenue costs of the Council's borrowing (interest payments and provision for repayment) as a percentage of the total sum to be raised from government grants, business rates, council and other taxes (General Fund) and rent income (HRA). From 1 April 2012, the General fund income figure includes revenue raised from the Workplace Parking Levy.
 - These indicators show the impact of borrowing on the revenue accounts and enable a comparison between years to be made. The increase in the General Fund ratio reflects the falling grant from government and the impact of the extension of the NET capital scheme, funded from specific Government grant and the Workplace Parking Levy income streams.
- ii) *'Incremental impact of capital investment decisions'* – expresses the revenue consequences of future capital spending plans to be met from unsupported borrowing and not financed from existing budget provision, on both the level of council tax and weekly housing rents.
 - This is a key indicator, which provides a direct link between the capital programme and revenue budget and enables the revenue impact of additional unsupported capital investment to be understood.
- iii) *'Authorised limit for external debt'* – this represents the maximum amount that may be borrowed at any point during the year. An estimate for the next three financial years is required.

- This figure allows for the possibility that borrowing for capital purposes may be undertaken early in the year, with a further sum to reflect any temporary borrowing as a result of adverse cash flow. This represents a 'worst case' scenario.
- iv) *'Operating boundary for external debt'* – this indicator is a working limit and represents the highest level of borrowing is expected to be reached at any time during the year - It is recognised that this operational boundary may be breached in exceptional circumstances.
- v) *'HRA limit on indebtedness'* – from 1 April 2012, a separate debt portfolio has been established for the HRA. The CLG have imposed a 'cap' on the maximum level of debt for individual authorities and the difference between this limit and the actual HRA CFR represents the headroom available for future new borrowing.

3) **Treasury Management Indicators**

- i) *'The amount of net borrowing which is at a variable rate of interest'* - expressed either as an absolute amount or a percentage. Upper and lower limits for the next three financial years are required.
 - A high level of variable rate debt presents a risk from increases in interest rates. This figure represents the maximum permitted exposure to such debt.
- ii) *'The amount of net borrowing which is at fixed rate of interest'* - expressed either as an absolute amount or a percentage. Upper and lower limits for the next three financial years are required.
 - Fixed rate borrowing provides certainty for future interest costs, regardless of movements in interest rates. The lower limit is effectively the counterpart to the upper limit for variable rate borrowing.
- iii) *'Upper and lower limits with respect to the maturity structure of the authority's borrowing'* – this shows the amount of fixed rate borrowing maturing in each period, expressed as a percentage of total fixed rate borrowing.
 - This indicator is designed to be a control over having large amounts of fixed rate debt falling to be replaced at the same time.
- iv) *'Total sums invested for periods of greater than 364 days – a limit on investments for periods longer than 1 year. A three-year estimate is required.*
 - This indicator is designed to protect the liquidity of investments, ensuring that large proportions of the cash reserves are not invested for long periods.
- v) *'The adoption of the CIPFA Code of Practice for Treasury Management in the Public Services'*. This is not a numerical indicator, but a statement of good practice.
 - The Council adopted the Code on 18 February 2002. Revised Codes, issued in 2009 and 2011, have subsequently been incorporated within the Council's strategy and procedures.
- vi) *Credit risk* – The Council monitors a range of factors to manage credit risk, detailed in its annual Treasury Management Strategy (section 7).

Risk Management Action Plan (RMAP)

Likelihood	
1	Remote
2	Unlikely
3	Possible
4	Likely
5	Almost Certain

Likelihood (L)	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
Impact (I)						

Impact	
1	Negligible
2	Minor
3	Moderate
4	Major
5	Catastrophic

Low Seriousness	Medium Seriousness	High Seriousness
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Summary Business Risk: SRR17 – Failure to protect the Council’s investments

Owned by: DCEX/CD - Resources	Completed by: DCEX/CD – Resources and Treasury Management Panel	Completed: Feb 2014	Next Review: may 2014
Prevailing Summary risk Threat Level (LxI)	4.48 (average) (1.60 x 2.80)	Target summary Risk Threat Level	3.64 (average) (1.40 x 2.60)
Summary risk mitigation effectiveness (Effective, yet to secure improvement, may not be enough)	Effective		

Risks under risk management:			
Risk Ref:	Description	Current Risk Rating Score (LxI)	Target Risk Rating Score (LxI)
1	Inappropriate investment of monies with counterparties (TMP 1.1)	1 x 4 = 4	1 x 3 = 3
2	Failure to maximise recovery of Icelandic bank deposits (TMP 1.1, 1.2, 1.8)	3 x 1 = 3	2 x 1 = 2
3	Inappropriate investment strategy (TMP 1.1, 1.2, 1.3, 1.8, 3, 4 & 11)	2 x 3 = 6	2 x 3 = 6
4	Inappropriate borrowing strategy (TMP 1.2, 1.3, 1.5 & 1.8)	1 x 3 = 3	1 x 3 = 3
5	Inappropriate management of debt portfolio (TMP 1.2, 1.3, 1.5 & 1.8)	1 x 3 = 3	1 x 3 = 3
6a	Failure of the Council’s bankers (TMP 1.1, 1.2, 1.8)	1 x 3 = 3	1 X 3 = 3
6b	Transition to new banking contract (TMP 1.1, 1.2, 1.8)	2 x 3 = 6	1 x 3 = 3
7	Poor cash management (TMP 1.2, 1.8)	2 x 2 = 4	2 x 2 = 4
8	Colleague fraud (TMP 1.7 & 5)	2 x 3 = 6	2 x 2 = 4
9	Failure to comply with CIPFA Code or respond legislation changes (TMP 1.6)	1 x 3 = 3	1 x 3 = 3

Current Management Action / Controls Acting on Risk?

Delete as applicable: Some

Risk Ref.	Current Management/actions in place	Adequacy of action/control to mitigate risk	Additional management action/controls	Responsibility for additional action		Critical success factors of additional actions	Key Dates	
				CD	D/ HoS		Additional controls complete	Progress review frequency
				1	<ul style="list-style-type: none"> Continued use of external advisors – Arlingclose contract renewed from April '13 to March '17 Use of counterparties list based on range of formal credit ratings and wider market intelligence and advice Limits set for amounts and time periods with individual institutions Counterparty limits amended as and when required and future investments suspended if deemed appropriate TM and investment strategy reviewed and amended as required Quarterly review of the investment portfolio carried out at TM Panel meetings. Monitoring of wider 			

	economic environment provided by advisors, with amendments to the existing strategy, as required.							
2	<ul style="list-style-type: none"> • Co-ordination of action, through the LGA, to ensure maximisation of recovery of sums deposited in Icelandic Banks • Membership of LGA Icelandic Banks Steering Committee. • Retention of legal advisors, in UK and Iceland, through LGA • Regular updates provided on proposed actions, latest recovery levels and forecasts for future receipts • Sale of balance of Landsbanki claim in 2013/14 	EFFECTIVE	<ul style="list-style-type: none"> • TM Panel meets regularly to review the overall position. • Sale proceeds to exceed NPV of projected future repayments 	CM	TK	<ul style="list-style-type: none"> • Heritable Bank recoveries at 94% (August '13) • Landsbanki and Glitnir Bank deposits confirmed as priority creditors, with recoveries of around 100% forecasted • Sale of Landsbanki claim completed, Feb 2014 	Ongoing Ongoing Ongoing Auction, Jan 2014	Ongoing Ongoing Quarterly Completed
3	<ul style="list-style-type: none"> • Retention of external advisors. • Regular reviews of interest rate forecasts • Up to date knowledge of existing and developing 	EFFECTIVE		CM	TK	<ul style="list-style-type: none"> • TM colleagues work with advisors and colleagues to keep abreast of wider economic conditions and 	Ongoing	Quarterly

