



You are hereby summoned to attend a meeting of **CITY COUNCIL**
at the Council House, Old Market Square on Monday 5 March 2018 at 2.00 pm to transact
the following business

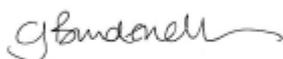
<u>AGENDA</u>	<u>Pages</u>
1 APOLOGIES FOR ABSENCE	
2 DECLARATIONS OF INTERESTS	
3 QUESTIONS FROM CITIZENS	To Follow
4 PETITIONS FROM COUNCILLORS ON BEHALF OF CITIZENS	Verbal
5 TO CONFIRM THE MINUTES OF THE LAST MEETING OF COUNCIL HELD ON 22 JANUARY 2018	3 - 20
6 TO RECEIVE OFFICIAL COMMUNICATIONS AND ANNOUNCEMENTS FROM THE LEADER OF THE COUNCIL AND/OR THE CHIEF EXECUTIVE	Verbal
7 QUESTIONS FROM COUNCILLORS - TO THE CITY COUNCIL'S LEAD COUNCILLOR ON THE NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY	To Follow
8 QUESTIONS FROM COUNCILLORS - TO A MEMBER OF EXECUTIVE BOARD, THE CHAIR OF A COMMITTEE AND THE CHAIR OF ANY OTHER CITY COUNCIL BODY	To Follow
9 DECISIONS TAKEN UNDER URGENCY PROCEDURES Report of the Leader	21 - 26
10 TREASURY MANAGEMENT 2018/19 STRATEGY AND REVISION OF 2017/18 DEBT REPAYMENT STRATEGY Report of the Deputy Leader	27 - 66
11 BUDGET 2018/19 Report of the Deputy Leader	67 - 72
12 NOTTINGHAM CITY COUNCIL PROCUREMENT STRATEGY 2018-2023 Report of the Deputy Leader	73 - 96
13 PAY POLICY STATEMENT 2018-19 Report of Portfolio Holder for Community and Customer Services	97 - 158

- 14 DELEGATION OF COMMERCIAL WASTE SERVICE BY DERBY CITY COUNCIL TO NOTTINGHAM CITY COUNCIL** 159 - 162
Report of the Portfolio Holder for Energy and Sustainability
- 15 NOTTINGHAM CITY LAND AND PLANNING POLICIES DEVELOPMENT PLAN DOCUMENT, SUBMISSION TO THE SECRETARY OF STATE** 163 - 172
Report of the Portfolio Holder for Planning, Housing and Heritage
- 16 DATES OF FUTURE MEETINGS**
- (1) To agree to hold the Annual General Meeting on Monday 14 May 2018 at 2.00pm at the Council House.
- (2) To note the proposal to meet at 2.00pm on the following Mondays:
- 9 July 2018
10 September 2018
12 November 2018
21 January 2019
4 March 2019
- 17 EXTRAORDINARY MEETING**
To agree to hold an Extraordinary Council meeting at the rising of the ordinary meeting, or at 5.00 pm, whichever is earliest, on Monday 14 May 2018 to consider granting Freedom of the City to HMS Sherwood

Please note that questions to Council are received after the agenda has been published. Questions will be published as a supplementary agenda by 5pm on Friday 2 March 2018.

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT WWW.NOTTINGHAMCITY.GOV.UK. INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER SHOWN ABOVE IN ADVANCE.



Dated 23 February 2018
Corporate Director for Strategy and Resources
To: All Councillors of Nottingham City Council

MINUTES OF THE MEETING OF THE CITY COUNCIL

held at the Council House, Old Market Square

on 22 January 2018 from 2.00 pm - 5.05 pm

ATTENDANCES:

<ul style="list-style-type: none"> ✓ Councillor Michael Edwards (Lord Mayor) 	
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<ul style="list-style-type: none"> ✓ Councillor Liaqat Ali ✓ Councillor Jim Armstrong ✓ Councillor Cat Arnold ✓ Councillor Leslie Ayoola ✓ Councillor Ilyas Aziz ✓ Councillor Cheryl Barnard ✓ Councillor Steve Battlemuch ✓ Councillor Merlita Bryan ✓ Councillor Eunice Campbell ✓ Councillor Graham Chapman ✓ Councillor Azad Choudhry ✓ Councillor Jon Collins ✓ Councillor Josh Cook ✓ Councillor Pat Ferguson ✓ Councillor Brian Grocock ✓ Councillor Chris Gibson ✓ Councillor John Hartshorne ✓ Councillor Rosemary Healy ✓ Councillor Nicola Heaton ✓ Councillor Mohammed Ibrahim ✓ Councillor Patience Uloma Ifediora ✓ Councillor Corall Jenkins ✓ Councillor Glyn Jenkins ✓ Councillor Sue Johnson ✓ Councillor Carole-Ann Jones ✓ Councillor Gul Nawaz Khan ✓ Councillor Neghat Nawaz Khan 	<ul style="list-style-type: none"> ✓ Councillor Ginny Klein ✓ Councillor Dave Liversidge ✓ Councillor Sally Longford ✓ Councillor Carole McCulloch ✓ Councillor Nick McDonald ✓ Councillor David Mellen ✓ Councillor Jackie Morris ✓ Councillor Toby Neal ✓ Councillor Brian Parbutt ✓ Councillor Anne Peach ✓ Councillor Sarah Piper ✓ Councillor Georgia Power ✓ Councillor Nick Raine ✓ Councillor Andrew Rule ✓ Councillor Mohammed Saghir ✓ Councillor David Smith ✓ Councillor Wendy Smith ✓ Councillor Chris Tansley ✓ Councillor Dave Trimble ✓ Councillor Jane Urquhart ✓ Councillor Marcia Watson ✓ Councillor Sam Webster ✓ Councillor Adele Williams ✓ Councillor Malcolm Wood ✓ Councillor Linda Woodings ✓ Councillor Steve Young
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✓ Indicates present at meeting

58 APOLOGIES FOR ABSENCE

Councillor Azad Choudhry – leave
 Councillor Rosemary Healy – work commitments
 Councillor Marcia Watson – unwell

59 DECLARATIONS OF INTERESTS

None.

60 QUESTIONS FROM CITIZENS

Temporary Accommodation without Cooking Facilities

Ms A R asked the following question of the Portfolio Holder for Planning, Housing and Heritage:

In the last 2 years, how many people have been accommodated by the Council in the Stage Hotel or other emergency accommodation without access to cooking facilities in? How many children have been housed in temporary accommodation for longer than 8 weeks? What is the longest period that a person (with or without children) has been housed in temporary accommodation without cooking facilities in the last 2 years?

Councillor Jane Urquhart replied as follows:

Thank you Lord Mayor, and thank you to the member of the public who raised this question, which seeks to shed light on the present homelessness crisis in our country and our city. People will see from the motion on the agenda for today's meeting, that this is an issue which Nottingham takes seriously, and one which we're appalled by. We share a sense of outrage, that in our city, people should have to be accommodated in unsuitable bed and breakfast accommodation. I am aware that this question was submitted very shortly before the last Council meeting, and in that space of time it wasn't possible to collate the information, so apologies that we weren't able to answer it then, but we are after the amount of time we needed to collate the information able to answer now.

Councils up and down the country are working hard to deal with increasing levels of homelessness, and Nottingham is not alone in finding itself struggling to find temporary accommodation for households who present with nowhere to stay. A recent report by the National Audit Office states that the record rise in the use of temporary accommodation is due to the Government's welfare reforms and the broken housing market. The use of temporary accommodation such as bed and breakfasts is never a good long term solution – either for the families housed or for the councils making those decisions. Two years ago, this Council did not use bed and breakfast accommodation, and had not done so for some time. We are working hard to get back to this position by finding better, longer-term solutions.

In recent months, we have been able to reduce the number of households in bed and breakfast accommodation by 64%. That still means though, that we have 50 households in B&B accommodation, and that is 50 too many. So we are working hard with our partners to reduce that figure to zero, and we will say more about that of course in the debate later. Over the past two years, 1102 households have been placed in bed and breakfasts in order to meet our statutory duties towards them. This includes a number of single person households, and many of them are placed into bed and breakfasts as an emergency temporary measure to meet our commitment that no one need sleep rough in Nottingham. Our No Second Night Out policy means that we do accommodate people on that short term basis whilst we look for an alternative solution.

We are rapidly reducing our use of bed and breakfast in favour of more suitable accommodation, as well as targeted intervention to prevent homelessness in the first

place. This activity has only been possible through the concerted efforts of service providers across our Council, and our partners, and I thank them for their hard work in seeking to resolve this issue. The specific length of time that any household spends in bed and breakfast varies greatly depending upon their circumstances, and there is great range of lengths of stay, starting at 1 night. The average length of stay over the past 2 years was 38 nights. The longest period that any person has been housed in bed and breakfast is 324 days – this case is a single person with no children, and it is a highly complex and unusual case which we are nevertheless working hard to resolve alongside our partner agencies.

We have searched the data that we and our partner agencies have, but we are unable to provide data on the number of children housed in temporary accommodation for longer than 8 weeks over the past 2 years. But I can tell you, that as of today's date, there remain 26 households who have children in bed and breakfast, again, this is 26 too many. Almost all cases where people are in bed and breakfasts above 8 weeks are there because there are legal complexities in the particular case, such as a statutory review process, or because the family is waiting for a suitable home to be offered to them as an appropriate permanent accommodation. As we have previously discussed in this chamber, government restrictions prevent the Council from building enough social housing to meet the demand, so therefore finding suitable alternative accommodation can be a lengthy process.

Later on this afternoon, I will be proposing a motion which will commit this council to ending its use of bed and breakfast accommodation by the end of 2018. Whilst the rise in homelessness is a national issue, as a Council we want our response to homelessness to be appropriate and compassionate. We know that there are better temporary accommodation solutions than bed and breakfast. I hope that this motion will be passed this afternoon, and that therefore, together with our partners we will work to end the use of bed and breakfast accommodation by the end of the year.

Nottingham City Council loan to Robin Hood Energy

Mr W S asked the following question of the Deputy Leader:

The accounts of Robin Hood Energy show that it owes Nottingham City Council £11.6m. It has been stated that interest is due on this loan at "commercial rates". In addition the accounts state that the City Council has confirmed in writing that it will provide "financial support for the foreseeable future". This support is effectively a guarantee and if provided commercially would be heavily charged for. What is the commercial rate on the loan and what is being charged for the effective guarantee?

Councillor Graham Chapman replied as follows:

Thank you Lord Mayor, and can I also thank W S for his question. The City Council has provided support for Robin Hood Energy on a commercial basis, which both conforms to State Aid rules, and provides the City Council with a rate of return. Unfortunately I am not in a position to provide the specific details, which are a matter of commercial confidentiality.

As to the reference in the accounts to “financial support for the foreseeable future”, it is required by any auditor whenever there is a parent company providing a loan facility, or a parent company guarantee to a subsidiary company. Robin Hood Energy are making a market rate payment in exchange for the guarantee. This will also remain commercially confidential.

So again, I would like to thank W S for his question, and the interest he is taking in his own local energy company, and I am sure he will wish them well.

61 PETITIONS FROM COUNCILLORS ON BEHALF OF CITIZENS

Councillor Steve Battlemuch presented a petition on behalf of 140 signatories asking for the Council to consider building a skate park and bmx track at Wollaton Park.

62 TO CONFIRM THE MINUTES OF THE LAST MEETINGS OF COUNCIL HELD ON 13 NOVEMBER 2017

The minutes of the meetings (ordinary and Extraordinary) held on 13 November 2017 were confirmed as correct records and signed by the Chair.

63 TO RECEIVE OFFICIAL COMMUNICATIONS AND ANNOUNCEMENTS FROM THE LEADER OF THE COUNCIL AND/OR THE CHIEF EXECUTIVE

The Chief Executive reported the following:

Nottingham Station Fire

On Friday 12 January, emergency services tackled a significant fire at Nottingham Train Station, which started in the concourse before spreading to the roof. It is a tribute to the tireless work of the emergency services, East Midlands Trains, Network Rail, and our own Council staff that the station was reopened on Saturday morning with services able to resume so quickly. I am proud of the team effort stakeholders in the city displayed over the past week and we will continue to work together to determine the precise level of work needed at the station in the coming months.

Councillor Brian Grocock, Chair of the Fire Authority, also commended the hard work of all parties involved.

Nottingham Heritage Action Zone

Nottingham was chosen as one of the first ‘Heritage Action Zones’ by Historic England earlier this year and is the largest nationally with a programme of 17 projects transforming the historic heart of the city for citizens and visitors, helping to boost tourism and create jobs.

The largest projects are the conservation area grant schemes in Old Market Square, Lace Market and Sneinton Market Conservation Areas, which will invest nearly £2m in the historic environment of the City Centre in a partnership between NCC, Historic England and businesses.

Children's Care Homes in Nottingham

I am pleased to report that all of our internal Council Children's Homes, including our short breaks unit, have been judged 'Good' or 'Outstanding' by Ofsted. Following the inspections, Ofsted reported that all aspects of safeguarding are very well implemented and as a result, young people in Nottingham are kept safe from potential harm. Resilient and committed staff continue to provide high standards of care for young people in Nottingham, regardless of the challenges they face.

Centenary Cities: 100 Years of Votes for Women

Nottingham City Council, in partnership with local women's organisations has been granted funding from the Government Equalities Office to commemorate the 1918 Representation of the People Act, which granted the vote to some British women for the first time in national elections.

In collaboration with the Nottingham Women's History Group, Nottingham Women's Centre and The Party Somewhere Else, Nottingham City Council submitted a successful bid for some of this funding (£17,850 in total). The money will be used to plan and deliver a series of events and activities throughout the year. Activities will range across the themes of art, community, history and politics and will aim to reach as many of the city's diverse communities as possible.

Former Councillor Eunice Timson

It is with sadness that I inform you of the death of former councillor Eunice Timson who was elected as a Conservative councillor on 6 May 1976 to represent the Byron Ward, and represented the ward until 1980. Her funeral was held on 28 December at Gedling Crematorium.

Councillor Georgina Culley

Finally, it is with great sadness that I inform Council that Councillor Georgina Culley, leader of the Conservative group, passed away on 25 November. Councillor Culley represented the citizens of Wollaton since she was elected on 2 May 1991. For a while in the 1990s she was the only Conservative councillor in Nottingham. She became leader of the Conservative group in 2004.

Councillors' Andrew Rule and Chris Gibson spoke in tribute to Councillor Georgina Culley and a minutes' silence was held.

64 QUESTIONS FROM COUNCILLORS - TO THE CITY COUNCIL'S LEAD COUNCILLOR ON THE NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

None.

65 QUESTIONS FROM COUNCILLORS - TO A MEMBER OF EXECUTIVE BOARD, THE CHAIR OF A COMMITTEE AND THE CHAIR OF ANY OTHER CITY COUNCIL BODY

Robin Hood Energy Results

Councillor Jim Armstrong asked the following question of the Portfolio Holder for Energy and Sustainability:

Can the Portfolio Holder offer reassurance to the customers of Robin Hood Energy that its recent results will have no effect on ongoing supply?

Councillor Dave Liversidge replied as follows:

Thank you Councillor Armstrong, I certainly can.

Evicted Nottingham City Homes Tenants

Councillor Jim Armstrong asked the following question of the Portfolio Holder for Planning, Housing and Heritage:

Can the Portfolio Holder comment on what steps the City Council takes to ensure that tenants evicted from properties managed by Nottingham City Homes do not become homeless?

Councillor Jane Urquhart replied as follows:

Thank you Councillor Armstrong. Of course, as will become clear from the debate that we have later on in the agenda, the largest cause of homelessness both locally in Nottingham and nationally, is through eviction from private rented homes; eviction from socially rented houses makes a very small contribution, both nationally and locally. However, even though it's a very small part of the homelessness picture in Nottingham, Nottingham City Homes and Nottingham City Council have in place a protocol to manage the risk that tenants evicted from Nottingham City Homes properties might become homeless. This involves close working between officers within relevant departments and early intervention to prevent tenants getting into problems in the first place.

It is, of course, important that Nottingham City takes action when tenants are unwilling to pay their rent, or when their behaviour breaks their tenancy agreement. But it is, of course, equally important that Nottingham City Homes and ourselves take action to support and sustain tenancies in those cases where tenants become unable to pay their rent. That is why Nottingham City Homes have Tenancy Sustainment Officers, and why we work so closely with them to prevent homelessness wherever we can. We have been monitoring the effectiveness of the protocol in recent months, as part of our drive to reduce the use of temporary bed and breakfast accommodation, which I alluded to earlier in response to a public question. And therefore, I am able to say that since this active monitoring of the protocol began at the back end of last year, the number of evictees being made homeless has been zero.

Chargeable Parking Permit Schemes

Councillor Andrew Rule asked the following question of the Portfolio Holder for Neighbourhood Services and Local Transport:

Can the Portfolio Holder update the Chamber on what progress has been made with the review on chargeable permit schemes currently being undertaken by officers within her Portfolio?

Councillor Sally Longford replied as follows:

Thank you Councillor Rule for your question. The current adopted policy for residents parking schemes dates back to 1999, and is in need of a refresh. I have tasked officers with undertaking a review of the existing policy and to bring forward a revised policy for adoption as soon as practicable. I am expecting the review to be completed very soon.

Support from the Council for Robin Hood Energy

Councillor Andrew Rule asked the following question of the Deputy Leader:

Can the Deputy Leader confirm what impact the reliance that Robin Hood Energy's board have placed on ongoing support from the Council will have on the Council's forthcoming budget; what form it is envisaged this support will take; and what information has been provided by the company to justify the business case for providing this additional support?

Councillor Graham Chapman replied as follows:

Can I thank Councillor Rule for his question. To answer this question directly; One: The effect on the Council budget will be positive, in that the Council is charging a higher rate for loans than our pooled borrowing rates, and the Council will also receive a payment for the guarantee. The interest charged, which is commercially confidential, conforms to State Aid Regulations. In short, there is no subsidy, which I presume is the assumption underlying the question. On the contrary, there is benefit. Two: the support will take the form of a draw down loan facility, and a guarantee to enable hedging, which is sensible. Three: we have received considerable information in carrying out due diligence, indeed we've got external verification from Price Waterhouse Cooper prior to agreeing the loan.

But I would then remind him that although Robin Hood Energy reported a loss at the end of March 2017, I am informed that the company is on track to break even by the end of March 2018, and move into profitability thereafter, that is, in the third and fourth year. I will also remind the Councillor that it took Co-op Energy and First Utility four years to break even. In addition, Bristol Energy is set to take five years to break even, and Ovo Energy hasn't reached break even yet, despite being set up in 2009. So Robin Hood Energy is ahead of the curve, so we are assured.

One of the reasons debt has been incurred is the actual rapid expansion of the company. In a sense, it is due to success. If you are new and expanding in an industry where you have both set up costs and many payments are in arrears, and

you are hedging your stock purchase, then you will inevitably get high levels of borrowing, and I would expect the Councillor to understand that given his background.

So I fully expect it will go through the normal cycle of a new firm, and move into profit, which will obviously benefit the shareholder, which is the Council. Moreover, Robin Hood Energy has developed quite rapidly, and it's worth reminding him – currently it has 118,000 customers and 187 supply points and, just as a matter of interest, the last time I looked at these figures there were 109,000, so it's gone up by 9,000 within a short period of time. Robin Hood Energy has also saved customers an average of £150 per annum, compared to the big six standard tariffs. In addition, since starting up, Robin Hood Energy has continued to create jobs locally, with employees who wouldn't probably otherwise be employed. Robin Hood Energy has taken on six additional white label partners to help tackle fuel poverty across the country, with more in the pipeline. It has done an enormous amount for the reputation of the Council. Robin Hood Energy has installed over 20,000 smart meters.

Robin Hood Energy is paying business rates, in addition to interest to the Council. Robin Hood Energy has contributed to opening up the market and reducing rates right across the board nationally. Therefore, can I thank the Councillor for the interest he is taking in Robin Hood Energy, and I will remind him that the last time municipalities moved in to energy was not in 1974, but 1874, by one Joseph Chamberlain, the leader at Birmingham, who ended up as a Tory. He purchased gas companies on behalf of the Council, and no doubt initially he accumulated debt, but in the long run it was to the benefit of the citizens of Birmingham, and set an example to the rest of the country. So municipal enterprise has a long and honourable pedigree, all we are doing now in Nottingham is reviving 1874 Tory policies. You might actually say, that we in this chamber in that respect are old Tories, and I'm also sure that Councillor Battlemuch who is Chair of Robin Hood Energy, will be the first to agree. Thank you.

100 Years of Women's Suffrage

Councillor Linda Woodings asked the following question of the Portfolio Holder for Planning, Housing and Heritage:

Following the good news that the City Council has been awarded funding to help mark 100 years of women's suffrage, could the Portfolio Holder for Planning, Housing and Heritage tell Council how this money will be used to celebrate Nottingham's heritage as a city of suffrage?