Page 15	<p>investment products through regular attendance at seminars and workshops</p> <ul style="list-style-type: none"> • Regular review of the investment strategy • Monitoring of wider economic activity and prompt response • CFO action under delegation (and in consultation with portfolio holder) to respond quickly to emerging issues. • Regular reviews (at least quarterly) with formal changes implemented as req'd 					<p>respond accordingly.</p> <ul style="list-style-type: none"> • TM Panel meets regularly to review the overall position. • Weekly meetings with portfolio holder 	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	<p>At least quarterly and as required</p> <p>Weekly</p> <p>Ongoing</p>
15	<ul style="list-style-type: none"> • Identification and monitoring of annual borrowing requirement • Monitoring of PWLB borrowing rates • Use of alternative loan products as appropriate • Regular review of arrangements and possibilities <p>Fundamental review of capital programme has taken place, informing new capital strategy.</p>	EFFECTIVE – subject to Capital Programme review	<ul style="list-style-type: none"> • Capital programme review completed • New capital strategy considered by Executive Board in 2012. 	CM	TK JA	<ul style="list-style-type: none"> • Sufficient resources identified to cover capital expenditure and cash flows • Continued regular review by TM Panel. • Approval of new Capital Strategy by Exec Board in 2012. 	<p>Ongoing</p> <p>Ongoing</p> <p>2012</p>	<p>Quarterly</p> <p>Quarterly</p>
5	<ul style="list-style-type: none"> • Retention of strong external advisors • Regular monitoring of 	EFFECTIVE	<ul style="list-style-type: none"> • Maintain existing arrangements 	CM	TK	<ul style="list-style-type: none"> • Continued regular review by TM Panel 	At TM Panel meetings	Quarterly

	<ul style="list-style-type: none"> debt maturity profile Establishment and maintenance of a liability benchmark, to monitor Minimum Revenue Provision against debt and Capital Financing Requirement Opportunities for rescheduling identified and implemented 		<ul style="list-style-type: none"> Continued strong performance of external advisors 					
6a	<ul style="list-style-type: none"> Monitoring of credit rating and other financial data in respect of Council's bankers Liaison with other LAs using the same bank Re-tendering of bank contract w.e.f. 1 April 2014 	EFFECTIVE	<ul style="list-style-type: none"> Minimise cash sums held with bank overnight. Provision of alternate banking facility Continued monitoring of current bank status 	CM	TK	<ul style="list-style-type: none"> Average overnight balance reduced Major income credited to alternative bank account Bank recapitalisation achieved 	Complete	Dec 2013
6b	<ul style="list-style-type: none"> Appointment of new bankers Temporary extension of existing contract to enable transition between banks Liaison between new and outgoing bank 	EFFECTIVE		CM	TK	<ul style="list-style-type: none"> Review by TM Panel 	At TM Panel meetings	30 Sep '14
7	<ul style="list-style-type: none"> Use of cash forecasting models, with regular monitoring Continuous 	EFFECTIVE	<ul style="list-style-type: none"> Maintain existing arrangements 	CM	TK	<ul style="list-style-type: none"> Regular review by TM Panel 	At TM Panel meetings	At least Quarterly

	adaptation of model in the light of prevailing and forecast circumstances							
8	<ul style="list-style-type: none"> • System of delegation and approved processes • Separation of duties between treasury management dealing and accounting • Use of professional indemnity insurance • Governance checks in place – e.g.: review by deputy s151 officer and TM Panel in place and satisfactory outcomes to date 	EFFECTIVE	<ul style="list-style-type: none"> • Periodic system tests • Maintain existing arrangements – to be changed if testing identifies any issues • Maintenance of an updated Treasury Management Manual of Procedures and Practices 	CM	TK	<ul style="list-style-type: none"> • Satisfactory outcome of internal audit review • Continuing satisfactory outcome of checks by deputy s151 officer and system tests. • TM Panel review is robust 	Internal audit reports	Quarterly
							Ongoing TM Panel meetings	Ongoing
								Ongoing
9	<ul style="list-style-type: none"> • Formal adoption of Code in place since inception. • Updates are reflected in annual review of TM and Investment Strategies • Review of requirements to take place as early as possible • Training on accounting issues • Regular attendance at treasury workshops and seminars 	EFFECTIVE	<ul style="list-style-type: none"> • Existing arrangements to continue • LAAP Bulletin updates to be identified through specific closedown action note 	CM	TK	<ul style="list-style-type: none"> • Continued application of current arrangements • Revisions are promptly and accurately reflected • Satisfactory internal audit review outcome • Robust appraisal by TM Panel 	Ongoing	Ongoing
							Annual TM and investment strategy	Annual
							Audit report	
							TM Panel meetings	At least quarterly

GLOSSARY OF TREASURY MANAGEMENT TECHNICAL TERMS	
TERM	DEFINITION
Bank Rate	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate".
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of capital assets.
Capital Financing Requirement (CFR)	The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.
Certainty Rate (PWLB)	A 0.20% discount offered on new loans from PWLB in return for submission of information on future borrowing requirements.
Certificates of Deposit	Tradeable debt instrument issued by financial institution with fixed interest rate and maturity.
CNAV	See Money Market Funds
Credit Default Swaps	A financial instrument for swapping the risk of debt default; the buyer effectively pays an insurance premium against the risk of default.
Credit Rating	A formal opinion issued by a registered rating agency of a counterparty's (or a country's) future ability to meet its financial liabilities; these are opinions only and not guarantees.
Debt maturity	The date when an investment or loan is scheduled to be repaid.
Debt maturity profile	An analysis of the maturity dates of a range of loans/investments.
Diversification	The spreading of investments among different types of assets or between markets in order to reduce risk.
European Investment Bank (EIB)	A non-profit bank created by the European Union principally to make or guarantee loans to EU members for projects contributing to regional development within the Union. Funding is raised through the issuance of bonds, guaranteed by member states.
Funding For Lending Scheme	A Government/Bank of England scheme to provide banks with cheaper funding with the aim of increasing banks' overall net lending activity.
Government Gilts	Bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
Int. Financial Accounting Standards (IFRS)	Guidelines and rules set by the International Accounting Standards Board that companies and organisations follow when compiling financial statements.
Minimum Revenue Provision	An annual provision that the Authority is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets
Money Market Funds (MMF)	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.
MMFs - CNAV	Constant Net Asset Value - a term used in relation to the value of a unit share in a pooled fund. The value of a share is always £1.
MMFs - VNAV	Variable Net Asset Value - a term used in relation to the value of a unit share in a pooled fund. A proportion of the assets may be valued at market value, rather than purchase price, reducing the value of the share on a temporary basis.
Negotiable Instruments	Term used for instruments such as Certificates of Deposits, Covered Bonds, Medium Term Notes and Corporate Bonds,