Councillor Jane Urquhart replied as follows:

Thank you Councillor Woodings for your question. Of course, in Nottingham we know that heritage is not only about buildings and physical assets, it is also about our shared history, and the lived experiences that our city collectively has. As the Chief Executive announced earlier in the meeting, Nottingham will benefit from a share of £1,200,000 from the government to celebrate the centenary of the 1918 Representation of the People Act. We are in that alongside six other centenary cities: Bolton, Bristol, Leeds, Leicester, London and Manchester. As the Chief Executive outlined, we are working in partnership in order to deliver celebratory events and

engagement events for this year, and in fact Councillor Woodings will be taking a leading role in delivering some of this work.

Activities will range across a wide range of themes, community, history, art and politics, and will be aiming to reach out to as many of our communities across our city as we are able to. We will be looking to have some public art and street theatre in the city centre to engage citizens who may well be unaware of the centenary; a 7 day festival celebrating women in performance, including drama workshops for young women to build their confidence so that they can get their voices heard and to look at what the political climate currently means for them; focus groups and workshops to encourage women to share some of the issues they're facing today to help them to better understand again how their issues can be heard; and we will be looking at the unveiling of a Blue Plaque linked to Nottingham's suffrage movement.

We will be working with our schools as well to promote knowledge and understanding of women's suffrage, and hosting discussions in this very building on the subject as well. Our community centres too will be involved, looking to the future to say, "Well what should our democracies look like in a further 100 years' time?" We will also be looking at having exhibitions in local libraries which would celebrate the history of women's suffrage in the city, as well as extensive online and social media campaigns. So we are hoping to engage and support a diverse mixture of people within the city through these community base activities, ensuring that there is a legacy far beyond these activities for generations to come.

We hope that by recognising both the people and the places that have contributed to women's suffrage across the years, this will be an engaging programme, and will engage with women who may feel excluded from political processes. Because we know that even now, 100 years on from women's suffrage, we know that women often don't feel empowered to even register to vote, let alone go out to vote. And when we look around our chamber today we can see that we have not achieved 50% of women councillors in our city yet, so there remains a way to go. I hope that this awarded funding will help us take some of those additional steps along the way.

Collapse of Carillion

Councillor Jackie Morris asked the following question of the Deputy Leader:

Could the Deputy Leader comment on what the impact of the collapse of Carillion will be on Nottingham?

Councillor Graham Chapman replied as follows:

Can I thank the Councillor for the question, thank you Lord Mayor as well. So what has happened? What we have just witnessed is the collapse of a major outsourcing firm; Carillion. It leaves behind it a train of debtors, shareholders with major losses, unfinished projects, employees without jobs, a pension's deficit, and a scandal of directors who have rewarded themselves excessively before the firm went bust. We also have a number of other major outsourcing firms in difficulty. As for the effect on Nottingham, in terms of the Council, then Carillion is indirectly involved with us in three ways.

We have involvement in three schools only, under PFI (Private Finance Initiative) - Oak Wood, Oak Field and Farnborough, where Carillion is a sub sub-contractor for facilities management. Our schools have remained open and no disruption to service has been reported. The PFI provider, the intermediary which manages the contracts, has been putting contingency plans into operation which will ensure these services continue in the medium to long term.

Where we have joint services operating through the LIFT (Local Improvement Finance Trust) process, which is the second category – Mary Potter, Riverside and Cornerstone, then Carillion is the sub-contractor to what is called the LIFTco, which manages the contract. As with schools, the centres have remained open and there is no disruption to service. Again, LIFTco has implemented contingency plans to ensure that service continues.

At Highfields Park the Council has a £5,000,000 Heritage Lottery funded project on site, sub-contracted to Carillion as far back as 2013. It involves de-silting parts of the lake and carrying out some restoration work. The Council's contract is with the Local Education Partnership, perversely enough, who sub-contract the work to Carillion. Work is continuing on this site at present and there are discussions between the various parties to ensure the project can be completed.

Council officers will monitor the implementation of all of these contingency plans to ensure that there is no disruption to service in all three categories. In terms of the wider Nottingham economy, we do not know what the implications are, even though we've tried to find out, other than at the QMC, where the Council has already taken over the grounds maintenance contract, and I believe cleansing and car park supervision are being brought in-house. Should there be any serious threats to other sectors, then we will work through Nottingham Jobs and the Growth Hub with employees and businesses to provide practical support.

What this crisis has done is bring into question the concept of outsourcing. Now, some will say there is no role for the private sector on delivering public services. Clearly this is not the case. For large schemes such as the tram or the Broadmarsh car park rebuilding, even the dredging of Highfields Lake, it is appropriate for the private sector, we have not got the capacity or expertise. Another category where we need the private sector is for overflow. There are occasions where we have to go to the private sector because we are overstretched - Legal for example. And then there are specialist facilities which only the private sector can provide, for example the due diligence on Robin Hood Energy was done by PWC (Price Waterhouse Cooper), and those are very proper roles. However, I do not believe the private sector should be other than tangentially involved in people based services, such as probation in particular, and in core services such as waste and public transport, and even some utilities. Anywhere where subsidies are required and long-term investment and commitment is required. There is not the motivation from the private sector to direct cash into the service, as opposed to in shareholding. A structural and not necessarily personal issue. There is not the motivation to put individual clients first, and often these clients are amongst the most vulnerable.

Carillion is a microcosm of the problem. Once it got into those areas, and away from its core function, which I'll remind some of you used to be tarmac, it struggled. There is a myth that outsourcing and PFI makes a mint for the private sector. For some, the

lawyers and accountants who help arrange the deal, it can do so. In some cases, individual contracts have also made huge profits. But in many cases, it does not, hence the problems that private providers are having in surviving. Quite simply, the rate of return does not materialise, and there is less public sector money by the year to provide that margin. Yet they are still taking on contracts, because they have, for example, contracting units which get paid bonuses and get into bid fever. I've seen it first-hand. They underestimate how complicated running the public sector is. They take on the myth that the public sector is so inefficient that they can't fail to do a better job and make a profit, which is patently untrue. They go into areas with insufficient experience, and then on top there is an expectation of dividend distribution and reward which they cannot fulfil, but which they do, at the expense of the viability of the firm.

PFI in particular creates complex structures, which as we have seen with the public sector contractors, through sub-contracting that I've just described – you've got a sub-contractor plus a sub-contractor, and often that is then sub-contracted thereafter. So everyone loses, public and private sector. And certainly everyone, apart from a few cynical board members, has lost in this case. So it is not simply a matter of private bad, public good; it is that the whole structure and relationships and perceptions within the outsourcing and PFI sector are deeply flawed. Not to mention, and don't get me on this, is the stubbornness of HM Treasury and its attitude to debt and accounting, which has tried to keep debt off the national books through PFI, which doesn't work. But I get very irritated with the Treasury, I could spend hours telling you why, but you'd probably all fall asleep.

And it was for all of these reasons that Nottingham has been so skeptical. This City Council has been so skeptical about outsourcing, and we have kept services in-house, and brought services which were outsourced back in. NCT, Nottingham City Transport, the best bus company in the country, and why? Because it's in the public sector and it's re-invested. It was mentioned today in a national newspaper as being a wonderful example of municipal enterprise. Grounds maintenance and selling plants to other councils, we have brought catering back in-house. We have brought building maintenance back in house, it saved £800,000 in one year. Parking enforcement we have brought back and it's more effective and it's actually more responsive. We've brought security back in and given people better conditions, and there is one more to come, but I'm not revealing which one it is. And this is despite enormous pressure over the years from all governments, and I would add CPA Inspectors who thought they knew better, telling us that we should be outsourcing more.

Indeed, one of the reasons we have been so financially resilient up until this year, is that we have economies of scale afforded by keeping so many services in-house, and the flexibility this provides. It is also one of the reasons why a number of Conservative councils are so financially fragile. I'll give you the example of Northamptonshire, which is the most fragile council in the country, and one of the reasons is that it is excessively outsourced, and it's got nowhere else to go for its savings because most of the contracts are fixed. But before we get complacent, the above only works in the public sector with good management, with motivated staff, and with trade unions who understand the long term implications. It only works if there is also capacity to invest, and that is becoming a real problem at the moment with the incessant cuts. This brings me on to my final point.

If the government wants decent public services, and its preferred option, privatisation, is beginning to fall apart, then we need one thing, they need to do one thing. They need to fund us properly, and to fund us in a way which allows us to invest in the long term for the public good. And it can only do that in one way, which is further tax rises, and I would advise them very strongly to start with corporation tax and bringing it back to the sensible level it was under the Labour government. That way we can invest in our economy, and that way the private sector will benefit from a healthy public sector.

Metro Strategy Summit

Councillor Josh Cook asked the following question of the Leader:

Could the Leader give an update on the progress of the Metro Strategy following the Metro Strategy Summit in Derby last week?

Councillor Jon Collins replied as follows:

Thank you Lord Mayor. Members will know the Metro Strategy was launched in May last year, providing a framework for how Nottingham and Derby councils can drive economic growth for the two cities and provide direct benefits to our citizens.

Since last May various teams across the two councils have been working together to deliver the strategy with a number of very early wins to demonstrate how working together can offer better services to people across both cities.

These include travel discounts through Trent Barton, when residents attend particular events in each other's cities, access to gym and swim facilities for those with gym memberships in either city, a joined up library service where books can be borrowed or returned in both cities, and more recently an agreement for Nottingham to start delivering trade waste services in and on behalf of Derby City Council. Finally, a Metro careers campaign, which is due to start in March this year, will aim to raise the profile of job opportunities across both cities, and at the same time aiming to raise aspirations of young people and their parents.

Over last summer we commissioned a report by a company called Metro Dynamics, which is an independent consultancy, to review the potential for closer working links between the two cities. Their findings suggested that there is significant economic benefit to be gained by both cities through the expansion and this joined up approach. The Metro Strategy Summit held earlier last week, provided the opportunity to discuss the findings of this work with a wider group of stakeholders, and to see whether there was an appetite for working alongside the two councils. Over 100 representatives, from local businesses and other organisations attended the event, which resulted in a very positive commitment from the private sector, education sector and councils to explore this further.

Our next step is to establish a Metro Growth Board, made up of businesses leaders, alongside the leaders of both councils, who want to be part of what I call a 'coalition of the willing', and alongside the Vice Chancellors of our Universities, to develop and take forward the Metro Strategy. Transport links between the two cities, skills and

education, the development of place, and business growth and innovation were all identified as priorities

Funding for Social Care

Councillor Carole McCulloch asked the following question of the Portfolio Holder for Adults and Health:

Will the Portfolio Holder for Adults and Health call upon the Government to give the funding needed for social care to help deal with pressure on our local hospitals, staff and our residents?

Councillor Nick McDonald replied as follows:

Thank you Lord Mayor, and thank you Councillor McCulloch for your question. I am pleased to be able to answer that question, it is also an opportunity to talk to the chamber about the nature of the issues that we face this winter, and absolutely to call upon the government to respond to it better so that we can respond to it better.

So just to give you an outline of the picture Lord Mayor. Last week our hospital was facing unprecedented pressures. The health and social care system across Nottinghamshire has also been under enormous pressure since Christmas, following an increase in the number of seriously unwell patients and confirmed cases of flu. Last week the system declared a business continuity incident, so that extraordinary action could be taken to restore flow, ensure patient safety and maximise discharges. 75 additional beds were initially made available, and then a further 45. All partners continue to prioritise emergency, urgent and cancer care. Additional appointments were made at some GP surgeries, and staff across the health and social care system worked over and above to keep patients safe.

The public were asked to help us by choosing the right advice for them, making use of pharmacies, urgent care centres and the 111 service where possible, and as a result the system was able to step down the Greater Nottingham health and social care business continuity incident on Thursday, as a result of the exceptional actions taken across the system. Pressures were expected to continue this week, and indeed that appears to be the case, and the tremendous effort from all staff in the NHS and across social care and across the council I think should be applauded.

But this is something we're seeing routinely now, I get informed when we have black alerts at our hospitals, and that is becoming an almost daily occurrence. That is a bleak picture, but it is a bleak picture not just in relation to our hospitals, but also in relation to our adult social care services, the services that this council runs. Many older people need care at home when they leave hospital. We are seeing an increase both in the number of people needing homecare and the amount of homecare that they need. In addition due to our work with NHS partners to get people out of hospital more quickly when they no longer need to be there, people are coming out sooner with higher need. People are getting out of hospital more quickly when they don't need to be there and that is a good thing, it is the right thing to do for that person in most cases, and it is also good for the public purse because it costs less to help people in the community than it does in consultant led A&E beds. But there is insufficient money in the system passed to social care to make that happen.

Whilst for many councils the additional funding provided by the Chancellor in the Spring Budget of 2017 enabled them to invest in new services, and we're talking inevitably about rural types of authorities with less need, our additional £7,200,000 had to be used to stop us cutting services that year; we weren't able to provide anything additional, and as a result we went into winter unable to fund additional services that are so clearly needed. Last week instead of people going home, people were having to move into residential care and nursing beds whilst they were waiting for community services they so desperately need. Not only is this bad for patients, because 78% of people that go into short term residential care never come out, it also comes at a greater cost to the public system.

Now, we know that NHS England is making money available to systems, but it's way too little, and it's way too late. Short term funding provided in the middle of a winter crisis does not help develop the sustainable solution, and it is not what Nottingham's citizens deserve. We are in a particularly difficult position in Nottingham, we have very high levels of deprivation, we are unable to raise high levels of council tax and we have low levels of self-funders – that is people who can fully fund or partly fund their own social care. We need funding that takes account of those factors.

Of course it's absolutely the case that the system needs to change and modernise; people have been saying that for decades. The integration of adult social care and health is absolutely fundamental, particularly as demand rises, as it has been doing for a long time; this is not a new issue, it's been the case for many years that this growing crisis was inevitable absent change. But it needs to be properly funded.

There is an absence of national policy, it has been left to local areas to try and sort it out, with declining amounts of money. And if the position doesn't change, the funding doesn't change, if it's not properly invested in and adult social care is not properly invested in, not only is that going to be bad for people in this city and elsewhere, it's going to result in rising costs to the system and a tipping point that will; cause a huge national crisis, not just a crisis in Nottingham. We should be calling that out at a local level. We should be calling that out at a local level, because despite doing our best working with our partners to deliver that change that is needed, we cannot do it if the money is not provided by government, and at the moment that is the case.

66 NOTTINGHAM CITY COUNCIL RESPONSE TO THE DRAFT RECOMMENDATIONS OF THE LGBCE WARD BOUNDARY REVIEW

The Leader submitted a report on the Nottingham City Council response to the draft recommendations of the Local Government Boundary Commission for England (LGBCE) review of electoral equality in Nottingham city, as set out in a supplement to the agenda.

RESOLVED to

- (1) accept the draft recommendations of the LGBCE in respect of the Aspley, Basford, Berridge, Bestwood, Bilborough, Bulwell, Bulwell endorse Forest, Dales, Leen Valley, Lenton and Wollaton East, Mapperley, Radford, St Anns, Sherwood, and Wollaton West wards;**

- (2) accept the amendments to the LGBCE's recommendations in relation to the proposed Park, City, New Meadows, Embankment, Arboretum, Hyson Green, Clifton North and Clifton South wards;
- (3) delegate authority to the Leader to make any necessary amendments to the report following on from the Council debate.

67 DECISIONS TAKEN UNDER URGENCY PROCEDURES

The Leader submitted a report on Decisions taken under Urgency Procedures, as set out on pages 29 to 34 of the agenda.

RESOLVED to

- (1) note the urgent decisions (exempt from call-in):

<u>Ref no</u>	<u>Date of decision</u>	<u>Subject</u>	<u>Value of decision</u>	<u>Reasons for urgency</u>
3004	13/11/2017	Investment Acquisition – Project Doncaster	Exempt	To allow call-in would affect the completion date of the project
3013	23/11/2017	Appeal to the Supreme Court	Exempt	To enable the deadline set by the Supreme Court to be met
3015	28/11/2017	Allocation of funding to support a DfE bid for the proposed expansion of Fernwood Secondary School	£999,000	To enable the bid deadline to be met
3016	01/12/2017	Licence to Department for Work and Pensions for additional office space in Loxley House	Exempt	To ensure that the deadline to commence the works to accommodate the additional staff can be met prior to the lease coming into effect
3037	21/12/2017	Approval for funding to finalise the account for the housing development at Lenton	Exempt	To meet the payment deadline of 31 December
3039	21/12/2017	Affordable Housing Acquisition –	Exempt	The Council needs to release additional funds in order to settle the

		<p>Radford Bridge Allotments, Wollaton</p>		<p>final account with Keepmoat for the development of the Lenton site. A number of payments are already overdue by a considerable length of time and if the Council does not pay these bills as soon as possible then Keepmoat can legitimately charge interest on the outstanding payments – this interest could potentially run into 6 figures. Keepmoats financial year ends on 31 December and so the payments must have been made by this time. It will require a number of days for the payment to be processed by the Council and by Keepmoat and with the Christmas period we will need to begin this process on the day of the Leaders Key decision to be confident that we avoid significant additional costs to the Council.</p>
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- (2) note that no key decisions were taken under special urgency procedures.**

68 TREASURY MANAGEMENT 2017/18 HALF YEARLY UPDATE

The Deputy Leader submitted a report on the Treasury Management actions and performance in 2017/18 up to 30 September 2017, as set out on pages 35 to 52 of the agenda.

RESOLVED to

- (1) note the Treasury Management actions taken in 2017/18 to 30 September 2017, detailed in the report;**

- (2) approve the revision of the prudential indicators within the 2017/18 Treasury Management Strategy, detailed in section 5.3 of the report.**

69 MOTION

Moved by Councillor Jane Urquhart, seconded by Councillor Cheryl Barnard:

This Council is deeply concerned by the significant increase in people at risk of or facing homelessness. Since 2010, the number of people applying to the Council as homeless has increased by 44%. This Council believes that the government's inadequate response to rising homelessness has allowed the situation to become a crisis.

This Council calls on the Government to:

- Provide adequate funding to enable Councils to successfully implement the Homelessness Reduction Act;
- Ensure that changes to the way that supported housing is funded meet the needs that Councils have identified;
- Reform the legal framework for assured shorthold tenancies to give those renting privately greater security and certainty
- Set Councils free to build the homes that local people need.

This Council commits to:

- Continuing our 'No Second Night Out' policy, ensuring that no one need sleep rough in Nottingham;
- Ensuring sufficient provision of temporary accommodation, so that no family is placed in Bed and Breakfast accommodation by the end of 2018;
- Working with the private rented sector in order to prevent and alleviate homelessness;
- Work with partners to ensure a joined up approach to preventing homelessness and ensuring those who do become homeless can easily access the appropriate support;
- Developing a new five year homelessness prevention strategy which sets out our vision for homelessness prevention and how, in partnership, we will deliver it;
- Promoting access to employment advice and support initiatives to improve financial resilience.

RESOLVED to carry the motion.

70 COMMITTEE MEMBERSHIPS

RESOLVED to note the following in-year changes to non-executive committee memberships approved by the Corporate Director for Strategy and Resources:

- (a) Appointments and Conditions of Service Committee – the appointment of Councillor Andrew Rule to fill a vacancy;**
- (b) Children and Young People Scrutiny Committee – the appointment of Councillor Andrew Rule to fill a vacancy;**
- (c) Health and Wellbeing Board – the appointment of Councillor Cheryl Barnard to replace Councillor Steve Battlemuch;**

- (d) Health Scrutiny Committee – the removal of Councillor Cheryl Barnard as a substitute;**
- (e) Overview and Scrutiny Committee – the appointment of Councillor Jim Armstrong to fill a vacancy;**
- (f) Standards Committee – the appointment of Councillor Andrew Rule to fill a vacancy, and the appointment of Councillor Jim Armstrong as a substitute to fill a vacancy.**

CITY COUNCIL – 5 MARCH 2018

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 To note the urgent decisions taken, as detailed in the appendices.

3 REASONS FOR RECOMMENDATIONS

- 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 (INCLUDING OUTCOMES OF CONSULTATION)

- 5.1 Call-in and Urgency (Overview and Scrutiny) Procedure Rules: Councillors 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 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 that the decision proposed is reasonable in the circumstances and that it should be treated as a matter of urgency. In the absence of the Chair, one of the Vice-Chairs' 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: 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, the then 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.
- 5.3 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 the Overview and Scrutiny Committee or Lord Mayor, the Sheriff (as Vice Chair of Council).

Once agreement has been sought and as soon as is 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.

5.4 In addition the procedure requires that the Leader of the Council submits at least 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). Details of key decisions taken under the special urgency procedure are set out in Appendix 2.

6 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)

6.1 None

7 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT 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 City Council's Constitution

10.2 The delegated decisions and committee reports detailed in the appendices to the report, as published on the City Council's website.