	where it is possible to realise the investment on the secondary market before maturity.
Non-Specified Investments	Term used in the CLG guidance. It includes any investment for periods greater than one year or those with bodies that do not have a high credit rating, use of which must be justified.
Pooled funds	Funds in which several investors collectively hold units or shares. The assets in the fund are held as part of a pool.
Premiums and Discounts	A penalty or payment arising from the premature repayment of debt. The calculation is dependant on the relative level of interest rates for the existing loan and current market rates.
Private Finance Initiative	A way of funding major capital investments, without immediate recourse to the public purse. Private consortia are contracted to design, build, and in some cases manage new projects. Contracts can typically last for 30 years, during which time the asset is leased by a public authority.
Prudential Code	Developed by CIPFA as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
Prudential Indicators	Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators.
PWLB	Public Works Loans Board. A statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
Quantitative Easing	The process used by the Bank of England to directly increase the quantity of money in the economy. The Bank buys assets from private sector institutions and credits the seller's bank account. The seller has more money in their bank account, while their bank holds a claim against the Bank of England (known as reserves). The end result is more money out in the wider economy.
Revenue Expenditure	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.
Specified Investments	Term used in the CLG Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK government, local authorities and bodies that have a high credit rating.
Supranational Bonds	Debt issued by international organisations such as the World Bank, the Council of Europe and the European Investment Bank
Term Deposits	Deposits of cash with terms attached relating to maturity and rate of return (interest).
Treasury Bills	Government-issued short-term loan instrument
Treasury Management Code	CIPFA's Code of Practice for Treasury Management in the Public Services.
Unsupported Borrowing	Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.
VNAV	See Money Market Funds

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CITY COUNCIL – 3 MARCH 2014

REPORT OF THE DEPUTY LEADER

BUDGET 2014/15

1. SUMMARY

- 1.1 This budget report sets out the proposals for 2014/15 in a layout governed by statute.
- 1.2 This report is based on the Medium Term Financial Plan (MTFP) as considered by Executive Board on 25 February 2014 and the precept as considered by Nottinghamshire and City of Nottingham Fire and Rescue Authority on 28 February 2014.
- 1.3 If any decision agreed by either of these two meetings alters the recommendations or figures contained within this report an appropriate amendment will be circulated to the City Council.
- 1.4 This report should be read in conjunction with the contents of the associated financial plans and budget reports. Specific attention is drawn to the detailed report to the Executive Board on 25 February 2014 entitled 'Medium Term Financial Plan 2014/15 – 2016/17' comprising the General Fund revenue budget, General Fund capital programme, Housing Revenue Account (HRA) revenue budget and HRA capital programme.

2. RECOMMENDATIONS

It is recommended that:

- 2.1 the following be approved:
- (1) the revenue budget for 2014/15, including;
 - (a) the recommendations of the Chief Finance Officer in respect of the robustness of the estimates made for the purpose of the budget calculations and the adequacy of reserves;
 - (b) the delegation of authority to the Deputy Chief Executive & Corporate Director for Resources in consultation with the Deputy Leader to finalise the MTFP for publication;
 - (c) the delegation of authority to the appropriate Directors to implement saving proposals after undertaking the appropriate consultation;
 - (2) the capital programme for 2013/14 – 2018/19;
 - (3) a council tax requirement of **£85,835,277**, including the calculations required by Sections 30 to 36 of the Local Government Finance Act 1992 ("the Act"), as set out below:
 - (a) **£950,524,607** being the aggregate of the expenditure, allowances, reserves and amounts which the Council estimates for the items set out

in Section 31A(2) (a) to (f) of the Act;

- (b) **£864,689,330** being the aggregate of the income and amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;
 - (c) **£85,835,277** being the amount by which the aggregate at **2.1(3)(a)** above exceeds the aggregate at **2.1(3)(b)** above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year;
- (4) a City Council Band D basic amount of council tax for 2014/15 of **£1,431.80** being the amount at **2.1(3)(c)** divided by the amount at **2.2(3)** below, calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its council tax for the year (as set out in **section 5** of this report);
 - (5) the setting of the amounts of council tax for 2014/15 at the levels described in **section 5.6** of this report;
 - (6) the making of the Members' Allowances Scheme for 2014/15 in the terms of the previously adopted and amended Scheme, save for adjustments to mirror nationally determined rates for travel and subsistence (as applicable to officers) and for carers allowances

2.2 the following be noted:

- (1) a Nottinghamshire and City of Nottingham Fire and Rescue Authority precept at Band D for 2014/15 of **£71.05**.
- (2) a Nottinghamshire Police and Crime Commissioner precept at Band D for 2014/15 of **£172.98**.
- (3) in January 2014, the City Council calculated the amount of **59,949** as its council tax base for the year 2014/15 in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

3. REASONS FOR RECOMMENDATIONS

3.1 Council Tax

The City Council is required by Section 30 of the Act to set its Council Tax for each year on or before 11 March in the preceding financial year. In order to do so, it must calculate its council tax requirement in accordance with the Act as detailed below including taking into account its estimated forthcoming spending requirements and ensuring that there are adequate reserves to draw on in the event that these estimates turn out to be insufficient. The City Council must also take into account the report of its Chief Financial Officer (set out at Annex 5 to the MTFP) on the robustness of these estimates and the adequacy of the proposed reserves. The total Council Tax being set also includes the precepted requirements of the Nottinghamshire Police and Crime Commissioner and the Nottinghamshire and City of Nottingham Fire and Rescue Authority.

3.2 Members' Allowances Scheme 2014/15

This report recommends the adoption of the Scheme for 2014/15 without changes, save for adjustments to mirror nationally determined rates for travel and subsistence (as applicable to officers) and for carers' allowances. A copy of the current Scheme can be viewed within the Council's Constitution at Part 7 or by using the following hyperlink to the document published online at:

<http://www.nottinghamcity.gov.uk/article/24275/Nottingham-City-Councils-Constitution>

4. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

4.1 None

5. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

5.1 The legislation governing the setting of council tax is contained in the Act. Section 31B(1) requires a billing authority to calculate the basic amount of its council tax, which in the City Council's case is that applicable to Band D dwellings in its area.

The calculation is made in accordance with a formula **R/T**

5.2 **R** is the amount calculated by the City Council as its council tax requirement for 2014/15, calculated in accordance with section 31A(4) of the Act. The Executive Board at its meeting on 25 February 2014 determined the council tax requirement to be **£85,835,277**.

T is the amount calculated by the City Council as its council tax base for 2014/15. In January 2014 the City Council calculated the amount of **59,949** as its council tax base for the year 2014/15 in accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

Application of the formula **R/T** thus gives a basic amount of council tax of:

$$\frac{\mathbf{£85,835,277}}{\mathbf{59,949}} = \mathbf{£1,431.80}$$

for a Band D property in accordance with Section 31B(1) of the Act.