**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>
3048	16/01/2018	Nottingham Homelessness Reduction Cold Weather Plan: Accommodation for Rough Sleepers	£149,612	Portfolio Holder for Planning, Housing and Heritage	Chair of Overview and Scrutiny	Contracts need to be concluded with the provider (Framework) as soon as possible to enable Nottingham City Council to formalise the decision to receive the grant and commit the expenditure to provide services for vulnerable citizens
3051	23/01/2018	Approval for funding and contractual arrangements for the expansion of Glade Hill Primary School and Middleton Primary School	£5,600,000	Leader of the Council	Chair of Overview and Scrutiny	The Council must be in contract with the contractors from the EMPA/ Scape Regional Framework by the 30 th January 2018 otherwise there will be a major delay in delivering the works by September 2018 and there will also be financial implications/ penalties (abortive costs in terms of feasibility works carried out)
3072	09/02/2018	Additional funding for new build housing scheme at former Morley School site	Exempt	Portfolio Holder for Planning, Housing and Heritage	Chair of Overview and Scrutiny	The additional funds are required to settle the final contract figure for the development of the Morley School site. Failure to pay

						promptly could result in financial penalty for the Council
3081	19/02/2018	Asbestos removal and partial demolition of former Elms School, Cranmer Street, St Anns	£350,000	Leader of the Council	Chair of Overview and Scrutiny	Contractors are already on-site. Delays will incur further costs to the City Council, and will delay the removal of hazardous waste from the site
N/A	20/02/2018	Medium Term Financial Plan	£125.651m	Executive Board	Chair of Overview and Scrutiny	The Council's budget has to be approved at the Full Council meeting on 5 March 2018 (agenda publication date is before the call-in period will have ended)
N/A	20/02/2018	Treasury Management 2018/19 Strategy and Revision to 2017/18 Debt Repayment Strategy	Nil	Executive Board	Chair of Overview and Scrutiny	The Treasury Management Strategy has to be approved at the Full Council meeting on 5 March 2018 (agenda publication date is before the call-in period will have ended)

SPECIAL URGENCY PROCEDURE – KEY DECISIONS

<u>Date of decision</u>	<u>Subject</u>	<u>Value of decision</u>	<u>Decision taker</u>	<u>Reasons for special urgency</u>
20/02/2017	Medium Term Financial Plan 2018/19 – 2012/22 – Key Decision	£125.651m	Executive Board	The Council's budget has to be approved at Full Council in March 2018, which takes place before the March 2018 Executive Board meeting.

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CITY COUNCIL – 5 MARCH 2018

REPORT OF THE DEPUTY LEADER

TREASURY MANAGEMENT 2017/18 STRATEGY AND REVISION TO 2017/18 DEBT REPAYMENT STRATEGY

1 SUMMARY

- 1.1 This report seeks approval for a series of strategies relating to treasury management in 2018/19. The strategies were considered as part of a number of reports on the 2018/19 budget process. They were submitted for endorsement to Executive Board on 20 February 2018.
- 1.2 A copy of the Executive Board report has been attached. Full details of the strategies and other material referred to below are shown within that document. The specific strategies included within the Executive Board report are:
- the overall Treasury Management Strategy for 2018/19 (Appendix 1, pages 1-13);
 - the Debt Repayment Strategy (Minimum Revenue Provision) in 2018/19 (Appendix 4, page 19 - 20);
 - the Housing Revenue Account Treasury Management Strategy for 2018/19 (within Appendix 1, pages 1 - 13);
 - the Investment Strategy for 2018/19 (Appendix 1, pages 8 - 11)
 - the Borrowing Strategy for 2018/19 (Appendix 1, pages 4 – 7)
 - the Treasury Management Policy Statement (Appendix 5, pages 21 - 22)
- 1.3 Approval is also required for the Prudential Indicators and limits from 2016/17 to 2020/21 (Appendix 3, pages 16 - 18).
- 1.4 Approval is required for the revision to the 2017/18 Debt Repayment Strategy (Appendix 9).

2 RECOMMENDATIONS

- 2.1 To approve the 2018/19 Treasury Management Strategy document, including the strategy for debt repayment and the investment strategy, as detailed in Executive Board report Appendix 1.
- 2.2 To approve the Prudential Indicators and limits from 2016/17 to 2020/21, as detailed in Appendix 3 of the Executive Board report (pages 16 - 18).
- 2.3 To adopt the current Treasury Management Policy Statement, as detailed in Appendix 5 of the Executive Board report (pages 21 – 22).
- 2.4 To approve the revision to the 2017/18 Debt Repayment Strategy, as detailed in Appendix 9 of the Executive Board report.

3 REASONS FOR RECOMMENDATIONS

- 3.1 Approval of a Treasury Management Strategy is a legal requirement.
- 3.2 A Treasury Management Strategy and Policy Statement will ensure compliance with the Code of Practice on Treasury Management in Public Services (the Code).

- 3.3 There is a legal requirement to approve any in year revisions to the current Treasury Management Strategy, including the Debt Repayment Strategy (MRP policy).

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 4.1 The approval of a Treasury Management Strategy is a legal requirement. The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the portfolio holder, believes that the proposed strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications can be found in Appendix 7.

5 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 5.1 Treasury management is the management of the Council's cash flows, including borrowings and investments. It is regulated by CIPFA's Treasury Management Code of Practice.
- 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 During 2017/18 the Council has undertaken a review of its minimum revenue provision (MRP) calculation within the Debt Repayment Strategy. The review looked in particular at the methodology applied to capital expenditure financed by borrowing before 1 April 2007. The revised approach which is an adaptation of option 1 of the guidance has been deemed prudent, appropriate and as having regard for the relevant MRP guidance, as detailed in Appendix 9 of the Executive Board report.

6 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)

- 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.
- 6.2 The Treasury Management forecast outturn for 2017/18 is reflected within the Corporate Budget report elsewhere on this agenda.
- 6.3 The budget for 2018/19 is based on the financial implications of the various proposed strategies, as detailed in Appendix 1 of the Executive Board report. The estimate of £50.171m is included within the Medium Term Financial Plan (MTFP).

6.4 The councils MTFP reflects the capital schemes within the approved capital program and a number of schemes in development which will significantly increase this programme to reflect the potential investment in the City Centre.

6.5 The Council's level of net external debt is anticipated to be £1,112.1m including £208.0m of Private Finance Initiative (PFI) liabilities as at 31 March 2018. Further borrowing of £103.4 is expected to increase the total debt to £1,153.8m including £201.0m PFI debt by 31 March 2019. The cost of interest payments on debt are expected to increase by £3.5m in 18/19.

6.6 The 2018/19 strategy continues to be to fund the borrowing requirement from short term interest rates, balances and reserves whilst still allowing the Council to take advantage of longer term funding opportunities. The relatively low interest rate funding environment is expected to continue for at least the next couple of years. This strategy does increase the Council's exposure to changes in long term interest rates, however this exposure is considered manageable given that £763m of the Council's long term loan portfolio is at fixed rates and funded at less than 3.8% with good spread of maturities.

The treasury management budget assumes the anticipated borrowing requirement will be financed by long term loans, together with an element of short term loans in 2018/19 to take the opportunity afforded by the low interest rates. Appendix 2 of the Executive Board report shows Link Asset Services' Interest Rate Forecast.

6.7 The MRP review identified £28m of overprovision for the repayment of pre 2007 Support Borrowing. An overprovision adjustment is to be applied over 7 years starting in 2017/18 linked to the requirement for service transformation works to support the delivery of a sustainable medium term financial plan. In 2024/25 the revenue budget will need to manage a £4.6m step-up in MRP charge as the overprovision adjustment drops out, however this is currently seen as affordable. The residual Supported Borrowing element of the CFR will continue to be repaid by 2066/67, in line with the current MRP policy.

7 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

7.1 The legal basis for Minimum Revenue Provision ('MRP') is set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended ('the Regulations'). The Regulations provide that local authorities are under a duty to make an amount of MRP which it considers to be 'prudent'. There is no definition for 'prudent' in the Regulations. Local Authorities are obliged by the Local Government Act 2003 to have regard to statutory guidance on MRP. A local authority must make a statement setting out its policy on making prudent provision for MRP to full Council for approval. The current guidance issued by DCLG in February 2012 sets out a series of options for identifying 'prudent' provision. Those options are not the only permissible underpinning for a prudent provision decision but it is understood that the City Council will be relying on one of the options.

8 EQUALITY IMPACT ASSESSMENT (EIA)

8.1 An EIA is not needed as the report does not contain proposals for new or changing policies, services, or functions.

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

9.1 PWLB records, working papers

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Executive Board report 20 February 2018 – Treasury Management 2018-19 Strategy.

**COUNCILLOR GRAHAM CHAPMAN
DEPUTY LEADER**

EXECUTIVE BOARD - 20 FEBRUARY 2018

Subject:	TREASURY MANAGEMENT 2018/19 STRATEGY AND REVISION TO 2017/18 DEBT REPAYMENT STRATEGY
Corporate Director(s)/Director(s):	Laura Pattman, Strategic Director for Finance
Portfolio Holder(s):	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration
Report author and contact details:	Theresa Channell, Head of Strategic Finance 0115 8763649 theresa.channell@nottinghamcity.gov.uk
Subject to call-in:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Key Decision:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Criteria for Key Decision:	
(a) <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	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure:	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Total value of the decision: Nil	
Wards affected: All	
Date of consultation with Portfolio Holder(s): Throughout the budget process	
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input checked="" type="checkbox"/>
Schools	<input checked="" type="checkbox"/>
Planning and Housing	<input checked="" type="checkbox"/>
Community Services	<input checked="" type="checkbox"/>
Energy, Sustainability and Customer	<input checked="" type="checkbox"/>
Jobs, Growth and Transport	<input checked="" type="checkbox"/>
Adults, Health and Community Sector	<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years	<input checked="" type="checkbox"/>
Leisure and Culture	<input checked="" type="checkbox"/>
Resources and Neighbourhood Regeneration	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>This report sets out the Treasury Management and Investment strategies for 2018/19 including the debt repayment strategy and the associated Prudential Indicators shown within appendices to the strategy report.</p> <p>The report also outlines work undertaken to review and amend the current profile for reducing the Council's underlying need to borrow (Capital Financing Requirement - CFR) through the annual Minimum Revenue Provision charge to revenue (MRP) in respect of capital expenditure incurred prior to 2007/08 which was funded by borrowing. The revised method of calculating a prudent MRP provision has identified short to medium term revenue benefits and seeks approval.</p>	
Exempt information: None	
Recommendation(s):	
<p>1 To endorse and recommend for approval by the City Council at its meeting on 5 March 2018 the overall Treasury Management Strategy for 2018/19 (Appendix 1), and, in particular:</p> <p>a. the strategy for debt repayment (Minimum Revenue Provision) in 2018/19 (Appendix 4);</p> <p>b. the Investment Strategy for 2018/19 (within Appendix 1);</p> <p>c. the prudential indicators and limits for 2017/18 to 2020/21 (Appendix 3);</p> <p>d. adopt the current Treasury Management Policy Statement (Appendix 5).</p>	

2 To endorse and recommend for approval by the City Council at its meeting on 5 March 2018 the revision to the 2017/18 strategy for Debt Repayment (Minimum Revenue Provision) **(Appendix 9)**

1 REASONS FOR RECOMMENDATIONS

- 1.1 Approval of a Treasury Management Strategy is a legal requirement, 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.
- 1.2 This legal requirement also applies to the approval of any in year revisions to the current Treasury Management Strategy, including the MRP policy.

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 adopts the current requirements of these codes 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 20 February 2018, as part of the scrutiny process required by the CIPFA Code of Practice.
- 2.5 Treasury Management and Investment Strategy 2018/19
- 2.5.1 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 Appendix 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.

2.5.2 Department for Communities and 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.

2.6 Prudential Indicators (Appendix 3)

2.6.1 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.

2.6.2 Appendix 3 within the Treasury Management Strategy (Appendix 1) sets out the indicators for 2016/17 to 2020/21 that are expected to be generated by the proposed strategies. Explanatory notes for each indicator are also provided.

2.7 Debt Repayment Strategy for 2018/19 (Appendix 4)

2.7.1 Minimum Revenue Provision (MRP) arises because there is statutory requirement for local authorities to set aside some of their revenue resources as provision for reducing the underlying need to borrow (Capital Financing Requirement - CFR), i.e. the borrowing taken out in order to finance capital expenditure.

2.8 Treasury Management Policy Statement (Appendix 5)

2.8.1 The Prudential Code, issued by CIPFA and adopted formally by the Council, requires the Treasury Management Policy Statement to be adopted annually alongside the Treasury Management Strategy. This details the policies that are used as the cornerstones for effective treasury management.

2.9 Revision to the Debt Repayment Strategy (MRP) for 2017/18 (Appendix 9)

2.9.1 The current Minimum Revenue Provision (MRP) policy was first approved as part of the Treasury Strategy for 2016/17 which included making a 2% MRP charge on the outstanding Supported Borrowing as at 01 April 2017 so that the debt would be fully repaid in 50 years. Supported Borrowing is the capital expenditure incurred prior to 2007/08 which was funded by borrowing.

- 2.9.2 The relevant regulations state that Local Authorities are required to have regard to the MRP guidance when setting MRP Policy. The guidance gives flexibility in how it calculates MRP, providing the calculation is deemed prudent.
- 2.9.3 Work has been undertaken to calculate a notional overpayment of MRP since 2007 by the retrospective re-profiling of MRP on the supported borrowing using the current 2% MRP Policy. This proposal seeks to provide a prudent provision for debt repayment that is also a fair approach for current and future Council Tax payers whilst giving due regard to the MRP guidance.
- 2.9.4 This overpayment was calculated as £28m and is to be used towards service transformation over a 7 year period by offsetting the MRP overpayment adjustment of £4m a year until 2023/24. During this period the council will continue to calculate MRP based on the current MRP policy of 2% on supported borrowing based on the 01 April 2017 balance (£4.1m) but with include an adjustment of 1/7th of the MRP overpayment. No year shall have a nil or negative MRP on Supported Borrowing.
- 2.9.5 The MRP revenue charge will be reduced in years 1-7, which results in the Council's underlying need to borrow (Capital Financing Requirement) being £28m higher by 2023/24 and at which point the MRP revenue charge increases to £4.7m pa so the supported borrowing continues to be fully repaid in year 50, 2066/67 inline with the current policy (the profiling is shown in Appendix 9).

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 The approval of a Treasury Management Strategy is a legal requirement. The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the portfolio holder, believes that the proposed strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications can be found in Appendix 7.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 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.
- 4.2 The Treasury Management forecast outturn for 2017/18 is reflected within the Corporate Budget report elsewhere on this agenda.
- 4.3 The budget for 2018/19 is based on the financial implications of the various proposed strategies, as detailed in Appendix 1. The estimate of £50.171m is included within the Medium Term Financial Plan (MTFP).

- 4.4 The councils MTFP reflects the capital schemes within the approved capital program and a number of schemes in development which will significantly increase this programme to reflect the potential investment in the City Centre.
- 4.5 The Council's level of net external debt is anticipated to be £1,112.1m including £208.0m of Private Finance Initiative (PFI) liabilities as at 31 March 2018. Further borrowing of £103.4 is expected to increase the total debt to £1,153.8m including £201.0m PFI debt by 31 March 2019. The cost of interest payments on debt are expected to increase by £3.5m in 18/19.
- 4.6 The 2018/19 strategy continues to be to fund the borrowing requirement from short term interest rates, balances and reserves whilst still allowing the Council to take advantage of longer term funding opportunities. The relatively low interest rate funding environment is expected to continue for at least the next couple of years. This strategy does increase the Council's exposure to changes in long term interest rates, however this exposure is considered manageable given that £763m of the Council's long term loan portfolio is at fixed rates and funded at less than 3.8% with good spread of maturities.

There is a potential saving of £0.190m per £10m borrowed short term at 0.50% (Bank Rate) vs 50 year PWLB debt at 2.40%; balanced against the financial impact of each 0.25% rise is an extra £0.025m per annum in interest cost. This strategy will be kept under regular review and will use the support of our external treasury advisors, the latest economic and interest rate forecasts and funds will be maintained within the Treasury Management Reserve to protect the MTFP from unanticipated interest cost increases. Appendix 2 shows Link Asset Services' Interest Rate Forecast.

- 4.7 The MRP overpayment adjustment is £28m split over 7 years starting in 2017/18 linked to the requirement for service transformation works to support the delivery of a sustainable medium term financial plan. In 2024/25 the revenue budget will need to manage a £4.6m step-up in MRP charge as the overpayment adjustment drops out, however this is currently seen as affordable. The residual Supported Borrowing element of the CFR will continue to be repaid by 2066/67, inline with the current MRP policy.
- 4.8 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.
- 4.9 The key strategic risk relating to treasury management is SR17 'Failure to protect the Council's investments'. The current rating for this risk is 5.0 (Likelihood = unlikely, Impact = moderate). Full details of the Risk Management Action Plan are maintained and reviewed at least quarterly by Treasury Panel. This document will be submitted to Audit Committee for scrutiny as part of the Treasury Management Strategy Report.

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The legal basis for Minimum Revenue Provision ('MRP') is set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended ('the Regulations'). The Regulations provide that local authorities are under a duty to make an amount of MRP which it considers to be

'prudent'. There is no definition for 'prudent' in the Regulations. Local Authorities are obliged by the Local Government Act 2003 to have regard to statutory guidance on MRP. A local authority must make a statement setting out its policy on making prudent provision for MRP to full Council for approval. The current guidance issued by DCLG in February 2012 sets out a series of options for identifying 'prudent' provision. Those options are not the only permissible underpinning for a prudent provision decision but it is understood that the City Council will be relying on one of the options. It is advisable that the report to full council should set out which option in the statutory guidance has been chosen and to explain how that option and the guidance permits a prudent provision decision on MRP to be changed retrospectively.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

6.1 Not applicable

7 SOCIAL VALUE CONSIDERATIONS

7.1 Not applicable

8 REGARD TO THE NHS CONSTITUTION

8.1 Not applicable

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 An EIA is not needed as the report does not contain proposals for new or changing policies, services, or functions.

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

10.1 PWLB records, working papers

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 None

NOTTINGHAM CITY COUNCIL
TREASURY MANAGEMENT STRATEGY 2018/19

CONTENTS	
SECTION	PAGE
Introduction and Context	2
Borrowing Strategy	4
Investment Strategy	8
Approved Counterparties	8
Liquidity Management	11
Policy on Use of Financial Derivatives	11
Policy on Apportioning Interest to the Housing Revenue Account	12
Investment Training and Advisors	12
Management of Risk	13
Management practices for Non-Treasury Investments	13

TABLES	
TABLE	PAGE
1 Forecast Borrowing Requirements	4
2 Investment Counterparties	8
3 Non-Specified Investment Limits	11
4 Investment Limits	11

APPENDICES	
ITEM	PAGE
2 – Projected Interest Rates 2017 to 2021 and Commentary	14
3 – Schedule of Prudential Indicators, 2016/17 to 2020/21	16
4 – Minimum Revenue Provision Statement	19
5 – Treasury Management Policy Statement	21
6 – Investment and Debt portfolios	23
7 – Other Options Considered	24
8 – Glossary of Treasury Management Technical Terms	25

Executive Board 20 February 2018
Audit Committee 23 February 2018
City Council 5 March 2018

Introduction

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

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

CIPFA defines treasury management as:

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

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

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

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

A mid-year treasury management report – This will update councillors with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

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

Scrutiny

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

Capital Strategy

In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019-20, all local authorities will be required to

prepare an additional report, a Capital Strategy report, which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the full council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

External Context

Economic background: After the UK surprised on the upside with strong economic growth in 2016, growth in 2017 has been disappointingly weak; quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 was +0.3% (+1.5% y/y) and quarter 3 was +0.4% (+1.5% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole

Interest rate forecast: The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently

A more detailed interest rate forecast provided by Link Asset Services is attached at Appendix 2.

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.45%, short-term loans will be

borrowed at an average of 0.50% and that new long-term loans will be borrowed at an average rate of 2.80%.

Local Context

The Council has £886.0m of borrowing and £67.0m of investments as at 31 December 2017 set out in further detail within Appendix 6. Forecast changes in these sums and the estimated future borrowing requirement are shown in the balance sheet analysis in table 1 below.

Table 1: Forecast Borrowing Requirements

	31.3.17	31.3.18	31.3.19	31.3.20	31.3.21
	Actual	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
General Fund CFR	1,000.2	1,070.3	1,084.0	1,119.4	1,128.6
HRA CFR	280.3	294.1	304.6	305.9	308.7
Total CFR	1,280.5	1,364.4	1,388.6	1,425.3	1,437.3
Less: Other debt liabilities *	- 226.0	- 208.0	- 201.0	- 191.4	- 181.8
Borrowing CFR	1,054.5	1,156.4	1,187.6	1,233.9	1,255.5
Less: External borrowing **	- 788.9	- 884.7	- 849.4	- 795.6	- 778.4
Internal borrowing	265.6	271.7	338.2	438.3	477.1
Less: Usable reserves & working capital	304.0	252.4	234.8	223.2	213.3
(Investments) or New borrowing ***	- 38.4	19.3	103.4	215.1	263.8

* finance leases and PFI liabilities that form part of the Council's debt

** shows only loans to which the Council is committed and excludes optional refinancing

*** estimate does not include provision for maintaining c.£30m investments held for liquidity management so actual borrowing required may be higher.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, subject to holding a minimum investment balance of around £30m.

The Council has an increasing CFR due to the capital programme, and minimal investments and will therefore expect to borrow £264m over the forecast period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2018/19.