5.3 Application of the formula specified in section 36 of the Act gives the following basic amount of council tax for each valuation band :

Band	Factor	Basic amount of council tax
A	6/9	£954.53
B	7/9	£1,113.62
C	8/9	£1,272.71
D	9/9	£1,431.80
E	11/9	£1,749.98
F	13/9	£2,068.16
G	15/9	£2,386.33
H	18/9	£2,863.60

5.4 It should be noted that, for the financial year 2014/15, the Nottinghamshire Police and Crime Commissioner has issued the following amounts in precepts in accordance with

Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

A	B	C	D	E	F	G	H
£115.32	£134.54	£153.76	£172.98	£211.42	£249.86	£288.30	£345.96

- 5.5 It should also be noted that, for the financial year 2014/15, the Nottinghamshire and City of Nottingham Fire and Rescue Authority has issued the following amounts in precepts in accordance with Section 40 of the Act for each of the categories of the dwellings shown below:

A	B	C	D	E	F	G	H
£47.37	£55.26	£63.16	£71.05	£86.84	£102.63	£118.42	£142.10

- 5.6 The City Council, as billing authority, is required under section 30 of the Act to set council taxes for its area. In the City Council's case these will represent the aggregate of the City Council's basic amount of council taxes and the precepts of the Nottinghamshire Police and Crime Commissioner and the Nottinghamshire and City of Nottingham Fire and Rescue Authority as shown above.

The impact of the proposals in the council tax is provided below:

Band	City Council £	Police & Crime Commissioner £	Fire & Rescue Authority £	Aggregate Council Tax £
A	£954.53	£115.32	£47.37	£1,117.22
B	£1,113.62	£134.54	£55.26	£1,303.42
C	£1,272.71	£153.76	£63.16	£1,489.63
D	£1,431.80	£172.98	£71.05	£1,675.83
E	£1,749.98	£211.42	£86.84	£2,048.24
F	£2,068.16	£249.86	£102.63	£2,420.65
G	£2,386.33	£288.30	£118.42	£2,793.05
H	£2,863.60	£345.96	£142.10	£3,351.66

5.7 Budget Consultation

The MTFP process is supported by extensive consultation and the City Council is committed to maintaining and developing this participation.

The consultation on the budget was conducted in two phases. A pre-budget consultation was carried out between October and December 2013, with 2,524 residents expressing their views on priority Council services. Further consultation has been undertaken from December 2013 with citizens, colleagues, businesses and the voluntary sector to consider the budget proposals set out in the draft MTFP approved for consultation by Executive Board on 17 December 2013. A total of 171 people responded to online and paper surveys, 282 attended public meetings, approximately 200 colleagues attended budget road shows, and a small number of individuals and organisations submitted detailed responses.

Appropriate action has been taken in relation to any representations made and feedback from the consultation has been taken into account in finalising the proposals within this report.

5.8 HRA Tenant Consultation on 2014/15 Budget and Rents

Presentations were made to the Tenant and Leaseholder Congress in January and February 2014. Tenants were advised that the investment plan set out in the MTFP was predicated on a medium term plan for housing rent increases and, given the constraints that could be imposed on future increases, there is a need to increase rents in 2014/15 to protect the investment priorities of tenants. The increase for 2014/15 according to the plan was 5.48%, slightly below the level if rent convergence had been applied. The preferred option is to increase rents by 7.5% in 2014/15 and at the same time introduce a tenant reward scheme, which would have the effect of reducing the impact of the rent increase on responsible tenants of 4.68%.

It was recognised that setting rents was ultimately the responsibility of the City Council and in reaching a decision the views of tenant representatives would be taken into account.

6. **FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)**

6.1 These have been considered in the MTFP 2014/15 - 2016/17 report to Executive Board.

7. **RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS)**

7.1 These have been considered in the MTFP 2014/15 - 2016/17 report to Executive Board.

7.2 The recommendations within this report fall within the City Council functions under the Act, the Local Government Act 1972 and other enabling legislation.

8. **EQUALITY IMPACT ASSESSMENT (EIA)**

8.1 An EIA has been carried out and is detailed in **Appendix 1** which has been circulated separately.

9. **LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

9.1 Budget working papers

10. **PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

10.1 Previously published documents are available on the dedicated internet page.

**COUNCILLOR CHAPMAN
DEPUTY LEADER**

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Name and brief description of proposal / policy / service being assessed2014/15 Budget Proposals

This document provides an overview of equality issues associated with the revenue element of the Council's draft budget proposals for 2014-15. It summarises the potential equality impacts identified in relation to the budget proposals, and the steps taken to minimise impact on protected groups during the development of the proposals.

This assessment should be read in conjunction with the Executive Board report that sets out the proposals and background in detail. Individual equality impact assessments have been carried out for specific proposals identified as relevant to equality. When they become available, EIAs are published online on the [Nottingham Insight](#) website.

Context

This year's budget proposals are the fourth time the Council has had to consider where it can make savings in view of significantly reduced settlement from the Government. Additional savings for 2014/15 of £25.5m are proposed, which are on top of the £99m reduction since 2011.

The Council has taken a careful and measured approach to the budget in difficult circumstances and has sought to protect frontline services and vulnerable citizens. This is increasingly difficult to sustain given the scale of further funding reductions to 2015 and beyond as Government grant funding is set to fall by a further £55m, and as the economic climate continues to present challenges to the income generated locally through Council Tax, Business Rates and other sources at a time when demand for some services is increasing.

Council Tax

The level of proposed Council tax has been set with a view to providing the resources the Council needs to manage and meet increasing needs and demand for vulnerable adults and children's services, in a context of decreasing external funding.

Rent

The level of rent has been set, based on requirements set out by the Government for 'rent convergence' between public and private sector rent levels. Due to the way in which eligibility for Council housing is assessed, Council tenants are more likely to have lower incomes and be financially excluded or in financial difficulty. Tenant profile data indicates that Black or Minority Ethnic, female, and age groups 25-44 and 45-74 are statistically more likely to be affected by Council rent increases, although this financial impact is mitigated by compensating increases in Housing Benefit. A proposal is being explored for a reward scheme, which would potentially mitigate the effects of any increase for tenants. The details of this would be subject to a detailed Equality Impact Assessment by Nottingham City Homes.

Responding to Welfare Reform

The Government's welfare reform changes have begun to impact on big cities like Nottingham with the introduction of housing benefit under-occupancy rules, changes to council tax benefit, the benefits cap and a range of changes to sickness and disability benefits. These changes have generally affected lower income working age households and have had less effect on older citizens. The Council has continued to invest £1m in advice services to support citizens affected and has shaped policy responses as far as possible to reduce the impacts for example, working closely with Nottingham City Homes and other social housing landlords to reduce the impact of housing benefit changes, ensuring that we make full use of discretionary housing payments and target them as effectively as possible, introducing our emergency hardship support scheme and enabling it to respond more flexibly to emerging hardship.