Borrowing Strategy

As at 31 December the Council holds £886.0m of loans (excluding £212.0m PFI debt), an increase of £97.1m on the previous year, as part of its strategy for funding this and previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council expects to borrow up to £103.4m by the end of 2018/19 at which point external debt will be around £952.8m (£1,153.8 including PFI debt).

The Council may also commit to borrow additional sums at fixed rates to pre-fund future years' requirements, to reduce its level of internal borrowing or for additional capital schemes that are not yet in the approved capital program providing this does not exceed the authorised limit for borrowing of £1,353.8 million.

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

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Based on the current central case forecast the Council will look to partially fund the borrowing requirement from short term loans at low interest rates whilst allowing flexibility to take advantage of longer term funding opportunities to fix the interest rate and so reduce the overall level of interest rate exposure. Any borrowing will be subject to the Council's limits on the exposure to variable interest rates shown in the Prudential Indicators shown in Appendix 3.

When borrowing, the Council usually pays a margin above prevailing central government funding costs (gilt yields). For PWLB loans, this margin is fixed at 0.80% for the majority of funding. However, when funding via the money

markets, via short-term loans with a maturity date of than less than 1 year, little or no margin is applied by local authorities that are depositing surplus cash. In addition, short-term rates are based on prevailing Bank of England "Bank Rate", currently 0.50% while longer term loans will reflect longer-term trends and other market factors. Consequently, it is currently significantly cheaper to borrow short-term debt from other local authorities than borrow PWLB loans.

The saving against 50 year PWLB debt is currently $(2.40\% - 0.50\%) =$ £190,000 per annum for every £10m borrowed; the impact of each 0.25% rise in Bank Rate is an £25,000 extra cost per annum. While there is the risk of not finding sufficient short term funding, local authorities have around £37bn available to invest and the PWLB also provides a liquidity back stop.

In this way the Council will be able to reduce net borrowing costs and balance the level of overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Our treasury advisors will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.

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

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

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as the European Investment Bank (EIB), local authority loans and bank loans that may be available at more favourable rates.

European Investment Bank (EIB): The EIB is the world's largest multilateral development bank. The Bank is a not for profit institution and has a relatively low cost of funding which now represents an attractive funding source for authorities with a sufficiently large capital programme. The product range allows a more sophisticated approach to risk management incorporating forward starting loans, sculpted repayment profiles and a mix of fixed and floating rate debt can be utilised to complement the existing debt portfolio.

Municipal Bond Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.

LOBOs: The Council holds £34m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £24m of these LOBOS have options during 2018/19, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

Short-term and Variable Rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

Debt Rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Forward Starting Loans: In order to minimise the risk of the uncertainty of future interest rates, we will consider the use of 'Forward Starting loans' to fix the rate of interest for a specific loan where the cash will be taken at a set future date. These will be considered where it clearly demonstrates a reduction in the overall financial risk the council is exposed to commensurate to the financial impact of the deal.

Investment Strategy

The Council holds invested funds representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £25m and £67m, but investment balances are expected to be maintained at a balance of around £30m in the forthcoming year.

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

Strategy: Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council aims primarily to avoid credit risk by holding a minimum level of investments for cash flow liquidity purposes only. The majority of the Council's surplus cash is currently invested in highly liquid short-term unsecured bank deposits and money market funds. Should investment balances increase for a sustained period the Council will aim to diversify further into secured asset classes.

Approved Counterparties: The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government
UK Govt	n/a	n/a	£ Unlimited 50 years
AAA	£10m 5 years	£10m 20 years	£10m 50 years
AA+	£10m 2 years	£10m 10 years	£10m 25 years
AA	£10m 2 years	£10m 5 years	£10m 15 years
AA-	£10m 2 years	£10m 4 years	£10m 10 years
A+	£10m 2 years	£10m 3 years	£10m 5 years
A	£10m 13 months	£10m 2 years	£10m 5 years
A-	£10m 6 months	£10m 13 months	£10m 5 years
None	n/a	n/a	£10m 25 years
Pooled funds	£10m per fund		

This table must be read in conjunction with the notes below:-

Lloyds Bank: The Council's own bank, will be subject to the limits in table 2 for investment balances, but also accommodate necessary short-term cash management balances for periods of up to 4 days with no maximum sum.

Credit Rating: Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

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

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

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus corporate bonds, commercial paper, equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee.

Short-term Money Market Funds that offer same-day liquidity and very low or no volatility (CNAV/LVNAV funds) will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices (VNAV funds) and/or have a notice period will be used for longer investment periods.

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

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

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

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

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

The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of AAA from at least one of the main credit rating agencies.

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any treasury investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. The limit for non-specified investments is shown in table 3 below.

Table 3: Non-Specified Investment Limit

	Cash limit
Total non-specified investments	£30m

Investment Limits: The Council's revenue reserves available to cover investment losses are forecast to be c.£116 million on 31st March 2018. In order that no more than 10% of available reserves will be put at risk in the case of a single default, the maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £10 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£50m per broker
Foreign countries	£10m per country
Money Market Funds	£50m in total

Other Items

There are a number of additional items that the Council is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

Liquidity Management: The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts underestimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.

Policy on Use of Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local

authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

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

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

Policy on Apportioning Interest to the HRA: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured and interest transferred between the General Fund and HRA at the average 3 month UK Government Treasury Bill interest rate to reflect a credit risk free return.

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

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

The CIPFA Code requires the responsible officer to ensure that councillors with responsibility for treasury management receive adequate training in treasury management. This especially applies to councillors responsible for scrutiny. The training was provided to councillors including Audit Committee on Treasury Management on 30 October 2017 and further training will be arranged as required.

Investment Advisers: The Council uses Link Asset Services as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources whilst understanding that the responsibility for treasury management decisions remains with the council at all times and will ensure that undue reliance is not placed upon our external service providers.

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

The total amount borrowed will not exceed the authorised borrowing limit of £1,320 million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Management of Risk: Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. Details of the specific risks identified in respect of treasury management within the Council are adopted to form a Risk Management Action Plan. This Plan is reviewed at regular intervals at meetings of the Treasury Management Panel and is reported to Audit Committee for scrutiny as part of the Treasury Management Strategy Report.

Management practices for Non-Treasury Investments: The council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The council will ensure that all investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the council's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The organisation will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

Interest Rate Forecast and Commentary - December 2017

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Fed has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Fed. has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period. Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- The Bank of England takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- Germany is still without an effective government after the inconclusive result of the general election in October. In addition, Italy is to hold a general election on 4 March and the anti EU populist Five Star party is currently in the lead in the polls, although it is unlikely to get a working majority on its own. Both situations could pose major challenges to the overall leadership and direction of the EU as a whole and of the individual respective countries. Hungary will hold a general election in April 2018.
- The result of the October 2017 Austrian general election has now resulted in a strongly anti-immigrant coalition government. In addition, the Czech ANO party became the largest party in the October 2017 general election on a platform of being strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump
- A sharp Chinese downturn and its impact on emerging market countries

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds

to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

Appendix 3

PRUDENTIAL INDICATORS 2016/17 – 2020/21					
	2016/17 Act £m	2017/18 Est £m	2018/19 Est £m	2019/20 Est £m	2020/21 Est £m
1. PRUDENCE INDICATORS					
i) Capital Expenditure					
General Fund	178.2	186.0	113.0	104.8	65.2
HRA	56.3	59.9	59.3	41.9	36.4
	234.5	245.9	172.3	146.7	101.6
ii) CFR at 31 March					
General Fund	774.2	862.3	883.0	928.0	946.8
HRA	280.3	294.1	304.6	305.9	308.7
PFI-related debt	226.0	208.0	201.0	191.4	181.8
	1,280.5	1,364.5	1,388.6	1,425.2	1,437.3
iii) External Debt at 31 March					
Borrowing	788.9	904.0	952.8	1,010.7	1,042.3
Other (PFI debt)	226.0	208.0	201.0	191.4	181.8
Gross Debt	1,014.9	1,112.0	1,158.8	1,202.1	1,224.1
2. AFFORDABILITY INDICATORS					
i) Ratio of financing costs to net revenue stream					
General Fund	12.80%	15.32%	16.07%	17.23%	19.18%
HRA	12.00%	12.37%	12.99%	13.16%	13.39%
ii) Authorised limit for external debt		£m	£m	£m	£m
iii) Operational Boundary for ext. debt		1,300.0	1,353.8	1,402.1	1,424.1
iv) HRA limit on indebtedness		1,275.0	1,313.8	1,362.1	1,384.1
HRA CFR		294.1	304.6	305.9	308.7
HRA Debt Cap (CLG prescribed)		319.8	319.8	319.8	319.8
Difference - headroom		25.7	15.2	13.9	11.1
3. TREASURY MANAGEMENT INDICATORS					
i) Upper limit on variable interest rate exposure	200.7	175.5	300.0	300.0	300.0
ii) Debt maturity structure					
- under 12 months	17%	10%	0-25%	0-25%	0-25%
- 12 months to 2 years	4%	4%	0-25%	0-25%	0-25%
- 2 to 5 years	12%	11%	0-25%	0-25%	0-25%
- 5 to 10 years	16%	14%	0-25%	0-25%	0-25%
- 10 to 25 years	24%	20%	0-50%	0-50%	0-50%
- 25 to 40 years	21%	18%	0-50%	0-50%	0-50%
- 40 years and above	6%	24%	0-50%	0-50%	0-50%
iv) Sums invested for >365 days					
- in-house limit	£0m	£0m	£100m	£50m	£20m
v) Credit risk	Provided in Appendix 1,				

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 including schemes in development.
- 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 existing and proposed capital expenditure.
- ii) *'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.
- iii) *'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.
- iv) *'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) *'Upper limit on variable interest rate exposure'* - is set to control the Authority's exposure to interest rate risk. The upper limits on variable rate interest rate exposures, expressed as the amount of principal borrowed 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) *'Upper and lower limits with respect to the maturity structure of the Council's borrowing'* – this shows the amount of borrowing maturing in each period, expressed as a percentage of total borrowing.
 - This indicator is designed to be a control over having large amounts of debt falling to be replaced at the same time.
- iii) *'Total sums invested for periods of greater than 365 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.
- iv) *Credit risk* – The Council monitors a range of factors to manage credit risk, detailed in its annual Treasury Management Strategy.

Annual Minimum Revenue Provision Statement 2018/19

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* (the CLG Guidance) most recently issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance as well as locally determined prudent methods.

- For capital expenditure incurred before 2007/08, and for supported capital expenditure incurred on or after that date, the MRP policy will be to charge an amount per Schedule A below. This charge is based on the principle of repaying the outstanding balance as 31 March 2016 over a 50 year period (2066/67) as per profile approved in 2017/18.
- For unsupported capital expenditure incurred after 2007/08, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments or as the principal repayment on an annuity, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. (*Option 3 in the guidance*)
- For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- Where loans are made to other bodies for their capital expenditure, MRP will be charged or reduce the outstanding debt in line with the principal repayment profile in the 3rd party agreement.
- No MRP will be charged in respect of assets held within the Housing Revenue Account.
- Voluntary MRP may be made at the discretion of the Director of Finance.

- Capital receipts maybe voluntarily set-aside to clear debt and replace with future prudential borrowing to temporarily reduce the MRP charge. This use of capital receipts will be at the discretion of the Director of Finance.

Capital expenditure incurred during 2018/19 will not be subject to a MRP charge until 2019/20.

Schedule A - MRP profile for outstanding Supported Borrowing

Supported Borrowing is capital expenditure incurred before 2007/08, and for supported capital expenditure incurred on or after that date.

	Year	MRP Payment	Supported Borrowing Balance
2	2018/19	76,894	204,887,243
3	2019/20	76,894	204,810,349
4	2020/21	76,894	204,733,455
5	2021/22	76,894	204,656,561
6	2022/23	76,894	204,579,667
7	2023/24	76,893	204,502,774
8	2024/25	4,755,878	199,746,895
9	2025/26	4,755,878	194,991,017
10	2026/27	4,755,878	190,235,138
11	2027/28	4,755,878	185,479,260
12	2028/29	4,755,878	180,723,381
13	2029/30	4,755,878	175,967,503
14	2030/31	4,755,878	171,211,624
15	2031/32	4,755,878	166,455,746
16	2032/33	4,755,878	161,699,867
17	2033/34	4,755,878	156,943,989
18	2034/35	4,755,878	152,188,111
19	2035/36	4,755,878	147,432,232
20	2036/37	4,755,878	142,676,354
21	2037/38	4,755,878	137,920,475
22	2038/39	4,755,878	133,164,597
23	2039/40	4,755,878	128,408,718
24	2040/41	4,755,878	123,652,840
25	2041/42	4,755,878	118,896,961
26	2042/43	4,755,878	114,141,083
27	2043/44	4,755,878	109,385,204
28	2044/45	4,755,878	104,629,326
29	2045/46	4,755,878	99,873,448
30	2046/47	4,755,878	95,117,569
31	2047/48	4,755,878	90,361,691
32	2048/49	4,755,878	85,605,812
33	2049/50	4,755,878	80,849,934
34	2050/51	4,755,878	76,094,055
35	2051/52	4,755,878	71,338,177
36	2052/53	4,755,878	66,582,298
37	2053/54	4,755,878	61,826,420
38	2054/55	4,755,878	57,070,541
39	2055/56	4,755,878	52,314,663
40	2056/57	4,755,878	47,558,785
41	2057/58	4,755,878	42,802,906
42	2058/59	4,755,878	38,047,028
43	2059/60	4,755,878	33,291,149
44	2060/61	4,755,878	28,535,271
45	2061/62	4,755,878	23,779,392
46	2062/63	4,755,878	19,023,514
47	2063/64	4,755,878	14,267,635
48	2064/65	4,755,878	9,511,757
49	2065/66	4,755,878	4,755,878
50	2066/67	4,755,878	-

NOTTINGHAM CITY COUNCIL TREASURY MANAGEMENT POLICY STATEMENT

The following treasury management policy statement was formally adopted by the City Council on 5 March 2012.

1. INTRODUCTION AND BACKGROUND

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Executive Board and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 The Council defines its treasury management activities as:

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

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”

2.4 The Council’s borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

2.5 The Council’s primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council’s investments followed by the yield earned on investments remain important but are secondary considerations.

Existing Investment & Debt Portfolio Position

	31 December 2017 Actual Portfolio £m	Average Rate %
External Borrowing:		
PWLB – Fixed Rate	713.864	3.74
PWLB – Variable Rate	54.295	0.65
Local Authorities	68.000	0.39
Market Loans inc LOBO's	49.000	4.35
Bonds/Stock	0.619	3.00
Other	0.195	0.25
Total External Borrowing	885.973	3.33
Other Long Term Liabilities:		
PFI & Finance Leases	211.990	
Total Gross External Debt	1,097.963	
Investments:		
Short-term investments		
- Banks	10.000	0.57
- Other LA's	10.000	0.40
Long-term investments	0.00	
Money Market/Pooled Funds	47.000	0.36
Total Investments	67.000	0.40
Net Debt	1,030.963	

Other Options Considered

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

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

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 Council 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 or Pooled Funds - 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.

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Revision to 2017/18 Minimum Revenue Provision Policy

Background

The council's MRP Policy was reviewed, changed and then approved by Full Council as part of the Treasury Management Strategy for 2016/17 in March 2016.

The changes included to calculate MRP on Supported Borrowing over 50 years (2% pa straight line) with part of the justification for the change in 2016/17 policy was that the weighted average asset life of non-dwelling property assets was over 50 years.

Proposed Change to 2017/18 MRP Policy

To backdate the 2% MRP on Supported Borrowing policy to 2007 and the calculated overprovision to be applied as an adjustment to the forecast MRP in the current and future 7 years.. This results in a lower MRP charge for this period and then a higher MRP charge for the remaining period the current debt provision. This is due to the Capital Financing Requirement (CFR) being higher than that previously calculated. The CFR is reduced by MRP so if MRP is reduced then the CFR and the amount of borrowing required by the council will be higher.

The primary driver for this change is that the MRP overprovision will allow 'transformation of services' works to be carried out that support achieving a sustainable medium term financial plan including the resulting future MRP charges. This scenario is judged to achieve a more prudent provision to repay the councils supported borrowing and provides greater fairness to current and future council tax payers.

The calculated over provision for the period 2007 to 2016 is £28m based on the actual MRP charged to revenue versus the MRP that would have been charged if the supported borrowing element was to be repaid over 50 years i.e. 2% at that point. The £28m over provision is to be applied by adjusting the current MRP calculation over 7 years. This will reduce the current forecast MRP by £4m per annum and will require a re-profiling of future years MRP charges to fully repay the Supported Borrowing outstanding balance over the 50 years as calculated in the policy approved in March 2016. This will not result in a nil or negative MRP in any year (see table 1 for calculations and future years re-profiling).

The increase in the budget required after year 7 will need to be managed by the MTFP but is currently seen as affordable.

The council is required to have regard to the MRP guidance, in which there is scope to adopt an alternative approach in the approved MRP policy based on the judgement of the council as to what constitutes to be a prudent method of calculating the provision for debt repayment. This judgement must be subject to Full Council Approval.

Profiling MRP with overpayment adjustment

	Year	MRP Profile under Current 17/18 Policy		MRP Profile with over payment adjustment under revised 17/18 Policy		Borrowing MRP Balance inc Adj A
		MRP Payment	Borrowing MRP Balance inc Adj A	MRP Payment	MRP Adjustment	
0	2016/17	4,100,821	205,041,031	4,100,821		205,041,031
1	2017/18	4,100,821	200,940,210	4,100,821	- 4,023,927	204,964,137
2	2018/19	4,100,821	196,839,389	4,100,821	- 4,023,927	204,887,243
3	2019/20	4,100,821	192,738,568	4,100,821	- 4,023,927	204,810,349
4	2020/21	4,100,821	188,637,747	4,100,821	- 4,023,927	204,733,455
5	2021/22	4,100,821	184,536,926	4,100,821	- 4,023,927	204,656,561
6	2022/23	4,100,821	180,436,105	4,100,821	- 4,023,927	204,579,667
7	2023/24	4,100,821	176,335,284	4,100,821	- 4,023,928	204,502,774
8	2024/25	4,100,821	172,234,463	4,755,878		199,746,895
9	2025/26	4,100,821	168,133,642	4,755,878		194,991,017
10	2026/27	4,100,821	164,032,821	4,755,878		190,235,138
11	2027/28	4,100,821	159,932,000	4,755,878		185,479,260
12	2028/29	4,100,821	155,831,179	4,755,878		180,723,381
13	2029/30	4,100,821	151,730,358	4,755,878		175,967,503
14	2030/31	4,100,821	147,629,537	4,755,878		171,211,624
15	2031/32	4,100,821	143,528,716	4,755,878		166,455,746
16	2032/33	4,100,821	139,427,895	4,755,878		161,699,867
17	2033/34	4,100,821	135,327,074	4,755,878		156,943,989
18	2034/35	4,100,821	131,226,253	4,755,878		152,188,111
19	2035/36	4,100,821	127,125,432	4,755,878		147,432,232
20	2036/37	4,100,821	123,024,611	4,755,878		142,676,354
21	2037/38	4,100,821	118,923,790	4,755,878		137,920,475
22	2038/39	4,100,821	114,822,969	4,755,878		133,164,597
23	2039/40	4,100,821	110,722,148	4,755,878		128,408,718
24	2040/41	4,100,821	106,621,327	4,755,878		123,652,840
25	2041/42	4,100,821	102,520,506	4,755,878		118,896,961
26	2042/43	4,100,821	98,419,685	4,755,878		114,141,083
27	2043/44	4,100,821	94,318,864	4,755,878		109,385,204
28	2044/45	4,100,821	90,218,043	4,755,878		104,629,326
29	2045/46	4,100,821	86,117,222	4,755,878		99,873,448
30	2046/47	4,100,821	82,016,401	4,755,878		95,117,569
31	2047/48	4,100,821	77,915,580	4,755,878		90,361,691
32	2048/49	4,100,821	73,814,759	4,755,878		85,605,812
33	2049/50	4,100,821	69,713,938	4,755,878		80,849,934
34	2050/51	4,100,821	65,613,117	4,755,878		76,094,055
35	2051/52	4,100,821	61,512,296	4,755,878		71,338,177
36	2052/53	4,100,821	57,411,475	4,755,878		66,582,298
37	2053/54	4,100,821	53,310,654	4,755,878		61,826,420
38	2054/55	4,100,821	49,209,833	4,755,878		57,070,541
39	2055/56	4,100,821	45,109,012	4,755,878		52,314,663
40	2056/57	4,100,821	41,008,191	4,755,878		47,558,785
41	2057/58	4,100,821	36,907,370	4,755,878		42,802,906
42	2058/59	4,100,821	32,806,549	4,755,878		38,047,028
43	2059/60	4,100,821	28,705,728	4,755,878		33,291,149
44	2060/61	4,100,821	24,604,907	4,755,878		28,535,271
45	2061/62	4,100,821	20,504,086	4,755,878		23,779,392
46	2062/63	4,100,821	16,403,265	4,755,878		19,023,514
47	2063/64	4,100,821	12,302,444	4,755,878		14,267,635
48	2064/65	4,100,821	8,201,623	4,755,878		9,511,757
49	2065/66	4,100,821	4,100,802	4,755,878		4,755,878
50	2066/67	4,100,802	-	4,755,878	-	0

CITY COUNCIL - 5 MARCH 2018

REPORT OF THE DEPUTY LEADER

BUDGET 2018/19

1 SUMMARY

- 1.1 This budget report sets out the proposals for 2018/19 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 20 February 2018 and which comprised the General Fund revenue budget, General Fund capital programme, Housing Revenue Account (HRA) revenue budget and HRA capital programme.
- 1.3 This report increases the City Council element of Band D council tax by a general increase of **2.99%** plus an additional **3.0%** social care precept.
- 1.4 This report should be read in conjunction with the contents of the associated financial plans and budget reports.