Equality Impact Assessment Form

Public Health

As part of the transfer of Public Health to Nottingham City Council, a grant of £27m was provided to deliver this function, including commissioning a range of public health services to be used to meet the specific needs of Nottingham citizens. The Council is continuing to use its Public Health Grant to fund activities which have been identified as contributing to improving the health and wellbeing of citizens and reducing health inequalities and targeted to meet the needs of vulnerable citizens with the greatest health needs, as identified through the joint strategic needs assessment, and through health equity audits, health needs assessments and equality impact assessments in relation to specific commissioned services. Achieving greater efficiency and cost effectiveness across services will enable investment into the wider social determinants of health and public health responsibilities of the council. A Mental Health Strategy for Nottingham is also currently under development.

Information used to analyse the effects on equality

This assessment is based on an extensive process of consultation and equality impact assessment built into the Council's overall budget development process. This has included:

- screening of all proposals to identify potential equality impact
- equality impact assessments for specific budget proposals where a potential equality impact has been identified
- ongoing discussions between Officers and Executive Councillors
- regular budget development meetings for Councillors to approve, amend, or reject budget proposals, taking into account their potential equality impact
- additional consideration of cumulative equality and wider community impact of the proposals
- meetings with Voluntary and Community Sector (VCS) representatives
- consultation on the Council's budget priorities
- feedback and knowledge of the impact of welfare reform and previous efficiency measures
- consultation and a separate equality impact assessment on the Council Tax Support Scheme¹

The Government has implemented a rapid and extensive programme of policy change, accompanied by significantly reduced funding for the public sector. In response, our budget proposals:

- seek to address demographic and service pressures through service re-design;
- reflect the significant reductions in external funding (especially general and specific Government grants) by reducing expenditure on those activities;
- reflect our determination to be efficient, improve performance and modernise our organisation;

¹ <http://committee.nottinghamcity.gov.uk/documents/s1422/Appendix%201.pdf>

Equality Impact Assessment Form

- recognise the very challenging financial landscape and future outlook and the impact on all sectors including the public sector.

In the light of the financial challenges facing the public sector and the Council, increased development of partnership working is becoming more focussed on reducing demand and working arrangements that focus on integration, joined up operations, shared services and pooled resources. For example, exploring co-location opportunities and shared service arrangements in the proposed new Neighbourhood Joint Service Centre at Strelley Rd which includes Council services, Nottingham City Homes and Nottinghamshire Police.

Budgets have been redirected to enable resources to be targeted on the Council's current focus of protecting key services and supporting the most vulnerable, keeping Nottingham clean and safe, protecting jobs and stimulating job growth, and bolstering the economy. Resources are proposed to be redirected by:

- focussing on areas of biggest spend with a strategic approach 'Big Tickets'. These areas of transformation will require whole council and partner input to transform the way we work and deliver significant savings.
- reducing demand through focusing on prevention and early intervention
- identifying efficiencies and other types of cost reduction
- corporate proposals to increase income or generate savings
- reviewing priorities and implementing new methods of service provision
- modernising our ways of working
- implementing a Commercialism Programme to increase revenue and reduce costs. The Programme impacts on every part of the Council's business. The MTFP includes total savings of £14.605m as a consequence of increased revenue, cost reduction and avoided costs, thereby protecting and improving services to citizens.

Statistical information and research such as demographic and workforce data, and independent reports have been referenced where appropriate. Other information has informed equality impact assessments for specific proposals where appropriate.

Demographic change²

The population of the city has increased over the last 10 years from 266,988 in 2001 to 305,680 in 2011 and Nottingham's population is set to continue growing. The number of people in the City aged 85 or over is projected to increase by over 2,000 by 2031, an increase of over 40%. The number aged 85 and over is projected to increase more quickly, due to improved survival rates in that age-group, particularly amongst men. By 2021, it is projected that the number of people aged 85 and over will be 600 (12%) higher than in 2011.

Nottingham's young age profile has become more pronounced due to the rising birth rate and the expansion of the City's two universities. The birth rate has increased from an historic low of around 3,200 per year in 2001 to an historic high of 4,500 in 2011. This has led to an increase in the 0-4 year olds of 30% over the last 10 years. Around 15.0% of the City's population are now full time students aged 18 or over, leading to a

² <http://www.nottinghaminsight.org.uk/insight/key-datasets/census-2011-analysis.aspx>

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38% increase in the 16-24 population of the city.

Nottingham is also becoming more diverse in terms of ethnicity. Over a third (35%) of the population is non-White British, with increases in most ethnic groups but particularly large increases in Pakistani, White Other and African groups. Nottingham has the highest proportion of people of Mixed or multiple ethnic groups outside London. The young population of the city is even more ethnically diverse with 45% of city under 18's being non-White British.

In the 2011 Census 18.1% of Nottingham's population reported health problems or disabilities which limit their day to day activities. This is slightly higher than the national average of 17.6%. However amongst people of working age, 14.2% of people have health problems or disabilities which limit their day to day activities compared to 12.7% nationally. This larger gap shows that the overall figures are higher than might be expected given the relatively young age structure of the City. 40.2% of people who reported long term health problems or disabilities which affected their day to day activities were aged 65 or over, although this age group makes up just 11.6% of the population.

	Could particularly benefit (X)	May adversely impact (X)	How different groups could be affected: Summary of impacts	Details of actions to reduce negative or increase positive impact (or why action not possible)	
People from different ethnic groups	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Budget proposals have been required to meet a funding shortfall of around £25.5m in 2014-15 and there will inevitably be an impact on some citizens. Measures are being taken to manage the changes in a planned way, and seek to minimise the impact.	Detailed steps have been taken as part of the budget process to protect services that are important to vulnerable/protected groups as far as possible, given the level of real terms reduction in Council spend. These have included: revision and rejection of savings proposals on the basis of potential adverse impact on vulnerable groups; identification of actions to reduce the impact of specific saving proposals; and consideration of options in relation to Council Tax support levels.	
Men, women (including maternity/pregnancy impact), transgender people	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Disabled people or carers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Adults</u>		
People from different faith groups	<input type="checkbox"/>	<input type="checkbox"/>	Some potential adverse impact may occur as supporting vulnerable adults is a very high cost to the council and more people require the Council's support. For these reasons the Council has to consider doing things differently.		
Lesbian, gay or bisexual people	<input type="checkbox"/>	<input type="checkbox"/>			
Older or younger people	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Other (e.g. marriage/civil partnership, looked after children, cohesion/good relations, vulnerable children/adults)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Because of the funding pressures and the demographic trend of more people requiring support there is an increasing emphasis on preventative provision and a shift towards self-directed support. Such proposals have been adjusted to limit adverse effects. The Council has had to look close at existing provision and ensure it is delivering the absolute best quality and value it can, however		<u>Adults</u> The Council will negotiate and work with individual service providers to ascertain the most appropriate way to minimise the impact of a reduction in service funding on citizens. The changes to adult social care are being implemented gradually through