2 RECOMMENDATIONS

- 2.1 It recommends that the following be approved:
- (1) the revenue budget for 2018/19, including;
 - (a) the recommendations of the Strategic Director of Finance / 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 Strategic Director of Finance / Chief Finance Officer in consultation with the Deputy Leader to finalise the MTFP for publication;
 - (c) the delegation of authority to the appropriate Directors to implement savings after undertaking the appropriate consultation;
 - (d) the retention of the Council Tax Support Scheme, currently in operation, for the financial year 2018/19;
 - (2) the capital programme to 2022/23;
 - (3) a council tax requirement of **£110,406,220** including the calculations required by Sections 30 to 36 of the Local Government Finance Act 1992 ("the Act"), as set out below:
 - (a) **£991,766,948** 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) **£881,360,728** 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) **£110,406,220** 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 2018/19 of **£1,688.45** 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 2018/19 at the levels described in **section 5.6** of this report;
- (6) the making of the Members' Allowances Scheme for 2018/19 in the terms of the previously adopted and amended Scheme, save for adjustments to mirror nationally determined rates for pay awards and 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 2018/19 of **£77.51**.
- (2) a Nottinghamshire Police and Crime Commissioner precept at Band D for 2018/19 of **£195.39**.
- (3) in January 2018, the City Council calculated the amount of **65,389** as its council tax base for the year 2018/19 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 2018/19

This report recommends the adoption of the Scheme for 2018/19 without changes, save for adjustments to mirror nationally determined rates for pay awards and 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:

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 2018/19, calculated in accordance with section 31A(4) of the Act. The Executive Board as its meeting on 20 February 2018 determined the council tax requirement to be **£110,406,220**.

T is the amount calculated by the City Council as its council tax base for 2018/19. In January 2018 the City Council calculated the amount of **65,389** as its council tax base for the year 2018/19 in accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

This tax base assumed the retention of the current Council Tax Support Scheme for financial year 2018/19, having regard to the Public Sector Equality Duty and noting that local circumstances have not changed sufficiently to warrant changes.

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

$$\frac{\mathbf{£110,406,220}}{\mathbf{65,389}} = \mathbf{£1,688.45}$$

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	£1,125.63
B	7/9	£1,313.24
C	8/9	£1,500.84
D	9/9	£1,688.45
E	11/9	£2,063.66
F	13/9	£2,438.87
G	15/9	£2,814.08
H	18/9	£3,376.90

5.4 It should be noted that, for the financial year 2018/19, 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
£130.26	£151.97	£173.68	£195.39	£238.81	£282.23	£325.65	£390.78

5.5 It should also be noted that, for the financial year 2018/19, 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
£51.67	£60.29	£68.90	£77.51	£94.73	£111.96	£129.18	£155.02

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	£1,125.63	£130.26	£51.67	£1,307.56
B	£1,313.24	£151.97	£60.29	£1,525.50
C	£1,500.84	£173.68	£68.90	£1,743.42
D	£1,688.45	£195.39	£77.51	£1,961.35
E	£2,063.66	£238.81	£94.73	£2,397.20
F	£2,438.87	£282.23	£111.96	£2,833.06
G	£2,814.08	£325.65	£129.18	£3,268.91
H	£3,376.90	£390.78	£155.02	£3,922.70

5.7 Budget Consultation

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

Pre-budget consultation was carried out in October and November 2017, **1,828** responses were received. Citizens were asked which services are important; issues of concern in the current economic climate and how the Council could make further savings or generate additional income. Further consultation has been undertaken from December 2017 with citizens, colleagues, businesses and the voluntary sector to consider the budget proposals set out in the draft Medium Term Financial Plan. A total of **166** surveys have been completed. The results from the Budget consultation are contained within Annex 6 of the MTFP.

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.

6 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)

6.1 These have been considered in the MTFP 2018/19 – 2020/21 report to Executive Board on 20 February 2018.

7 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

7.1 These have been considered in the MTFP 2018/19–2020/21 report to Executive Board on 20 February 2018.

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

8 EQUALITY IMPACT ASSESSMENT (EIA)

8.1 Has the equality impact of the proposals in this report been assessed?

No
An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes
An EIA has been carried out and was detailed in Appendix A of the MTFP 2018/19–2020/21 report to Executive Board. Due regard has been given to the equality implications identified in the EIA

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 consultation page

<http://www.nottinghamcity.gov.uk/about-the-council/budget-consultation-201819/>

and the committee page

<http://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=6601>

**COUNCILLOR GRAHAM CHAPMAN
DEPUTY LEADER**

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CITY COUNCIL - 5 MARCH 2018

REPORT OF THE DEPUTY LEADER/ PORTFOLIO HOLDER FOR RESOURCES AND NEIGHBOURHOOD REGENERATION

NOTTINGHAM CITY COUNCIL PROCUREMENT STRATEGY 2018-2023

1 SUMMARY

- 1.1 This report presents the draft Nottingham City Council Procurement Strategy for 2018-2023 (the Strategy), which sets out for the supplier market and other key stakeholders the strategic priorities of the Council to be taken forward through our procurement activity over the next five years. It outlines how procurement will use the Council's spending power to drive our key strategic objectives of citizens at the heart; securing economic, social and environmental benefits and commercial efficiency.
- 1.2 The Strategy also highlights the central role of the procurement function and the approach to be taken in supporting the Council to achieve its strategic priorities within a constrained financial envelope. The draft Strategy is attached at Appendix 1.

2 RECOMMENDATIONS

- 2.1 To approve the Nottingham City Council Procurement Strategy 2018-2023 attached at Appendix 1.
- 2.2 To note that the outcomes of procurement activity undertaken under the Procurement Strategy will be reported to Commissioning and Procurement Sub Committee on an annual basis.

3 REASONS FOR RECOMMENDATIONS

- 3.1 It is essential that Nottingham City Council adopts a robust framework for the procurement of all goods, works and services that will drive the delivery of its strategic priorities within a challenging financial context. The Procurement Strategy 2018-23 sets out how procurement will use the Council's spending power to pursue our key objectives of:
- Citizens at the heart
 - Securing economic, social and environmental benefits
 - Commercial efficiency
- 3.2 The Strategy will drive the delivery of social value for the City by outlining how we will address economic, social and environmental considerations at all stages of the procurement cycle, through the framework of the Public Services (Social Value) Act 2012. Our strategic objectives for procurement are set out under the key economic, social and environmental themes, with proposed actions to maximise the benefits secured through all our purchasing activity.
- 3.3 The Strategy sets out a number of core principles for all our procurement activity that will ensure a focus on:
- Commercial efficiency – a commercial approach and securing best value for money to make scarce financial resources go further
 - Citizens at the heart – providing great services that are right for all citizens and customers

- Partnerships and collaboration – to maximise opportunities for joint working, particularly in the context of devolution and integration
- Governance, fairness and transparency – implementing robust procedures to ensure a level playing field and legal compliance
- Ethical standards – ensuring the well-being and protection of work forces throughout the supply chain
- Innovation and improvement – continuously developing and improving our processes and working innovatively to secure improved outcomes.

3.4 The delivery of the Council’s strategic priorities depends on the efficient and strategic use of our spending power. The Strategy promotes a commercial approach and will support the Council to address the significant financial challenges it faces now and in the longer term.

3.5 A primary purpose of the Strategy is to inform the supplier market of the Council’s key strategic objectives and the proposed procurement approach to deliver them. This aims to enable all potential suppliers (particularly local businesses, SMEs, SEs and the voluntary and community sector) to access our contract opportunities.

3.6 The Strategy will support compliance with the legal and procedural requirements of EU and UK Procurement Regulations and the Council’s Financial Regulations, through ensuring fair, open and transparent procurement processes to ensure a level playing field for all suppliers.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

4.1 Do nothing. This option was rejected as the current Procurement Strategy 2014-17 is expiring and a refreshed Strategy is needed to set out the strategic direction and approach for procurement activity from 2018 onwards. The Strategy provides clear messages for the market about the Council’s strategic objectives to enable all suppliers (including local firms, SMEs and voluntary and community sector) to be able to participate in contract opportunities. It also sets out good practice to be adopted in all procurement activity to drive the Council’s strategic aims whilst ensuring compliance with legal and procedural requirements.

5 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

5.1 The Nottingham City Council Procurement Strategy 2014-17 was developed during 2013 to reflect the strategic context at that time, including the government’s economic agenda, UK Procurement Regulations, Nottingham’s Growth Plan and the Nottingham Plan to 2020. It brought together existing policy into one overarching framework for all Council procurement activity. This was a major step change in our approach; facilitating the development of a modern, effective and efficient procurement service to deliver best value, support innovation, stimulate growth and ensure quality services for citizens.

5.2 The 2014-17 Strategy has driven strong achievements through being citizen focused, maximising savings and delivering economic, social and environmental benefits to the City. In the first three years of the Strategy, a total of £288m was injected into the local economy through procurement activity – representing 69% of total contract value. Additionally 364 new entry level jobs and apprenticeships were created for local people through contracts awarded.

- 5.3 The review and refresh of the Strategy provided an opportunity to take stock of the current strategic context. The 2018-23 Strategy has been developed with reference to current and emerging policies and strategic drivers. The National Procurement Strategy for Local Government 2014 set out the vision for local government procurement and encouraged the delivery of outcomes in relation to savings, supporting local economies, leadership and modernisation. The Public Services (Social Value) Act 2012 requires consideration of the economic, social and environmental benefits of procurement and provides a framework to pursue these objectives. The EU Public Contracts Directives 2014 and UK Public Contracts Regulations 2015 provide the legal framework and oblige us to operate in a fair, open and transparent way, whilst providing new opportunities for flexibility and innovation. The City Council Plan 2015-20 sets out the driving purpose of putting citizens at the heart of everything we do and the aim to be a thriving, sustainable City.
- 5.4 The development of the Strategy has involved engagement with internal and external policy and strategy leads and other key stakeholders, particularly in relation to the key themes of economic growth, employment and skills and environmental sustainability. Consultation has been undertaken with stakeholders including the Voluntary and Community Sector and the local business community. Feedback received through the consultation was considered in finalising the proposed Strategy.

6 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)

- 6.1 Implementation of the Procurement Strategy is expected to deliver significant financial benefits to the Council through the category management approach and through maximising savings and value for money from all contracts.
- 6.2 For all procurement activity undertaken under the Strategy, separate approvals will be required by the relevant Board or Portfolio Holder as appropriate. This will include the appropriate financial implications and recommendations ensuring budget availability and aligning any procurement savings captured as part of the Medium Term Financial Plan (MTFP).

Hayley Mason, Strategic Finance Business Partner

7 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 7.1 As a 'Contracting Authority' under the EU procurement regime, the award of contracts by Nottingham City Council is governed by the EU procurement regulations, in particular the EU Public Contracts Directives 2014 (implemented in the UK by the Public Contracts Regulations 2015, Utilities Contracts Regulations 2016 and Concession Contracts Regulations 2016). The Procurement Strategy includes the core principles of 'governance, fairness and transparency', which aim to ensure that all procurement is undertaken in a fair, open and transparent way in compliance with these legal requirements. Measures include robust procedures for governance and the implementation of procurement process, and controls to combat fraud.
- 7.2 The 2014 EU Directives offer new opportunities for social value to be considered in the award of public contracts by allowing social and environmental factors (including workforce matters) to be addressed provided these are relevant to the subject matter of the contract. Therefore, social criteria such as combatting long term unemployment

may be included in contracts and in tender evaluation criteria, provided they are relevant and proportionate and (in accordance with the EU principles of equal treatment and non-discrimination) measures taken do not directly favour local businesses over those from other EU Member States.

- 7.3 For contracts below the thresholds of the EU Directives or subject to the 'Light Touch' regime, there is greater flexibility to promote local strategic priorities, within the overall principles of fairness, non-discrimination and transparency.
- 7.4 The legal context governing the Council's procurement activity will be reviewed during the lifetime of the Strategy, particularly in light of the UK's exit from the EU and any new regulatory framework that may be introduced for public procurement.

Legal Observations

- 7.5 The Legal Services team works closely with colleagues in Procurement and Commissioning to ensure compliance with the legal procurement framework and the City Council's own Financial Regulations and Contract Procedure Rules. It will provide support to those teams and the City Council more widely to deliver the Procurement Strategy.
- 7.6 The Public Contracts Regulations 2015 introduced a new procurement procedure called the Competitive Procedure with Negotiation. The City Council has started to make use of this new procedure which may assist the City Council to ensure it can achieve best value from contractors. In addition concession contracts for works and services are now subject to the Concession Contracts Regulations 2016 and the City Council must consider the application of those regulations when it awards concessions for the operation of, for example, leisure and catering facilities.
- 7.7 The Procurement Strategy is correct to recognise that the ability for the City Council to include social value in contracts, such as employment opportunities, training and apprenticeships must be considered on a case by case basis and can only be included where relevant to the subject matter of the contract.

Andrew James, Team Leader (Contracts and Commercial)

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes

Attached as Appendix 2, and due regard will be given to any implications identified in it.

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 Nottingham City Council Procurement Strategy 2014-17
- 10.2 Public Services (Social Value) Act 2012
- 10.3 The Public Contracts Directives 2014 (the Public Contracts Directive 2014, the Concessions Contracts Directive 2014, and the Utilities Directive 2014)
- 10.4 The Public Contracts Regulations 2015
- 10.5 The Concessions Contracts Regulations 2016
- 10.6 The Utilities Contracts Regulations 2016

**COUNCILLOR GRAHAM CHAPMAN
PORTFOLIO HOLDER FOR RESOURCES AND NEIGHBOURHOOD REGENERATION**

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NOTTINGHAM CITY COUNCIL

PROCUREMENT STRATEGY 2018 – 2023

1. FOREWORD

Councillor Graham Chapman, Portfolio Holder for Procurement

As a Council our main aim is to provide quality services to our citizens. Yet we have the toughest financial context local government has ever faced. How we obtain and pay for services therefore has a central role in the Council's drive for efficiency and value for money. We also have a duty to provide ethical standards and this document sets out the standards that Nottingham City Council requires as a contracting authority and the three priority areas for delivering economic, social and environmental benefits and commercial efficiency for the City. Finally, we have a duty to promote the economic growth of the City and our Strategy aims to maximise local spend ensuring local growth and job creation.

Our previous Procurement Strategy 2014-17 has been very successful in delivering social value. In the first three years of the Strategy, £228m was injected into the local economy and 364 new jobs and apprenticeships were created for local citizens through contracts awarded. As part of this good work, thousands of pounds worth of savings were also achieved.

Our category management approach to purchasing arrangements has helped establish effective collaborative and commercial relationships with our key stakeholders, partners and suppliers; providing a centre of expertise and first point of call for our clients. All of this benefits the citizens of Nottingham, which is our main aim.

2. INTRODUCTION

This Procurement Strategy sets out for the supplier market and other key stakeholders the strategic aims of the Council to be taken forward through our procurement activity over the next five years. It outlines the central role of the procurement function in supporting the Council to achieve its strategic priorities within a constrained financial envelope.

Our Definition of Procurement

“Procurement is the process of acquiring the goods, services and works an organisation needs. It spans the whole cycle, comprising three phases:

- i) Identifying needs and deciding what is to be bought and when (procurement planning);*
- ii) The process of awarding a contract, including defining the terms on which the goods, services or works are to be provided and selecting the contracting partner that offers the best value*
- iii) Managing the contract to ensure effective performance*

Procurement also involves options appraisal and ‘make or buy’ decisions, which may result in the provision of services in-house where appropriate.”

Commercial and Social Value

Procurement will use the Council's spending power to drive our key strategic priorities for the City. Our key objectives are:

- Citizens at the heart
- Securing economic, social and environmental benefits
- Commercial efficiency

Through all our procurement, we will use the Council's purchasing power to secure the best possible value and outcomes for the City and its citizens. We will seek to maximise the value of every pound we spend in terms of jobs, skills and supply chain opportunities in the local community. We will promote inclusive growth, through which the benefits of productivity are shared across all areas and communities in the City.

We will address economic, social and environmental considerations at all stages of the procurement cycle, through the framework of the Public Services (Social Value) Act 2012. We will maximise value for money by considering beyond simply what is the most economically advantageous - within the rules of open, fair and transparent competition. We will take advantage of new flexibilities and opportunities to free up markets, facilitate growth and drive innovation.

We will further develop our collaborative and commercial relationships with key partners as part of our strategic category management approach, to deliver the best possible outcomes for the City and its citizens.

We will influence and stimulate the development of markets and competition to increase opportunities for choice, quality and value for money. We will continue to drive competition and innovation across the City and amongst a range of suppliers, in particular supporting access to contract opportunities for small and medium sized enterprises, voluntary and community organisations and social enterprises. We will maximise the opportunities to promote inclusive growth and sustainability, supporting the local economy and delivering social and economic opportunities for local people.

Within a changing local, national and international context, our procurement needs to be forward thinking, flexible and able to respond to the opportunities and potential challenges ahead. This Strategy sets out our ambitions for the medium and long term and it will be supported by an annual plan of key actions for each year.

This Procurement Strategy aims to support local growth that enables the widest range of Nottingham residents and neighbourhoods to both contribute to and benefit from economic success, achieving more prosperity alongside greater equality of opportunity and outcome for our diverse communities

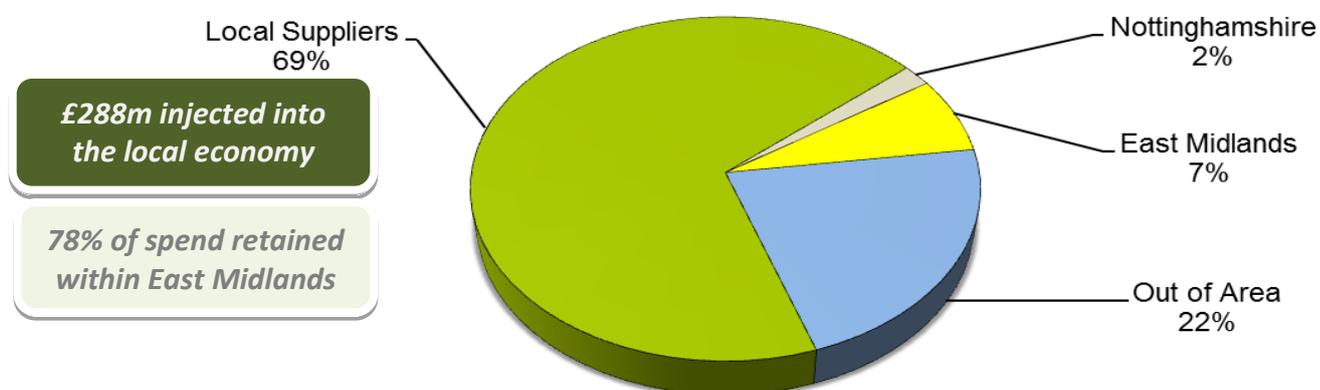
3. SOCIAL VALUE ACHIEVED THROUGH OUR PROCUREMENT STRATEGY 2014-17

Procurement activity

Activity	2014/15	2015/16	2016/17	Total
Contracts awarded	120	331	116	567
Total value (awarded contracts)	£112.7m	£224.5m	£80.3m	£417.5m
Local spend (%)	60%	76%	62%	69%

Investment in the local economy

£288m injected into the local economy – 69% of total contract value awarded to local suppliers. In 2016/17, £48m was awarded to locally based small and medium sized enterprises (SMEs).



Income and savings

Annual Value of Awarded Contracts (Recurrent spend)	Savings Achieved (Annualised)	Income from Concessions & Commercial Activity (Annualised)
£106.9m	£10.4m	£1.2m

Savings achieved represent approximately 8.9% of value prior to procurement

*£179.2k per annum secured through 1% levy initiative **

*The 1% levy helps provide sustainable funding for the Nottingham Jobs Employment Hub, which supports unemployed City residents back into work through offering a free and confidential recruitment service to businesses operating in the City.

Employment opportunities

A total of 364 new jobs and apprenticeships created for local people

4. CONTEXT FOR THIS STRATEGY

This Procurement Strategy provides an opportunity to take stock of the wider context impacting on the City and our procurement activity, and to respond to new and emerging strategic drivers. Within a changing local, national and global arena we need to be flexible and forward thinking; ready to respond to opportunities and challenges ahead. The key national and local policy and strategic drivers that influence this Strategy are outlined below and detailed at Appendix 1.