			<p>the Council has to make difficult decisions about balancing provision across a range of needs of vulnerable people.</p> <p>Some of the proposals in relation to adult social care, fees and charges may result in some people being asked to pay more for the service they receive where they are assessed in line with Government guidance as being able to do so, or to have to consider lower cost options.</p> <p><u>Public Health</u></p> <p>A number of proposals relate to public health services, seeking to review existing services and change the way we work to achieve greater synergy and efficiency to maximise the impact.</p> <p><u>Children and young people</u></p> <p>Proposals aim to significantly reduce the cost of services by improving the speed of response, the timeliness of response and how certain types of intervention are delivered.</p> <p><u>Workforce</u></p> <p>As well considering impact on citizens and service users, consideration has been given to the impact of proposals on the Council's workforce. Where posts are at risk affected the Council has looked at natural turnover and voluntary redundancy to avoid compulsory redundancy wherever possible.</p> <p>Overall impacts for the protected groups relating to savings proposals are summarised in Table 1.</p>	<p>the introduction of new business processes for assessment and review and closer integration with Health. This will manage the transition and minimise the impact on our more vulnerable citizens.</p> <p><u>Public Health</u></p> <p>The mitigations aim to reduce impacts on specific groups such for example ensuring changes to sexual health services and school health service do not result in a reduced service for these groups.</p> <p><u>Children and young people</u></p> <p>The proposals are designed to improve access to services to help children avoid crisis by focussing on early intervention for the whole family.</p> <p><u>Workforce</u></p> <p>The Project People programme seeks to redeploy skilled individuals within the organisation; increasing the number of trainee opportunities; targetting underrepresented groups; and providing support to those at risk. The Council is also managing the workforce profile and supporting more agile ways of working to maximise the use of skills and experience.</p> <p>The Council has introduced the Living Wage for the lowest paid colleagues, the majority of who are also City residents.</p> <p>The Commercialism Programme also a increase revenue and reduce costs, t</p>
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Equality Impact Assessment Form

				protecting and improving services to citizens Steps taken to minimise adverse impact and promote equality for different groups relating to the budget proposals are summarised in Table 1.
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Outcome(s) of equality impact assessment:

No major change needed Adjust the policy/proposal Adverse impact but continue Stop and remove the policy/proposal

Arrangements for future monitoring of equality impact of this proposal / policy / service:

- Arrangements for future monitoring of impacts are set out in EIAs for specific proposals where appropriate.
- Council officers will meet regularly with the Equality and Fairness Commission to discuss equality issues for specific service areas where relevant.
- Equality impact assessment (paying due regard to equality) is an explicit part of Council reporting and decision making processes and will be carried out for any further decisions arising from the Medium Term Financial Plan with potential equality impact.
- Service reviews to assess the impact of decisions.
- Appropriate diversity monitoring.

Approved by (manager signature): Carole Mills-Evans, Deputy Chief Executive and Corporate Director of Resources.

Date sent to equality team for publishing:

Table 1 – Outline of potential impacts and measures taken to minimise impact for different protected groups

The following is a summary based on findings of equality impact assessments carried out for specific proposals. It provides background information about the profile of the City and notes other factors likely to affect specific sections of the community. It then summarises overall impact for each group, highlights where individual proposals are of particular relevance to a group, and notes steps taken to minimise impact.

Specific details of how individual proposals have been adjusted to minimise impact and promote equality are set out in equality impact assessments for individual proposals.

Equality group	Local context and related factors	Relevant budget savings proposals and steps taken to minimise impact
Disabled people and carers	Nottingham has a higher proportion of people with a disability or long term limiting illness (18.2%) than the England average (17.6%). ³	<p>Proposals within the Adult Social Care ‘Big Ticket’ theme may have potential adverse impact on this group, as well as some potential benefits. However, the proposals have been developed to ensure efficiencies are proportionate to respective budgets.</p> <ul style="list-style-type: none"> • Together with services for children, services for adults make up over half of the Council's total budget and as the population ages and more people requiring support the Council has to consider the options for delivering services differently. <p>The current budget has been adjusted to minimise the impact on disabled people by:</p> <ul style="list-style-type: none"> • The proposals in the budget mean that provision based on assessed need will not be affected, but the way in which needs are met may alter. The Council is moving towards greater preventative provision where this is possible and self-directed support where necessary. Reductions will be as flexible as possible to minimise the impact on citizens and will be monitored to make sure the duties of care are met. • In some cases the proposals require a reduction in the level of funding, which will reduce the level of service. The main impact has been directed to provision that is non-statutory or discretionary provision and where this is the case the Council is investigating alternative methods of funding/service delivery with partners, particularly those that involve an early intervention approach for vulnerable adults and encourage independence. • The early intervention approach aims to mitigate the impact of the proposals for vulnerable adults through expansion of initiatives such as the Enablement Gateway and Nottingham Circle. • Proposals have been focussed on maximising efficiency such as using reviews that have shown services or projects not demonstrating value for money and greater scrutiny across

³ Census 2011

Equality group	Local context and related factors	Relevant budget savings proposals and steps taken to minimise impact
		<p>services and partnerships to ensure duplication is reduced and efficiency maximised.</p> <ul style="list-style-type: none"> • The proposals may result in some people being asked to pay more for the service they receive (where they are assessed in line with Government guidance as being able to do so) or have to consider lower cost options. However the proposals ensure that only those who are assessed as able to pay are asked to do so. Appropriate budgets will be assigned to meet assessed needs, and disruption minimised as any changes would be introduced gradually through the assessment and review process. It is too soon to assess the success of these projects but reviews will be carried out to measure how they are impacting on different sections of the community. <p>Furthermore, the budget has been adjusted to minimise the impact on disabled people by:</p> <ul style="list-style-type: none"> • Protecting welfare advice services – the Council will continue to provide a comprehensive welfare advice service. Government changes to Welfare reform have meant localised Council Tax Support Schemes (CTSS) had to be established in March 2013. The Council sought to reduce the impact of this in Year 1 but subsequent funding reductions has meant that the scheme has been revised for year 2014/15. The design of the scheme has remained unchanged in terms of eligibility (e.g. certain benefits such as Child Benefit and DLA are not taken into account), but there has been a change to the level of contribution citizens will make towards their Council Tax bill. Following consultation, Full Council approved the 2014/15 CTSS which puts a maximum limit on the amount of CTS that can be paid to all working age people – where everyone would pay at least 20% towards their Council Tax bill. This proposal also recognises the expected financial constraints and budget challenges for the Council in 2014/15 and beyond.⁴ • Continuing to ensure that adult social care assessed needs at high moderate, substantial or critical level can continue to be met. • Retain a high level of discretionary public transport measures to key disadvantaged groups, including disabled and elderly residents. • Minimising the level of rent increase. • Ensuring domestic Enviroenergy price rises will be kept below the market average. <p>Specific mitigations include:</p> <ul style="list-style-type: none"> • As a result of consultation, the proposal concerning ‘Supported Accommodation Service for

⁴ <http://committee.nottinghamcity.gov.uk/documents/s1422/Appendix%201.pdf>

Equality Impact Assessment Form

Equality group	Local context and related factors	Relevant budget savings proposals and steps taken to minimise impact
		<p>citizens with mental health needs' has been withdrawn – this means the outcome of the tender process will now be awarded and the mental health accommodation service will now be delivered.</p> <ul style="list-style-type: none"> • In some proposals, such as Independent Living Support Services, consideration has been given to where previous savings have already been implemented, resulting in exceptions to reduce impact in particular areas, such as mental health. • Expanding the telecare service so that it is available to a wider audience to purchase, rather than just available to citizens assessed as needing telecare. This preventative and early intervention approach will enable people to remain living in their own homes and minimise long term dependency on adult social care. • Re-focussing voluntary sector grants through an area-based approach to allocating funding, bringing together and replacing existing grant programmes and associated processes (see below under Community Cohesion and Voluntary Sector) • A proposal to increase choice of accommodation for people with learning disabilities by investing and building a new 15 bed care home. <p>Strategic developments include:</p> <ul style="list-style-type: none"> • Better Care Fund – The Council and the Nottingham Clinical Commissioning Group (CCG) are developing a plan for the funds, aiming to improve integrated care. This will aim to: focus on the whole person not the condition; support citizens to thrive; creating independence not dependence; provide services tailored to need ensuring hospital will be a place of choice, not a default; and that people will be in the best place to meet their needs. • The development of the Vulnerable Adults Plan 2012-2015⁵ is a preventative strategy: aiming to “invest in services that reduce needs and dependency and lowers future costs; develop innovative and new ways in which to mobilise and make use of all the resources of the community; and enable vulnerable citizens to remain independent for longer and make choice based personalised services a reality.” • A Mental Health Strategy for Nottingham is also in development, which will present the priorities and needs of citizens and the strategies to address those needs.
Older people	The number of people in	<ul style="list-style-type: none"> • Proposals within the Adult Social Care 'Big Ticket' theme may have potential adverse

⁵ <http://open.nottinghamcity.gov.uk/InformationGovernance/displayresponsefile.aspx?complaintkey=2947&filename=2947%20Vulnerable%20adults%20plan%202012-2015.pdf>

Equality Impact Assessment Form

Equality group	Local context and related factors	Relevant budget savings proposals and steps taken to minimise impact
	<p>the City aged 85 or over is projected to increase by over 2,000 by 2031, an increase of over 40%</p>	<p>impact on this group, as well as some potential benefits. However, the proposals are judged to be in proportion to the size of the adult services budget.</p> <ul style="list-style-type: none"> • As older people are more likely to have a disability and/or receive social care, the positive and potential adverse impacts identified in relation to disability above may also be relevant to older people. <p>The current budget has been adjusted to minimise the impact on older people by:</p> <ul style="list-style-type: none"> • Identifying adult social care related proposals that allows savings to be made while continuing to ensure that assessed needs at high moderate, substantial or critical level can continue to be met. • Supporting partnership bids for funding, such as supporting local charity City Arts, to win funding to give lonely and isolated older people in care access to artistic events and performances. • Retain a high level of discretionary public transport measures to key disadvantaged groups, including disabled and elderly residents. • Protecting Community Protection posts and current levels of street lighting, both of which play an important role in ensuring people are safe in their neighbourhood and homes (an issue of particular importance to older people). • Minimising the level of rent increase. • Ensuring domestic Enviroenergy price rises will be kept below the market average. • Protection afforded through the CTSS Scheme which means that low income pensioners will not be affected by changes to Council Tax Benefit. <p>Specific mitigations include:</p> <ul style="list-style-type: none"> • As a result of consultation, the proposal to end the subsidy for the Home Improvement Agency (HIA) which provides improvements to older people’s homes including energy efficiency measures, has been amended and the Council will continue to provide funding albeit at a reduced level and priorities for the HIA will be renegotiated. • Expanding the telecare service so that it is available to more people to purchase, rather than just available to citizens assessed as needing telecare. This preventative and early intervention approach will enable people to remain living in their own homes and minimise long term dependency on adult social care.

Equality Impact Assessment Form

Equality group	Local context and related factors	Relevant budget savings proposals and steps taken to minimise impact
Children and young people	<p>Nottingham has a higher proportion of young people than national average - 40% under 25 compared to 31% in England (mid 2012 estimates)⁶</p> <p>Nationally, youth unemployment is still high at 20.5% of the economically active population (those working or unemployed but looking for work) (Aug - Oct 13), increasing by 0.2 percentage points from Oct 2012⁷. Equivalent figures for Nottingham are available from the Annual Population Survey covering the period July 2012 to June 2013 and show a rate of 31.7% for Nottingham City compared to 20.8% for England. <i>(Although please note Nottingham figures should be treated with caution.)</i></p>	<ul style="list-style-type: none"> Proposals relating to children and young people have been assessed as also relevant to race equality given the younger profile of Nottingham's BME community. <p>The current budget has been adjusted to minimise the impact on children and young people by:</p> <ul style="list-style-type: none"> The Council, working with key partners, is transforming the way that services are delivered to our most vulnerable children, young people and their families. In future, support will be provided much earlier, with a greater focus on prevention and the whole family, which in turn will reduce the need for high cost specialist interventions. This will help limit the impact of budget reductions on children, young people and their families, as well as improving outcomes for some of our most vulnerable citizens. It is acknowledged that a reduction in non-statutory provision can lead to a delayed negative impact on statutory services, hence the focus on early intervention. Within Children's Centres a review and reduction in opening times means that services and support can continue to be delivered to communities, allowing for flexibility so centres can be open at the times local residents need them most. Citizens and partners will be able to inform the proposals for new opening hours. The benefits of this option is that savings can be made without deleting frontline family support worker posts and avoids the closure of centres. All possible efforts have been made to ensure proposals relating to Children's and Families Services avoid adverse impact for service users, and help promote better outcomes. For example, a new single access point (Children and Families Direct) has already been introduced which makes it much easier for people to report concerns and receive timely and appropriate advice and support. This has cut down separate telephone numbers from 22 to a single number, reduced running costs and at the same time improved services. Similarly, a new (Edge of Care) system has been introduced to enable vulnerable children, who would otherwise need to be taken into care, to remain safely at home. This will help improve outcomes for these children, increase resilience within the family as well as delivering a reduction in costs. Taking a partnership approach to access funding such as the Small Steps, Big Changes Big Lottery Fund bid led by CityCare which aims to access £50m to support 0-3 year olds

⁶ Census 2011

⁷ <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/december-2013/statistical-bulletin.html#tab-Young-people-in-the-labour-market> and <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/december-2012/statistical-bulletin.html#tab-Young-people-in-the-labour-market>

Equality group	Local context and related factors	Relevant budget savings proposals and steps taken to minimise impact
		<p>in four Nottingham wards</p> <ul style="list-style-type: none"> • The Council has prioritised diversionary activities for young people and has secured £330k Lottery funding to continue its partnership programme of £1 a day holiday activities for young people at local leisure centres over 3 years to 2015. • The Council has extended a programme which will enable families of disabled children to take them on a short break. These include overnight stays, access to day services as well as holiday provision. • All entry-level Council jobs have been ring-fenced as apprenticeships for City residents, and are targeted towards young people. • The Priority Families workstream is central to the Nottingham Children Partnership's Family Support Strategy and seeks to focus on the whole family and unites the skills and expertise of all our frontline partners, rather than support one family member in isolation and tackle one problem at a time. Frontline staff are sharing expertise and being trained to focus on the whole family rather than the individual. • The Council supports Nottingham Futures to provide support to young people aged 16-18 who are not in employment, education or training (NEET), to re-engage with education or employment with training. <p>Strategic developments include:</p> <ul style="list-style-type: none"> • The Community of Identity review seeks to streamline grants to city wide voluntary sector organisations who support vulnerable young people (see below under Community Cohesion and Voluntary Sector) • Initiatives within the Nottingham Growth plan aimed at developing skills and nurturing creativity, prioritising initiatives that help create jobs such as the Nottingham Jobs Fund, Nottingham City Employer Hub and the Creative Quarter • The Nottingham Plan to 2020 has specific targets relating to a focus on children and young people's physical and educational development and maximising opportunities for them to realise their potential. <p>Utilising £60m through the City Deal to create 300 apprenticeships - Nottingham's Apprenticeship Hub went live in November 2012 and by September 2013 had supported 415 apprentices. The local scheme is bucking the national trend, with an increase of 9.5 per cent in apprenticeships, compared to a national decline of 1.5 per cent. Amongst young</p>