The *National Procurement Strategy for Local Government 2014* sets out the vision for local government procurement and encourages the delivery of outcomes in relation to savings, supporting local economies, leadership and modernisation. The *Public Services (Social Value) Act 2012* requires consideration of the economic, social and environmental benefits of procurement and provides a framework to pursue these objectives. The *EU Public Contracts Directive 2014* and *UK Public Contracts Regulations 2015* provide the legal framework; obliging us to operate in a fair, open and transparent way whilst offering opportunities for flexibility and innovation. The *City Council Plan 2015-20* sets out the driving purpose of putting citizens at the heart of everything we do and the aim to be a thriving, sustainable City.

5. OUR STRATEGIC PRIORITIES FOR PROCUREMENT

Strategic Theme	Key Procurement Objectives
ECONOMIC: <i>Supporting the local economy</i>	Grow the local economy - Increase spend within the local economy Create employment and training opportunities for citizens A strong and diverse local market - Support for SMEs, VCOs, SEs and local businesses
SOCIAL: <i>Citizens at the heart of what we do</i>	Deliver safe, quality and innovative services that meet citizens' needs Secure social and community benefits Inclusive growth - Tackling deprivation, promoting social inclusion and improving health and wellbeing
ENVIRONMENTAL: <i>Sustainable and responsible</i>	Minimise the environmental impact of goods, services and works procured <ul style="list-style-type: none"> • Air quality and climate change • Resource efficiency, waste reduction and recycling • Biodiversity, nature conservation and greening* Source innovative and sustainable green solutions

Our social value themes will enable us to maximise the opportunities for economic, social and environmental considerations to be addressed at all stages of the commissioning and procurement cycle. In all our procurement, we will seek to maximise value through the inclusion of relevant social value requirements; tailored as appropriate and proportionate for each contract to ensure compliance with our legal obligations.

**Greening refers to the process of proactively protecting the environment; specifically making an environment greener by planting grass, trees, and plants*

THEME 1: ECONOMIC

OUR PROCUREMENT OBJECTIVES

Grow the local economy - Increase spend within the local economy

Create employment and training opportunities for citizens

A strong and diverse local market - Support for SMEs, VCOs, SEs and local businesses

We will use our purchasing power to drive the strategic aim of growing the local economy; delivering economic benefits for the City, promoting local regeneration and increasing spend locally. We will support the aim of tackling poverty and deprivation in the City by increasing employment and getting more local people into good jobs. We will promote a diverse and productive local market; ensuring a wide range of suppliers are able to do business with the Council. We recognise the innovation and value offered by SMEs, VCOs and SEs and their importance to the local market and wider economy and we will endeavour to remove barriers to these organisations.

OUR ACTIONS

We will achieve these objectives through:

- Securing employment and training opportunities through contracts where possible through the inclusion of relevant requirements and targets
- Encouraging suppliers to engage with the Nottingham Jobs Service* and other local employment and training initiatives, to maximise targeted opportunities for City residents
- Continuing to provide a revenue stream for our employment support activity through a 1% levy charged on eligible contracts
- Developing our understanding of what the market can offer; considering local supplier capacity in our option appraisals
- Engaging with local businesses, SMEs and VCOs and publishing our procurement plan to enable suppliers to prepare
- Breaking down large value contracts into smaller lots where possible to provide opportunities for small suppliers
- Ensuring our procurement process is accessible and doesn't present barriers to participation; using accessible portals to advertise opportunities
- Encouraging SMEs, VCOs and SEs to identify potential partners to form consortia and ensuring our procurement is accessible to consortia bids
- Exploring opportunities for improved local business to business advertising – including a potential 'business to business' portal at a local level

MEASURES OF SUCCESS

- Percentage of spend within the local economy (of total contracts awarded)*
- Employment and training opportunities secured through contracts awarded
- Contracts awarded to SMEs
- Contracts awarded subject to 1% levy and potential income

**The Nottingham Jobs Service is an initiative established by Nottingham City Council, Futures and the Department for Work & Pensions offering a free and confidential recruitment service to employers, with the primary aim of addressing unemployment in Nottingham by helping unemployed city residents into work*

****Our definition of local spend:***

The value of contracts awarded to organisations that operate principally within the boundaries of the Greater Nottingham economic area (defined for economic purposes as comprising: Nottingham City, the Boroughs of Broxtowe, Gedling and Rushcliffe and 4 wards of Hucknall)

THEME 2: SOCIAL

OUR PROCUREMENT OBJECTIVES

Deliver safe, quality and innovative services that meet citizens' needs

Secure social and community benefits

Inclusive growth - Tackling deprivation, promoting social inclusion and improving health and well being

We aim to secure quality goods, works and services that best meet the needs of citizens and the local community in its widest sense. We will support innovation, early intervention and prevention whilst ensuring services are safe and cost effective, and promote the health and well-being of citizens. We will ensure services are accessible, promote social inclusion and equality, and fight discrimination. We will promote inclusive growth – sharing the benefits of productivity across all communities*. We aim to combat social exclusion by encouraging employment opportunities in contracts targeted at the most deprived local communities and socially excluded groups.

**Inclusive Growth: "Enabling as many people as possible to contribute and benefit from growth...Benefitting people across the labour market spectrum, including groups that face particularly high barriers to high quality employment." (Inclusive Growth Commission Final Report March 2017)*

OUR ACTIONS

We will achieve these objectives through:

- Encouraging suppliers to commit to the social principles and objectives of the NCC Business Charter, including adopting ethical employment practices
- Involving citizens in our commissioning and procurement processes - in the development of services and evaluation of tenders
- Encouraging innovative and flexible ways of working to deliver social benefits for local communities; supporting SMEs, SEs and VCOs well placed to do this
- Maximising social and community benefits wherever possible through relevant requirements in specifications
- Encouraging employment and training opportunities for the most disadvantaged communities; focusing our measures on sectors offering entry level jobs
- Ensuring procured services are accessible and appropriate to meet the diverse needs of all citizens and communities
- Considering equality outcomes and targets at an early stage and incorporating into the design and specifications for services
- Ensuring compliance with the Equality Act 2010 and that Equality Impact Assessments are undertaken at the appropriate stage of all projects
- Implementing robust contract management processes to drive up standards and ensure quality, safe services

MEASURES OF SUCCESS

- Contracts awarded to organisations with social objectives (VCOs, charities and SEs)
- Contracts awarded subject to NCC Business Charter
- Percentage of commissioned service contracts managed with a quality rating at amber or green

THEME 3: ENVIRONMENTAL

OUR PROCUREMENT OBJECTIVES

Minimise the environmental impact of goods, services and works procured

- Air quality and climate change
- Resource efficiency, waste reduction and recycling
- Biodiversity, nature conservation and greening

Source innovative and sustainable green solutions

Environmental sustainability will be at the core of our procurement of all goods, services and works. We aim to minimise negative environmental impacts throughout the supply chain, maximise innovation and source green and sustainable solutions. We will seek to improve air quality by reducing carbon, nitrogen and particle emissions, increasing energy efficiency and using sustainable energy sources. We will encourage sustainable waste management including reducing waste generated; minimising landfill; maximising recycling and treating waste to support the energy needs of the City. We will promote biodiversity, nature conservation and greening.

OUR ACTIONS

We will achieve these objectives through:

- Collaborating with partners to share good practice and maximise opportunities when procuring from the same suppliers
- Undertaking soft market testing to understand the potential for innovation and what the market can offer in terms of green and sustainable solutions
- Considering environmental sustainability in the early stages of each project; identifying goods, works and services with significant impact
- Incorporating relevant objectives and requirements into specifications; setting high level aims and seeking innovative solutions
- Including appropriate standards, requirements and targets into contracts
- Considering environmental factors where appropriate in supplier selection and tender evaluation
- Taking a 'whole lifecycle' approach to costs – including considering the external costs of environmental impacts, where these can be quantified.
- Wherever possible, opting for the least environmentally damaging option when choosing between comparable products

Air quality and climate change

- Maximising opportunities for carbon saving measures in contracts
- Minimising the damaging impact of transport in the City

Resource efficiency, waste reduction and recycling

- Reducing waste by managing demand and making sustainable choices
- Encouraging sustainable methods of waste disposal – in particular reducing landfill

Biodiversity, nature conservation and greening

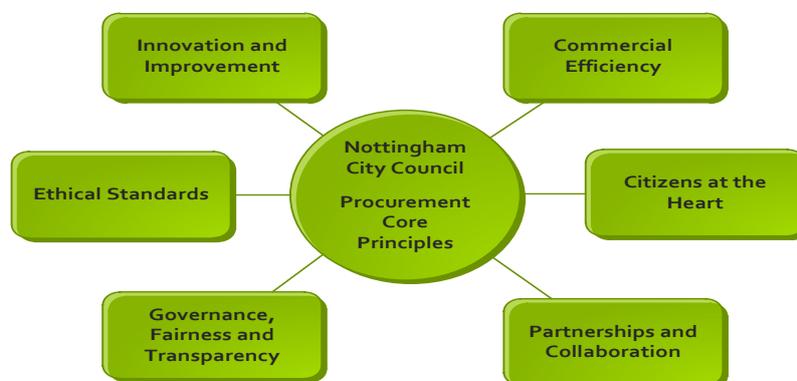
- Measures to improve the green environment and enhance habitats and biodiversity
- Measures to mitigate the impact of construction and development works

MEASURES OF SUCCESS

- Contracts with measures to secure environmental benefits, in relation to:
 - Air quality and climate change
 - Resource efficiency, waste reduction and recycling
 - Biodiversity, nature conservation and greening

6. OUR PROCUREMENT PRINCIPLES

All our procurement activity will be underpinned by a set of core principles:



COMMERCIAL EFFICIENCY

Procurement is central to meeting the significant financial challenges faced by the Council in the short and longer term. The delivery of our strategic priorities depends on the efficient and strategic use of our spending power – enabling reducing budgets to go further. We aim to do this by securing the best value for money; procuring the best possible services on the best terms, and driving efficiencies to deliver cashable and non-cashable benefits. We will support the Council’s commercial effectiveness, embedding a commercial focus and driving commercial benefits from all contracts.

We will achieve this through:

- Maximising the opportunities for collaboration, to benefit from economies of scale, use resources efficiently and realise savings
- Supporting funding bids where opportunities arise to bring new funds to the City, particularly in collaboration with local and regional partners
- Developing commercial skills of procurement to provide the expertise needed to maximise commercial benefit
- Applying our category management approach to identify savings, maximise value and pursue new commercial opportunities
- Including financial modelling and options appraisal in each procurement to ensure alignment to strategic and financial priorities
- Awarding contracts on the basis of the ‘Most Economically Advantageous Tender’ (MEAT); appropriately balancing quality, cost and social value
- Promoting a commercial approach to major projects; including business case and procurement approach and exploring innovative funding mechanisms
- Supporting a commercial approach to ‘Make or Buy’ considerations; assessing the relative costs and benefits of external delivery or insourcing
- For all contracts procured, exploring the potential to generate income

“Overall, the real keys to commercial success (striking a good deal and making sure it is delivered) are pre-procurement planning, good contract design and specification, effective market engagement and robust contract and supplier management” Local Government Association (LGA)

CITIZENS AT THE HEART

Procurement will place citizens at the heart of everything we do; supporting the Council's aim of providing 'great services': designed to be value for money, fit together seamlessly and be right for citizens and customers - where, when and how they are needed. We will support the aims of the Council's Customer Charter: *'Make it happen; make it easy; make it better'*.

We will achieve this through:

- Ensuring effective engagement of citizens and carers where possible throughout the commissioning and procurement process including in the development of services and the evaluation of tenders
- Implementing robust procurement and contract management processes to drive up standards and ensure the delivery of quality, safe services to citizens, with a particular focus on disadvantaged and vulnerable people.
- Reviewing and developing quality monitoring processes and information for citizens to inform choice of services
- Supporting SMEs, SEs and VCOs well placed to meet the needs of citizens in local communities through flexible and innovative ways of working
- Ensuring all services procured are accessible and appropriate to meet the diverse needs of all sections of the community
- Promoting an early intervention and prevention focus in service design and delivery

PARTNERSHIPS AND COLLABORATION

We believe that the key to success is joint planning across council departments and other organisations, including early stakeholder and user engagement to inform a joint procurement approach. Collaborating with partners offers opportunities to secure better value from our resources, for example under the Derby and Nottingham Metropolitan Strategy 2030. The devolution of responsibilities to the local level and the integration of services offer opportunities to consider city-region and county-region models for procurement, including the joint commissioning of major projects.

We will achieve this through:

- Proactively developing strategic, collaborative and commercial relationships with a range of partners including public and private sector and VCOs.
- Ensuring early engagement with partner agencies to develop joint plans and approaches and identify opportunities for collaboration and sharing resources
- Working on joint procurements in appropriate areas with our regional partners
- Early engagement with communities and businesses, in delivering services and securing the best social, economic and environmental outcomes
- Engaging with local supplier umbrella bodies to ensure our strategies and processes encourage suppliers
- Working with local business support organisations to build the capacity of local enterprises

"The keys to success are joint planning (across council departments and across authorities and other public sector organisations), including early stakeholder and user involvement, and a joint approach to market engagement" Local Government Association, PCR Toolkit 2015

GOVERNANCE, FAIRNESS AND TRANSPARENCY

We will ensure that all our procurement activity is conducted in a fair, open and transparent way, in compliance with the legal and procedural requirements of EU and UK Procurement Regulations and the Council's Contract Procedure Rules. We will preserve the highest standards of honesty, integrity, impartiality and objectivity and adhere to the Council's Code of Conduct at all times.

We will achieve this through:

- Ensuring robust governance procedures for accountability and compliance
- Reviewing and refreshing our procedures to reflect current legislation and the Council's own requirements
- Implementing consistent, open, transparent, proportionate and accessible processes and systems to ensure a level playing field
- Using a 'toolkit' of standard procedures, templates, and processes to ensure best practice and consistency
- Maintaining robust controls to combat fraud and corruption; keeping a clear 'audit trail' of procurement procedures and contracts
- Working to improve the visibility of procurement responsibilities across the Council; providing guidance to colleagues to support compliance in all purchasing activity and monitoring purchasing behaviours
- Complying with legal requirements for transparency, including publishing the contracts register and information on contract awards

"Councils should ensure that published data, under the transparency code opens new markets for local business, the voluntary and community sectors and social enterprises to run services or manage public assets" Local Government Association, National Procurement Strategy for Local Government in England 2014

ETHICAL STANDARDS

Procurement has an important role to play in sourcing in a manner that ensures ethical standards are met, minimises the risk of social exploitation and rewards good employment practices. Our ethical procurement objectives are to ensure the well-being and protection of work forces throughout the supply chain, that people are treated with respect and their rights are protected. We will promote the principles of the NCC Business Charter, which include employing the highest ethical standards and operating in a fair and transparent way. We aim to minimise the risk of modern slavery and human trafficking in the supply chain by reviewing the market to identify areas of vulnerability and taking mitigating actions. This will include excluding suppliers with convictions for modern slavery, using robust contract clauses and monitoring supplier performance. We will, where appropriate ensure the principles of the Prevent duty* are written into contracts in a suitable form.

We expect organisations we work with to:

- Work to the highest standards of business integrity and ethical conduct
- Support staff development and welfare and provide a safe and hygienic working environment
- Comply with national laws or industry standards on working hours and not use zero hour contracts that prevent the worker from carrying out other work
- Pay wages and benefits in accordance with national legal standards, aiming to move towards paying the living wage
- Work in an inclusive way and actively promote equality and diversity
- Not discriminate on any grounds in respect of recruitment, compensation, access to training, promotion and termination of employment or retirement

*see Appendix 1

INNOVATION AND IMPROVEMENT

To achieve the Council's ambitions for the City in the long term, we need to be radical, bold and dare to be different. We aim to deliver a modern procurement function and work in innovative ways to secure improved outcomes. We will continuously develop and improve our procurement processes, systems and functions in order to secure the best possible quality and outcomes from all contracts, whilst driving efficiencies and ensuring compliance with regulatory obligations. We aim to deliver an excellent professional procurement service and for procurement to be a simple, efficient and positive experience for our customers.

We will achieve this through:

- Taking advantage of opportunities for flexibility and innovation and for procurement processes to be quicker, simpler and less costly to run
- Encouraging innovation and competition, using market engagement and outcome-based specifications to invite innovative solutions
- Using e-procurement technology where appropriate to increase the efficiency and speed of the process
- Adopting processes that are appropriate and proportionate for each contract
- Using contract terms and conditions which protect the Council's interests whilst being flexible to allow for changes during the life of the contract
- Developing the competencies, skills and expertise of the procurement workforce to deliver an excellent, commercially focused service
- Continually reviewing our processes and documentation to ensure they reflect best practice and are streamlined, proportionate, and flexible
- Seeking feedback from stakeholders and customers in order to improve the procurement process
- Developing our information systems to provide a comprehensive and quality data set on all our procurement activity

7. OUR APPROACH

Our definition of Category Management: “Category Management is a strategic, cross cutting approach to buying goods and services to maximise the economic, social and environmental benefits for the City”

The Council has embedded category management as a strategic, cross cutting approach to procuring goods, works and services to maximise the economic, social and environmental benefits to the City. Through this approach related goods, services and works are grouped together and mapped onto the supplier market. It enables us to consider models of delivery and contracting and the appropriate procurement route on a holistic category basis. This optimises quality and aligns business requirements with the external supply market to lever maximum value.

Under the Procurement Strategy 2014-17 we have delivered strong achievements through our category management approach and our effective collaborative and commercial relationships with key stakeholders, partners and suppliers. We will build on this going forward. We will further develop our category management as we increase our insight and understanding of departments’ requirements. Category Managers will continue to act as a centre of procurement expertise and a first point of call for advice and support on procurement options.

Our procurement and category management is embedded within a broader strategic commissioning cycle through which whole systems are reviewed, ensuring that emerging needs, best practice, market analysis and the available resources are taken fully into account when developing procurement plans.

Commissioning is the “process of identifying needs within the population and of developing policy directions, service models and the market, to meet those needs in the most appropriate and cost effective way”. (Institute of Public Care)

Procurement will engage closely with the commissioning process to ensure service delivery models are fully appraised prior to procurement. This will ensure social value is considered in the pre-procurement stages to re-think service outcomes and inform the design of services and the procurement approach.

“Sustainability and social value can be optimised in the commissioning cycle when it is a core aim, built into the process from the outset and then embedded into all subsequent stages” NHS Sustainable Development Unit

Contract management

Contract life cycle management “is the process of systematically and efficiently managing contract creation, execution and analysis for maximising operational and financial performance and minimising risk.” (CIPS Guide to Contract Management)

The Council has over 1200 contracts with suppliers in private, public and voluntary sector organisations. The Council has a robust contract management policy that adopts good practice, maximises financial and operational performance whilst minimising risk. The Council is committed to improving the quality of goods and services, improving the outcomes for citizens and securing value for money, through its contractual arrangements with its providers.

APPENDIX 1 – STRATEGIC DRIVERS

The key national policy and legislative drivers for this Strategy are:

- *The National Procurement Strategy for Local Government 2014* sets out the vision for local government procurement and encourages councils to engage with the delivery of outcomes in four key areas; making savings, supporting local economies, leadership and modernising procurement.
- *The Public Services (Social Value) Act 2012* places a requirement on public sector commissioners to consider the economic, environmental and social benefits of their approaches, and to consult on these aspects. It provides a framework for considering how social, economic and environmental well-being can be improved when procuring goods and services.
- *The Equality Act 2010* sets out anti-discrimination law in the UK and the public sector equality duty (PSED) applicable to public authorities and organisations contracted to carry out a public function.
- *The EU Public Contracts Directive 2014 and UK Public Contracts Regulations 2015* provide the legal framework for procurement activity undertaken by local authorities in the UK. One objective of these regulations is to enable procurement to be used more strategically; offering new opportunities for social value to be considered throughout the procurement procedure.
- *The Young Report on Small firms 2015* sets out the government priority of opening up public procurement to small firms to support economic growth and efficiency. It introduced a set of 'single market' principles for a more simple, consistent and accessible approach (implemented in the UK Procurement Regulations in 2015) to improve access for small businesses
- *The Modern Slavery Act 2015* consolidates slavery, servitude and forced or compulsory labour and human trafficking offences. It introduces enforcement powers and measures to enhance the protection of victims. Section 54 aims to increase supply chain transparency and accountability for supply chains.
- *The Counter-Terrorism and Security Act 2015* creates the Prevent Duty. This applies to all public bodies but has specific implications for local authorities, which include training staff to identify and report signs of radicalisation, ensuring that Council property is not misused and to extend the implications of the duty through procurement.

Our key local strategic drivers are:

- *The Midlands Engine Strategy 2017* sets out how the Government will support the Midlands Engine as an economic region and sets out the objectives of improving connectivity; strengthening skills; supporting enterprise and innovation; promoting the Midlands; enhancing quality of life.
- *The Derby and Nottingham Metropolitan Strategy 2030* sets out the vision for the cities to have a global reputation as an exciting place to live, work and play.
- *The Nottingham Plan to 2020* sets out the vision 'Go ahead Nottingham: safe, clean, ambitious and proud'. The strategy is an agenda for change; for jobs and prosperity, for better neighbourhoods and for strong and aspiring families. The 2020 Cross Cutting aims are: *Green* – Being environmentally sustainable; *Aspiring* – Raising aspirations and *Fair* – Achieving fairness and equality of opportunity.
- *The Council Plan 2015-19* outlines the Council's priorities and the driving purpose of putting citizens at the heart of everything we do: making Nottingham a great city, being a great Council and providing great services. The aim for Nottingham is to be a thriving, sustainable city both economically and socially, despite the significant financial challenges the Council faces.

- The *Nottingham Growth Plan* aims to drive inclusive growth across the City and benefit all communities. It enables creativity and flexibility to encourage new initiatives to be developed in response to future challenges. The plan seeks to overcome barriers to growth by supporting target sector businesses and the wider economy by fostering enterprise, developing a skilled workforce, and building a 21st century infrastructure.
- The *Nottingham City Council Medium Term Financial Plan*
- The *Neighbourhood Strategy* seeks to address the challenges faced by many people living outside of the city centre through supporting job creation and developing the economy at a neighbourhood level, and helping regeneration of neighbourhood centres and local areas
- The *Nottingham City Council Business Charter* is a way of doing business in the city to promote and support sustainable growth, and social and environmental wellbeing. It identifies the actions that the Council, contracted suppliers and partner organisations will deliver to bring economic growth and prosperity and help transform Nottingham from a good to a great city
- The *Nottingham City Council Sustainable Development Plan* is centred around six themes (biodiversity, energy, food, transport, waste and water and climate change adaption) which will collectively work towards the objectives of improving air quality; enabling a sustainable economy and improving quality of life, health outcomes and human wellbeing within Nottingham.
- The *Nottinghamshire Sustainability and Transformation Plan (STP)* details the joint approach to the delivery of health and social care provision across Nottinghamshire over the next five years. It sets out the ambition of partners to work together to improve care services for local people through delivery in new, joined up and innovative ways.
- The *Nottingham Community Climate Change Strategy 2012-2020* vision is to create a prosperous, leading low carbon city, maximising the opportunities for green growth and protecting residents from the impacts of extreme weather.
- The *Nottingham City Council Sustainable Energy Strategy 2010-2020* provides the framework for Nottingham's sustainable energy supply and use, with the aims of cutting emissions, maintaining energy security and developing the City's energy resource and energy efficiency potential.
- The *Nottingham City Council Fuel Poverty Strategy*
- The *Nottingham City Council Municipal Waste Management Strategy 2010-30* is driven by the need to conserve resources and reduce carbon emissions. It aims to work in partnership to reduce the amount of waste generated; minimise landfill (with the ultimate aim of zero landfill); recover materials for recycling and to treat waste to support the energy needs of the City.
- The *Nottingham City Joint Health and Wellbeing Strategy 2016-2020 (Environment Action Plan)* priority outcome is 'Nottingham's Environment will be sustainable; supporting and enabling its citizens to have good health and wellbeing, including good air quality, parks and open spaces, active travel, housing and the built environment'. Actions include the collaboration of partner organisations to improve the social and environmental impacts of commissioning and procurement practices.
- The *Smart City Collaborative Strategy* vision is for Nottingham to become the UK's most Smart Liveable City by utilising emergent technology and the integration of data. It seeks to generate innovative ways to address the City's challenges (under the themes of energy, transport, health and housing) by working with businesses and through innovative procurement.
- *Nottingham City Council Local Transport Plan LTP 2011 – 2026*

Equality Impact Assessment Form (Page 1 of 2)

Title of EIA/ DDM: Nottingham City Council Procurement Strategy 2018-23

Name of Author: Jo Pettifor

Department: Strategy and Resources

Director: Katy Ball

Service Area: Contracting and Procurement

Strategic Budget EIA No

Author (assigned to Covalent):

Brief description of proposal / policy / service being assessed:

A refreshed Nottingham City Council Procurement Strategy for 2018-2023 has been developed setting out for the supplier market and other key stakeholders the strategic priorities of the Council to be taken forward through our procurement activity over the next five years. The Strategy outlines how procurement will use the Council's spending power to drive our key strategic objectives of: Citizens at the heart; Securing economic, social and environmental benefits and Commercial efficiency. The Strategy also highlights the central role of the procurement function and the approach to be taken in supporting the Council to achieve its strategic priorities within a constrained financial envelope.

Information used to analyse the effects on equality:

The Procurement Strategy has been developed with reference to how procurement will support the Council in meeting its obligations under the Equality Act 2010, including ensuring non-discrimination and compliance with the public sector equality duty. This includes activities delivered through contracts procured. Additionally a key driver for the Strategy is the Public Services (Social Value) Act 2012, which places duties to consider the economic, environmental and social benefits and to consult on these aspects. The Strategy uses the Social Value Act as a framework for considering how social, economic and environmental well-being can be improved when procuring goods, services and works. Consultation on the draft Procurement Strategy has been undertaken with a range of internal and external stakeholders including the Voluntary and Community Sector and the local business community. Feedback has been considered in finalising the Strategy, including from Voluntary Sector organisations and representatives of the local business community and small businesses. More consultation will be done specifically with BME groups during the development of Good Practice Guidelines.

	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 isn't possible)
People from different ethnic groups.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The refreshed Nottingham City Council Procurement Strategy will support the Council in meeting the requirements of the Equality Act 2010 including ensuring non-discrimination and compliance with the public sector equality duty in the delivery of contracts procured. The Strategy will be a key driver in promoting and meeting the requirements of the Public Services (Social Value) Act 2012, through the key objectives and themes of securing social, economic and environmental benefits for the City and its citizens. To maximise the economic, social and environmental benefits delivered, appropriate specific measures</p>	<ul style="list-style-type: none"> • The outcomes of procurement activity will be monitored and reported, in particular progress against the key economic, social and environmental objectives of the Procurement Strategy. • The Procurement Team will work in a fair and inclusive way and will promote equality and diversity in accordance with the principles of the Procurement Strategy. • The Strategy will support and promote the Council's Equality Objectives: 'Make sure that our workforce will reflect the citizens we serve; Create economic growth for
Men	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Women	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Trans	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers.	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Pregnancy/ Maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
People of different faiths/ beliefs and those with none.	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Lesbian, gay or bisexual people.	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Older	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

Younger	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults). Please underline the group(s) /issue more adversely affected or which benefits.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

will be taken where relevant to the contract procured, for example including requirements for employment and training opportunities and promoting the principles of the NCC Business Charter. Where a procured contracts has specific equality implications (for example a change of service provision) an EIA will be undertaken as part of the commissioning decision making process. The Strategy sets out a number of core principles for all procurement that will support equalities including:

- 'ethical standards' including the well-being and protection of work forces, that people are treated with respect and their rights protected.
- 'governance, fairness and transparency' in the procurement and governance process
- Citizens at the heart': ensuring all services procured are accessible and appropriate to meet the diverse needs of the community

the benefit of all communities; Provide inclusive and accessible services for our citizens; Lead the City in tackling discrimination and promoting equality'

- Procurement processes will be fair, open, transparent, proportionate and accessible to ensure a level playing field for all suppliers and no barriers to participation, particularly for small businesses and VCOs.
- The Strategy aims will be taken forward through good practice guidance to be developed by July 2018 setting out detailed actions for implementation, including measures to support access to contracts for all diverse organisations. Consultation will be undertaken with BME groups in developing this guidance
- Engagement will be made with local BME organisations to ensure these groups are not disadvantaged is accessing contract opportunities and that the views of these groups are considered in developing the Strategy implementation plans.

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:

Note when assessment will be reviewed (e.g. Review assessment in 6 months or annual review); Note any equality monitoring indicators to be used; consider existing monitoring/reporting that equalities information could form part of.

Approved by (manager signature):

The assessment must be approved by the manager responsible for the service/proposal. Include a contact tel & email to allow citizen/stakeholder feedback on proposals.

Jo Pettifor, Category Manager (Strategy & People),
jo.pettifor@nottinghamcitycouncil.gov.uk

Date sent to equality team for publishing:

Send document or link to:
equalityanddiversityteam@nottinghamcity.gov.uk
25th January 2018

CITY COUNCIL – 5 MARCH 2018

REPORT OF THE PORTFOLIO HOLDER FOR COMMUNITY AND CUSTOMER SERVICES

PAY POLICY STATEMENT 2018-19

1 SUMMARY

- 1.1 This report introduces the Council’s pay policy statement for 2018-19 as required by the Localism Act. The Statement 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

- 2.1 To approve and endorse the Council’s pay policy statement for 2018-19.
- 2.2 To 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

- 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 an annual Pay Policy Statement.
- 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 bonus, 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 (£95,574) to that of the non-chief officer average earner (£24,108) including guaranteed payments¹ is 1:4. The relationship between the Chief Executive's pay (£163,216) to that of the Council's non-chief officer average earner excluding allowances (£23,650) is a pay multiple of 1:7.
- 5.6 The total sum of additional payments claimed by the Council's Chief Officers from 1 April 2017 to 31 October 2017 was £22,100. These related to claims for expenses and allowances, including travel and additional responsibilities.
- 5.7 As at 31 October 2017, there were no chief officers in receipt of bonus payments, increments, performance related pay and other pay enhancements (overtime, weekend, evening, night working, etc). There was a Chief Officer pay award of 1% from 1 April 2017. At time of writing, no pay award offer has yet been confirmed for April 2018.
- 5.9 There was also a Chief Executive pay award of 1% effective from 1 April 2017.
- 5.10 The pay gap between the Chief Executive and lowest paid employee has increased slightly over the last two years (2016-17 and 2017-18). This is due to Chief Executive pay awards of 1% being granted in April 2016 and April 2017. However, the ratio has slightly decreased as the salary of the lowest paid employee increased by 2.6% in 2016/17 and 5.1% in 2017/18.
- 5.11 The Council now has a new pay model and terms and conditions with effect from 1 April 2017, which are referred to within the Pay Policy Statement.

6 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)

- 6.1 The average and median pay figures included in the report are based on data for 2017/18 up to 31 October 2017 increased to an annual figure.

7 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 7.1 Under Section 38 of the Localism Act 2011, for each financial year, the Council is required to prepare a pay policy statement relating to the following:
- the remuneration of its chief officers,
 - the remuneration of its lowest-paid employees, and
 - the relationship between—
 - the remuneration of its chief officers, and
 - the remuneration of its employees who are not chief officers.

¹ Includes basic FTE salary, pension – employer contribution on FTE basic pay, salary protection, market supplements, allowances and enhancements paid between 01/04/2017 to 31/10/2017

- 7.2 The statement must also state:
- the definition of “lowest-paid employees” adopted by the Council for the purposes of the statement, and
 - the authority's reasons for adopting that definition.
- 7.3 The statement must also include the Council's policies relating to—
- the level and elements of remuneration for each chief officer,
 - remuneration of chief officers on recruitment,
 - increases and additions to remuneration for each chief officer,
 - the use of performance-related pay for chief officers,
 - the use of bonuses for chief officers,
 - the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
 - the publication of and access to information relating to remuneration of chief officers.
- 7.4 A pay policy statement for a financial year may also set out the Council's policies for the financial year relating to the other terms and conditions applying to the Council's chief officers.
- 7.5 Under Section 39 of the Localism Act 2011, the pay policy statement must be approved by Full Council before it comes into effect. The statement must be approved by 31 March 2018 for the forthcoming financial year.

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required as the report does not contain proposals or financial decisions.

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

- 9.1 Local Government Association and Association of Local Authority Chief Executives (ALACE), Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives.

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 10.1 Communities and Local Government, Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act.
- 10.2 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

COUNCILLOR TOBY NEAL
PORTFOLIO HOLDER, COMMUNITY & CUSTOMER SERVICES

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Nottingham City Council

Pay Policy Statement 2018-2019



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



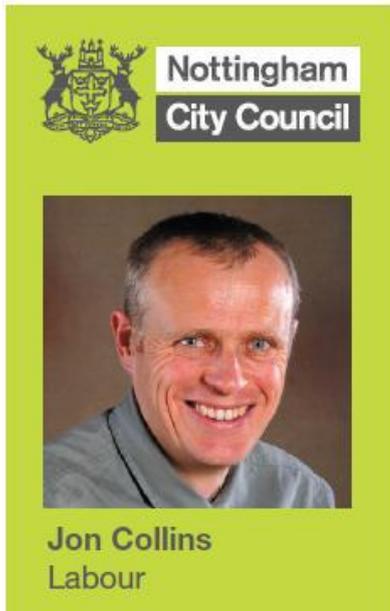
Nottingham
City Council

CONTENTS

Introduction from the Leader of the Council	3
Introduction from the Chief Executive	4
1 Background	6
2 Definitions and Scope	6
3 How pay and conditions are agreed for chief officers	8
4 Pay, terms and conditions at Nottingham City Council	8
5 Election Duty Payments	9
6 Monitoring Officer's Fee	10
7 Pay Relationships	10
8 The Council's statement on pay and conditions for chief officers 17/18	11
9 Published Documents and papers referred to in pay policy statement	14
10 List of Appendices	

Appendix 1	Nottingham City Council's Chief Officer Structure Chart
Appendix 2	Definitions of Chief Officer
Appendix 3	Appointment and Conditions of Service Committee (extract from Nottingham City Council's Constitution Part 2)
Appendix 4	Senior Leadership Management Group (SLMG) and Local Government Scheme (LGS) Pay Scale
Appendix 5	Nottingham City Council's Pay Policy
Appendix 6	Matrix of Terms and Conditions
Appendix 7	The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (DCR) Policy
Appendix 8	Policy in relation to the exercise of discretions under the Local Government Pension Scheme
Appendix 9	Nottingham City Council's Business Travel Scheme Policy
Appendix 10	Nottingham City Council's Reimbursement of Expenditure Policy

Introduction from the Leader of Nottingham City Council, Jon Collins



Welcome to Nottingham 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 is the first to reflect the Council's new pay structure, which was implemented as part of the new Nottingham Contract from 1st April 2017.

The Council remains committed to paying a reasonable wage to our lowest paid employees, and we have increased our lowest hourly rate to £8.25 per hour as part of the new pay structure. This reflects the rate recommended by the Living Wage Foundation as at 31 October 2016 when the pay structure was developed. Prior to 1st April 2017, we paid a supplement to reflect Living Wage rates, but we believe that incorporating this into permanent pay provides increased stability and peace of mind for our employees. The new pay structure has been bottom loaded to maintain differentials above the bottom of the grade, with the result that our lowest three grades have increased by between 1.5% and 9.6%, whilst higher grades have reduced.

The Council strives to maintain a fair pay ratio between its highest and lowest paid employees. Our Chief Executive pay was frozen for four years after the current Chief Executive took on the role. Pay awards of 1% in 2017 and 2018 have increased the Chief Executive's pay by 2.01%, but Nottingham still has the second lowest Chief Executive pay in comparison with other Core Cities Councils, and the third lowest ratio of highest to lowest earners, at 10.3:1.

The Council will regularly review the minimum rate paid to its employees and try to maintain a fair day's pay for a fair day's work. However, we continue to face extensive budgetary pressures, and these decisions will become more challenging in times to come as we try to maintain service provision and continue to keep citizens at the heart against a background of continuing government cuts.

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.

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

I wrote in last year's Pay Policy Statement about the Government's intention to implement a cap on public sector exit payments and a process of recovery of Chief Officer exit payments where certain conditions apply. At the time of writing, these proposals have still not become law, so we continue to await their implementation.

The Council continues to face ongoing budget cuts and we have worked hard to preserve jobs and frontline services and provide fair pay to our colleagues. As part of this, we have successfully implemented a new pay structure and set of terms and conditions, effective from 1st April 2017, which have been designed to better fit our future challenges whilst still enabling us to attract, retain and motivate our colleagues.

The new pay structure not only permanently increases our lowest hourly pay to a level approaching the Living Wage Foundation's suggested rates, but has also reintroduced an element of pay progression following several years of increment freezes. However, it has been necessary to reduce the top levels of our pay grades, which has resulted in 'red circling' for those colleagues who were at the top of their grades, for three years or until cost of living increases rise to meet their current levels of pay.

Unfortunately, the Government cuts to Council funding continue to impact on Nottingham City Council to what we believe to be an unfair degree in comparison with some more affluent areas. This means that some difficult decisions have had to be made, and in the coming financial year we will see further significant changes to our structure and ways of working as we try to make the best use of the money we have.

A handwritten signature in black ink that reads "Ian Curryer". The signature is written in a cursive, flowing style.

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 2018/19 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, terms 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 2018/19. It should be noted that the Council changed its terms and conditions, including its pay structure and Pay Policy, by collective agreement effective from 1st April 2017. These changes applied only to LGS employees (except within schools), not to Chief Officers, whose pay structure and terms and conditions will be subject to a separate review.
- 1.5 Sections 2, 4 and 7 and appendix 6 use retrospective pay information. The same reporting period has been used as last year.
- 1.6 The data is based on the Council structure, which consists of four main departments; Children & Adults, Development & Growth, Commercial & Operations and Strategy & Resources. Each department delivers distinct and specific functions for Nottingham's citizens. These departments have been in place since 1st November 2016, following changes to the Council's Senior Management Structure. These changes have resulted in a more streamlined Chief Officer structure within the Council for this reporting period.

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 31 October 2017.

An extract from the Local Government and Housing Act, outlining the definition of Chief Officers and Deputy Chief Officers, is included at Appendix 2.

2.2 'Lowest Paid' Employee

The bulk of the workforce is employed on Local Government Service (LGS) terms and conditions. The 'lowest paid employee' is defined as LGS employees employed on Nottingham City Council (NCC) Grade A, Level 1, equating to £15,917 basic pay.

This is the lowest pay point and salary offered for a substantive post at the Council excluding Level 2 apprentices.

- 2.3 The Council commenced paying a Living Wage supplement to all employees and casual workers on Grade A from 1 April 2013. With the changes to the pay structure from 1 April 2017, the Living Wage supplement has now been assimilated into permanent pay at the bottom level of Grade A, which now has a basic rate of £8.25 per hour (15,917 per annum).

Additional increases have been built in up to Grade C to maintain differentials between grades.

2.4 The pay policy statement has excluded:

- Apprentices;
- Colleagues on NHS terms and conditions;
- Colleagues on East Midlands Council's terms and conditions;
- Colleagues on protected terms and conditions under TUPE
- Colleagues on Teachers' terms and conditions
- Non chief officer Heads of Services and managers on Senior Leadership Management Group (SLMG) terms and conditions; and
- Colleagues on Soulbury and Hay terms and conditions;
- Colleagues on the House Agreement for the Theatre Royal and Royal Concert Hall (TRCH).

The reason for excluding these groups is because apprentices are not on permanent contracts, the majority of Heads of Services are not chief officers as defined by the Local Government and Housing Act, and there are a very small number of colleagues employed on the other types of terms and conditions.

Furthermore, the lowest paid employee for each of the excluded groups (except apprentices) is paid higher than LGS employees.

2.5 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.

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 3 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, subject to having ascertained the views of the Executive Board;
- to approve the appointment of Chief Officers;
- 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 pension and award additional LGPS pension for

the Chief Executive, Deputy Chief Executive, Assistant Chief Executive, Corporate Directors, Strategic Directors and Directors;

- To approve any proposals for significant restructuring of the Council's management structure.
- To approve any proposals from the Chief Executive for changes to salary levels (including ranges of salaries) for Corporate Directors, the Deputy Chief Executive and Assistant Chief Executive.

3.2 The Committee meets on a monthly basis. The Committee is accountable to Council, has eleven members and is politically balanced. One place is reserved for the relevant Portfolio Holder with a remit covering Resources (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.

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 grades (Appendix 4) or to other pay such as market supplement or acting up allowances in accordance with the provisions contained within the Council's Pay Policy (Appendix 5).

4 PAY, TERMS AND CONDITIONS AT NOTTINGHAM CITY COUNCIL

4.1 The majority of 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 6 provides a comprehensive breakdown of all the terms and conditions offered to the Council's chief officers in comparison to LGS employees as at 31 October 2017, 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, travel expenses within County of Nottinghamshire, weekend allowances etc. are not available to the Council's chief officers. It should be noted that, whilst the Council has previously paid increments to employees on the lowest four grades in 2014/15 and 2015/16, automatic increments have been removed from the new pay structure which came in from 1 April 2017. In addition, certain allowances are no longer payable, e.g. evening allowances.

4.4 The Chief Executive is paid on a spot salary of £163,216 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 2017 and 31 October 2017 are listed in the table below:

Pay Element	Total for Chief Officers*
Total year to date additional payments (1 April 2016 to 30	£22,100

September 2016) Additional payments include: Car mileage, allowances for additional responsibilities, general expenses (e.g. subsistence, parking etc), and travel expenses.	
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* as defined by the Local Government and Housing Act 1989

This has decreased from last year, when the total additional payments were £39,190; this is due to the numbers of Chief Officers, as shown in Appendix 1, reducing during this reporting period due to restructuring and changes to reporting lines. The table below outlines the types of payments made:

Travel expenses	£506
General expenses	£869
Payments for additional responsibilities/duties	£13,690
Market Supplements	£7,035
Total	£22,100

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, Local Police & Crime Commissioner and Parliamentary elections in addition to any National Referenda.
- 5.2 The Police & Crime Commissioner and Parliamentary elections as well as any national referenda 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 was a Parliamentary election during 2017-2018 so the Chief Executive has received an additional fee during this financial year, but as outlined in para 5.2, this is an independent payment and is not paid or funded by the City Council and is not part of Nottingham City Council's terms and conditions.
- 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 Chief Executive is not contractually entitled to a payment for local elections and therefore would not have received a payment for any local election if they had occurred during this financial year (i.e. by-elections).