Equality Impact Assessment Form

Equality group	Local context and related factors	Relevant budget savings proposals and steps taken to minimise impact
		<p>people even more positive outcomes are being achieved - amongst 16-18 year olds there has been an increase of 3% compared to a national fall of 11.6% and amongst 19-24 year olds an increase of 26.8% compared to the national increase of 3.1%.</p>
<p>Men, Women, Maternity and Pregnancy</p>	<p>Nottingham's population is 50% male and 50% female.⁸</p>	<p>The current budget has been adjusted to minimise the impact on women and men:</p> <p>Potential gender impact has also been assessed in relation to adult social care proposals, as a higher proportion of those receiving social care support are women. As above, the overall steps taken to protect adults' services and retain the current eligibility criteria are assessed as positive impacts.</p> <p>Investing in Welfare Advice services</p> <p>Avoiding closure of Children's Centres (as above in 'Children and Young People')</p> <p>Seeking to minimise the number of compulsory Council job losses (due to the Council's workforce profile, any workforce reductions are likely to amount to an overall gender impact)</p> <ul style="list-style-type: none"> • Proposals affecting vulnerable adults, particular the homeless, may impact on men, as men are more likely to be represented. As stated previously the main impact has been directed to provision that is non-statutory or discretionary provision and where this is the case the Council is investigating alternative methods of funding/service delivery with partners, particularly those that involve an early intervention approach for vulnerable adults and encourage independence. <p>Women make up a greater proportion of the Council's workforce and analysis of the likely impact of workforce proposals has been assessed as being proportional to the Council's workforce profile.</p>
<p>Race</p>	<p>Nottingham has a higher proportion (34.7%) of Black or Minority Ethnic (BME) citizens than the England rate of 20.2%.⁹</p> <p>The City also has a high proportion of migrants</p>	<ul style="list-style-type: none"> • Proposals relating to race have been assessed as relevant to children and young people given the younger profile of Nottingham's BME community. Indirect impacts linked to changes potentially affecting the Voluntary and Community Sector have also been considered. <p>The current budget has been adjusted to minimise the impact on Black and Minority Ethnic citizens by:</p> <ul style="list-style-type: none"> • Prioritising initiatives that help create jobs such as the Nottingham Jobs Fund, Nottingham

⁸ Census 2011

⁹ Census 2011

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	<p>from EU Accession countries compared to other Core Cities (NINO registrations).¹⁰</p>	<p>City Employer Hub, expanding the PATRA training Scheme and appointment of a specialist Employment & Skills Team</p> <ul style="list-style-type: none"> • Protecting Welfare Advice services • Avoiding closure of Children’s Centres (as above in ‘Children and Young People’) • The Community of Identity review seeks to streamline grants to city wide voluntary sector organisations who support vulnerable young people (see below under Community Cohesion and Voluntary Sector). • Minimising the level of rent increase. <p>Specific mitigations include:</p> <ul style="list-style-type: none"> • In some proposals, such as the Healthy Lifestyles pathway, outcomes have been taken to account of, and therefore exceptions have been made to reduce impact in particular areas such as Asian women’s access to services where the service actively seeks to recruit women from this community.
<p>Sexual Orientation and transgender identity</p>	<p>The ONS 2012 Integrated Household Survey found 1.5% to be lesbian, gay, or bisexual.¹¹ and Stonewall estimates of between 5-7% of the general population.¹²</p>	<ul style="list-style-type: none"> • There is no evidence to suggest that these proposals will impact disproportionately on the lesbian, gay, bisexual and transgender community; however there is a need to work more effectively with citizens and colleagues to improve diversity monitoring to provide a more accurate picture • The Council will aim to promote opportunities to advance equality through our commissioning and procurements arrangements. • The Community Protection team leads on tackling hate crime aiming to ensure people are safe in their neighbourhood and homes (an issue of particular importance to LGBT people) • The Community of Identity review has prioritised services which support people around issues in relation to gender and sexual orientation, funding will be allocated from April 2014 for 2 years.

¹⁰ EU Accession Note (September 2013), Nottingham Insight

¹¹ <http://www.ons.gov.uk/ons/rel/integrated-household-survey/integrated-household-survey/january-to-december-2012/stb-integrated-household-survey-january-to-december-2012.html#tab-Sexual-identity>

¹² http://www.stonewall.org.uk/at_home/sexual_orientation_faqs/2694.asp

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Religion and belief	Nottingham has higher proportions of Muslim, Sikh, Buddhist and citizens with no religion than the England average. ¹³	<ul style="list-style-type: none"> • There is no evidence to suggest that these proposals will impact disproportionately on religion and belief; however there is a need to work more effectively with citizens and colleagues to improve diversity monitoring to provide a more accurate picture • The Council has been working more closely with faith groups and similar organisations, for example on helping to manage impacts of welfare reform and build resilience within communities.
Marriage or civil partnership		<ul style="list-style-type: none"> • There is no evidence to suggest that these proposals will impact disproportionately on marriage and civil partnership.
Community cohesion and the voluntary sector	The voluntary sector provides an important role in providing services to the BME community, young, older, disabled citizens, and other marginalised or vulnerable groups, and promoting community cohesion.	<ul style="list-style-type: none"> • Impacts in relation to the voluntary sector have also been assessed as relevant to race, above. <p>The budget proposals have been adjusted to minimise the impact on voluntary groups and cohesion by:</p> <ul style="list-style-type: none"> • Commissioning and procurement changes aim to maximise support to local stakeholders. • The Communities of Identity review has streamlined the VCS grants to organisations who support BME (and other marginalised groups) and citywide community groups to provide services for the community. • Shaping voluntary sector related proposals to minimise impact (for example in relation to the timing of changes) and promote equality (for example making specific provision for groups working on equality issues) will successfully implemented from April 2012 under the Community of Identity Review, for 2 years. • Additional steps have been taken to ensure the VCS have been involved in the budget development process including a specific consultation session aimed at VCS organisations. • Reductions in partnership funding for One Nottingham relate to a managed under-spend and income contribution from industrial units, therefore the real impact is lower than expected with no threat of redundancy to staff. The One Nottingham Board in March will review activity such as events and sponsorship where contributions may be reduced.

¹³ Census 2011

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