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 fee derives from Section 5 of the Local Government and Housing Act 1989, and includes the following:-
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.
- 6.2 The Monitoring Officer has a duty to report to Full Council if they consider any proposal, decision, or omission made by the Council, or on behalf of 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 Monitoring Officer currently (Jan 2018) receives an additional payment of £15,717 per annum. The officer currently responsible for the duties of the Monitoring Officer is the Director of Legal & Governance, (which is remunerated within SLMG 1 salary banding). The additional payment amount quantifies the amount between the postholder's current salary and the bottom of the Strategic Director salary banding, an amount that recognises the additional responsibilities of the Monitoring Officer. This additional payment amount keeps the additional payment in line with the equivalent salary of the Strategic Director of Finance, carrying the Section 151 Officer responsibilities.

7 PAY RELATIONSHIPS

Without Allowances

- 7.1 The relationship between the Chief Executive's basic pay (£163,216) to that of the Council's non chief officer¹ average earner excluding allowances (£23,650) is a pay multiple of 1:7.
- 7.2 The pay multiple of the Chief Executive's basic pay (£163,216) to that of the Council's non chief officer median earner excluding allowances (£20,661) is 1:8.

With Guaranteed Payments²

- 7.3 The relationship between the average chief officer's pay including guaranteed payments (£95,574) and to that of the Council's non chief officer average earner including guaranteed payments (£24,108) is 1:4.
- 7.4 The relationship between the median pay of chief officers including guaranteed payments (£86,709) and to that of the Council's non chief officer median earner including guaranteed payments (£20,661) is 1:4.

8 THE COUNCIL'S STATEMENT ON PAY AND CONDITIONS FOR CHIEF OFFICERS FOR 2017/18

The section sets out the Council's approach to determining pay and conditions for chief officers for 2017/18.

(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 all-inclusive pay for new chief officers will fall within the bandings for their job as set out in Appendix 4. 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.

¹ 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.

² Includes basic FTE salary, pension – employer contribution on FTE basic pay, salary protection, market supplements, allowances and enhancements paid between 01/04/2017 to 31/10/2017.

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

8.2 The level and elements of remuneration for each chief officer

Any changes or amendments to SLMG pay grading 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 was a pay award of 1% for chief officers and the Chief Executive from 1 April 2017, but at time of writing no announcement regarding a chief officer pay award in 2018/19 has yet been made, although one is anticipated on the basis that a 2% pay offer has recently been made for NJC pay.

8.4 The use of performance related pay for chief officers

The Council does not 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

At time of writing, 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's Performance Appraisal system requires a number of mandatory competencies and objectives (team and individual) to be met which are reviewed throughout the year. In addition to this, Chief Officers are not excluded from the application of the Council's formal policies on Performance Management and Discipline, and will be managed under the appropriate procedures should there be sufficient underperformance or misconduct concerns, up to and including dismissal, should this be necessary.

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) (Discretionary Compensation) (England and Wales) Regulations 2006 (DCR Policy). See Appendix 7 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 payment as set out in the Council's Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (DCR Policy). See Appendix 7 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 may retire from age 55 without consent but will leave with a reduced pension. 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.
- 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 additional pension to chief officers at the discretion of ACOS supported by a business case. See Appendix 8 for policy details.

As noted in previous Pay Policy Statements, the Government had announced its intention to introduce a cap on Public Sector exit payments in order to restrict these to a maximum of £95,000. This was anticipated to be in place from 1 April 2016, however, at time of writing this has now been delayed and an implementation date is not currently known. This has the potential to reduce both redundancy dismissal and efficiency pension benefits where the Chief Officer is aged 55+ and may have some of their pension benefits reduced where the overall cost of termination exceeds £95,000 including pension strain costs.

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.

As noted in previous Pay Policy Statements, the Government had announced its intention to introduce a legislative change under the Small Business, Enterprise & Employment Bill to recover exit payments made to Chief Officers if they leave the public sector and return to the public sector within 12 months of leaving. This was anticipated to be in place from 1 April 2016, however, at time of writing an implementation date is still awaited.

8.9 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.

8.10 Tax Avoidance

The Council takes its obligations for 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 all such engagements, whether direct or through an intermediary are compliant with the off payroll rules (also known as IR35) for the public sector introduced in April 2017. This ensures that the Council is meeting its obligations in regard to Employment Tax as established by HMRC and, thereby reducing the risk of potential tax avoidance. All deemed contracts of employments as per HMRC regulations will be remunerated through the payroll system and the required deductions for Income Tax and National Insurance made and paid over to HMRC.

8.11 Shared Senior Management

Currently, the Council has no shared management arrangements with other organisations.

8.12 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). Prior to 1 April 2017, the Council formerly paid, as a separate element, to all colleagues on Grade A and the majority of Grade B, a Living Wage supplement which increased their hourly rate to £7.85. This is no longer paid due to changes to the Council's pay structure as outlined below. The Government's compulsory National Living Wage (as introduced in April 2016) is currently an hourly rate of £7.50, set to increase to £9.00 per hour by 2020.

The Council reached agreement with the Trade Unions to change its pay structure and terms and conditions with effect from 1st April 2017. The new Nottingham Pay Model was designed to permanently incorporate the Voluntary Living Wage supplement paid by the Council at the time (£8.25 per hour) as the lowest rate of pay. This ensures that employees in Grades A – C receive a salary that is not only in excess of the Local Government Pay Spine but also significantly in excess of the Government National Living Wage (currently £7.50 per hour). The new Pay Model contains two new pay levels in each grade that will be based on points on the LGP Spine. Colleagues will move to Level Two once they have successfully completed their probationary period at Level One. Colleagues at the bottom of their grade at

the 1st April 2017 received a transition payment and will move to Level Two from the 1st April 2018.

As part of the changes to the pay structure, the top two spinal column points (SCP) of the former pay structure were removed and colleagues on those SCP are receiving pay protection. The changes to the pay structure and terms and conditions are reflected in the Council's new Pay Policy at Appendix 5.

Changes to allowances and enhancements as part of the new pay model will also see removal of unsocial hours payments for evening working, all work undertaken on weekends paid at plain time, overtime worked between 37 hours and 42 hours per week paid at plain time and any overtime in excess of 42 hours per week will be paid at time and a half.

8.13 Local Government National Pay Award

At time of writing, a National Pay award offer for LGS employees has been proposed for the period 1 April 2018 – 31 March 2020. It is proposed that in year one LGS employees below SCP 20 (NCC Grade D and below) will receive an increase of between 3.734% and 9.191% in order to move closer to the National Living Wage, resulting in a new bottom SCP of £8.50 per hour. For LGS employees on or above SCP 20 (NCC Grade E and above), the proposal is to pay a 2.0% increase.

8.14 For year two, the pay award proposal is to increase the bottom SCP to £9.00 per hour and make extensive revisions to the existing pay spine to rationalise the consequent compacting of differentials. Consideration will therefore need to be given to how these proposals will be addressed within the new NCC pay structure.

8.15 At time of writing, the pay award proposals are still being considered by the Trade Unions and are not yet agreed.

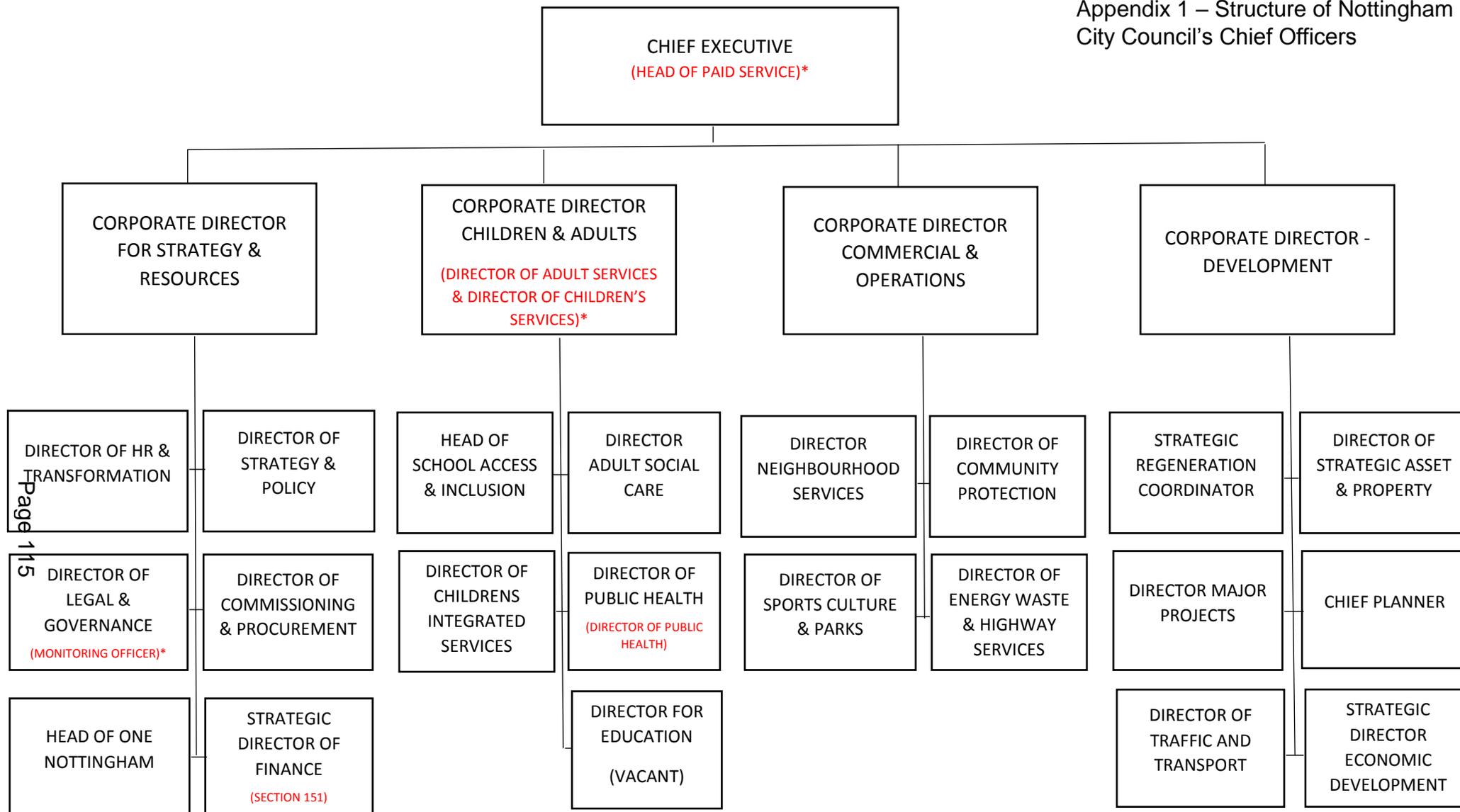
9 PUBLISHED DOCUMENTS AND PAPERS REFERRED TO IN THE PAY POLICY STATEMENT

9.1 Communities and Local Government, 2012. *Openness and accountability in local pay: Guidance under section 40 of the Localism Act*. London

9.2 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

9.3 Local Government Association and Association of Local Authority Chief Executives (ALACE), *Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives*

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Page 115

*Statutory Officers under the Local Government and Housing Act 1989

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Definitions of Chief Officers

Localism Act 2011

43 Interpretation

(2) In this Chapter “chief officer”, in relation to a relevant authority, means each of the following-

- (a) the head of its paid service designated under section 4(1) of the Local Government and Housing Act 1989;
- (b) its monitoring officer designated under section 5(1) of that Act;
- (c) a statutory chief officer mentioned in section 2(6) of that Act;
- (d) a non-statutory chief officer mentioned in section 2(7) of that Act;
- (e) a deputy chief officer mentioned in section 2(8) of that Act.

Local Government and Housing Act 1989 – Section 2

6) In this section “the statutory chief officers” means—

[(za) the director of children's services appointed under [section 18](#) of the Children Act 2004 and the director of adult social services appointed under section 6(A1) of the [Local Authority Social Services Act 1970](#) (in the case of a local authority in England);]

[(zb) the director of public health appointed under [section 73A\(1\)](#) of the National Health Service Act 2006;]

(a) the chief education officer . . . appointed under [[section 532](#) of the Education Act 1996] . . . [(in the case of a local authority in Wales)];

(b) *the chief officer of a fire brigade maintained under the [Fire Services Act 1947](#) and appointed under regulations made under section 18(1)(a) of that Act;*

(c) the director of social services [(in the case of a local authority in Wales)] or [chief social work officer] appointed under [section 6](#) of the Local Authority Social Services Act 1970 or [section 3](#) of the Social Work (Scotland) Act 1968; and

(d) the officer having responsibility, for the purposes of [section 151](#) of the Local Government Act 1972, [section 73](#) of the Local Government Act 1985, [section 112](#) of the Local Government Finance Act 1988[, [section 127\(2\)](#) of the Greater London Authority Act 1999] or section 6 below or for the purposes of [section 95](#) of the Local Government (Scotland) Act 1973, for the administration of the authority's financial affairs.

(7) In this section “non-statutory chief officer” means, subject to the following provisions of this section—

- (a) a person for whom the head of the authority's paid service is directly responsible;

(b) a person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the head of the authority's paid service; and

(c) any person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the local authority themselves or any committee or sub-committee of the authority.

(8) In this section "deputy chief officer" means, subject to the following provisions of this section, a person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to one or more of the statutory or non-statutory chief officers.

(9) A person whose duties are solely secretarial or clerical or are otherwise in the nature of support services shall not be regarded as a non-statutory chief officer or a deputy chief officer for the purposes of this Part.

Appointments and Conditions of Service Committee

(Extract from Nottingham City Council's Constitution Part 2: Responsibility for Functions and Terms of Reference)

- 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 Officers (as referred to in paragraph 1(a) of the Officer Employment Procedure Rules (Standing Orders on Employment Matters), subject to having ascertained the views of the Executive Board in accordance with Standing Orders;
- b) to approve the appointment of Chief Officers (as referred to in paragraph 1(a) of the Officer Employment Procedure Rules (Standing Orders on Employment Matters));
- c) to determine the terms and conditions of City Council employees and procedures for disciplinary action and dismissal;
- d) to designate Proper Officers;
- e) 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;
- f) to exercise any other personnel functions which cannot be the responsibility of the Executive;
- g) 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;
- h) to determine 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 pension and award additional LGPS pension 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);
- i) to determine 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 pension and award additional LGPS pension 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;

- j) to appoint an independent person to investigate matters of misconduct and capability involving the Head of Paid Service, Section 151 officer and Monitoring Officer;
- k) to approve any proposals for significant restructuring of the Council's management structure;
- l) 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 11 members and is politically balanced. One place is reserved for the relevant Portfolio Holder with a remit covering Resources (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.

Pay Scales - From 1 April 2017

Note: The Nottingham Living Wage Supplement applies to the shaded grades (A - C)

Local Government Scheme				
Tier	Grade	Level	Salary	
			Min	Max
6	A	1	£15,917	£8.25
		2	£16,013	£8.30
	B	1	£16,302	£8.45
		2	£16,399	£8.50
	C	1	£16,688	£8.65
		2	£17,419	£9.03
	D	1	£17,772	£9.21
		2	£18,746	£9.72
	E	1	£20,661	£10.71
		2	£21,962	£11.38
	F	1	£24,174	£12.53
		2	£25,951	£13.45
5	G	1	£27,668	£14.34
		2	£29,323	£15.20
	H	1	£31,601	£16.38
		2	£33,437	£17.33
	I	1	£36,379	£18.86
		2	£38,237	£19.82
4	J	1	£41,025	£21.26
		2	£42,899	£22.24
	K	1	£45,694	£23.68
		2	£47,561	£24.65

SLMG					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
3	SLMG6	£45,694	£49,507	23.68	25.66
	SLMG5	£49,945	£52,857	25.89	27.40
	SLMG4	£52,860	£59,604	27.40	30.89
	SLMG3	£59,608	£69,466	30.90	36.01
2	SLMG2	£69,469	£81,047	36.01	42.01
	SLMG1	£81,050	£92,622	42.01	48.01

Strategic Director					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	SDIR	£96,767	£107,060	50.16	55.49

Corporate Director					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	CDIR	£122,412	£147,561	63.45	76.48

Chief Executive					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	CX	£165,000	£185,000	85.76	96.15

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PAY POLICY

Table of Contents

Section	Title	Page
1.	<u>Who this policy applies to</u>	2
2.	<u>Principles</u>	2
3.	<u>Pay System</u>	2-5
3.6	<u>Moving to the Progression Point - Exceptions</u>	3-4
3.7	<u>Transition Year</u>	4-5
4.	<u>Pay Levels – terms of use</u>	5-6
5.	<u>Living Wage and the Nottingham Living Wage Supplement</u>	6
6.	<u>Grading of jobs</u>	6-7
7.	<u>Overtime and Allowances</u>	7-9
7.2	<u>Overtime</u>	7
7.3	<u>Public Holidays</u>	7
7.4	<u>Night Working</u>	7
7.5	<u>Sleep-in Duty</u>	7-8
7.6	<u>Standby Duty</u>	8
7.6.1	- <u>On call to go into work</u>	8
7.6.3	- <u>On call to provide telephone support</u>	8
7.7	<u>Payment for work undertaken as a result of standby</u>	9
7.8	<u>Client Holidays</u>	9
7.9	<u>Lunchtimes/Provision of Meals</u>	9
7.10	<u>Governance of Allowances</u>	9
8.	<u>Holiday Pay and Allowances</u>	9
9.	<u>Special Payments</u>	10
10.	<u>Pay Protection</u>	10-11
11.	<u>Overpayments</u>	11-14
11.2	<u>Is the overpayment recoverable?</u>	12
11.3	<u>Guidelines for recovery</u>	12-13
11.4	<u>Guidelines for requesting that an overpayment be written off</u>	13
11.5	<u>Overpayment Disputes</u>	13
11.6	<u>Overpayments where the employee is no longer employed or is on notice</u>	13-14
11.7	<u>Confidentiality</u>	14
12.	<u>Responsibilities in applying the pay policy</u>	14
Appendix 1	<u>Pay Scales</u>	15
Appendix 2	<u>Approved Market Supplements and Material Factor Payments</u>	16-18

PAY POLICY

Paragraphs (3) (7) (8) and (10) of this Pay Policy are, where applicable, incorporated into individual employees' contracts of employment.

1. Who this policy applies to

- 1.1 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. It does not apply to employees directly employed by schools.
- 1.2 Paragraphs (2), (6.2) and (9-12) of this Policy will also apply to employees covered by the Soulbury Committee – Inspectors, Organisers and Advisory Officers of Local Education Authorities.
- 1.3 Paragraphs (2), (6.2) and (9-12) of this Policy will also apply to employees within the Strategic Leadership Management Group (SLMG).

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.
- 2.3 The Council will act in accordance with the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002. Managers should ensure fixed-term employees receive no difference in treatment to permanent employees regarding pay.

3. Pay System

- 3.1 The Council has adopted the Greater London Provincial Council (GLPC) system as its method to value all jobs covered by the [Green Book](#). The GLPC system measures all jobs on a systematic basis against a set number of factors. All relevant jobs are evaluated under this system, and the job evaluation score then determines which pay grade and tier a job is assigned to.

3.2 The pay and grade structure is set out in the table below:

Tier	Grade	Entry Point	Progression Point
6	A	A1	A2
6	B	B1	B2
6	C	C1	C2
6	D	D1	D2
6	E	E1	E2
6	F	F1	F2
5	G	G1	G2
5	H	H1	H2
5	I	I1	I2
4	J	J1	J2
4	K	K1	K2

3.3 All grades A – K are assigned to one of three tiers: 4, 5 or 6. Tiers 1, 2 and 3 are reserved for SLMG jobs.

3.4 Each grade (A – K) consists of Levels 1 and 2, which define the minimum and maximum pay for each grade. The values of each level are available on the intranet and in [Appendix 1](#) of this Pay Policy.

3.5 Level 1 is a probationary point and Level 2 is a non-probationary point. Except during the Transition Year (see section 3.8 below), progression to Level 2 will be on the employee’s first year anniversary in their job and will be subject to successful completion of a six-month probationary period for new starters or six month pay review period for existing employees.

3.6 The table below outlines the circumstances in which employees could move to a new grade, including where there may be exceptions to 3.5 above, to allow commencement at Level 2.

	Reason for commencing in grade	Starting point	Timescale for and condition of progression to Level 2
A	External appointment	Level 1	Successful completion of six month probationary period; progress on first year anniversary.
B	Internal (voluntary) appointment to higher grade	Level 1	Successful completion of six month pay review period; progress on first year anniversary.
C	Internal (voluntary)		The remainder of the probationary

	appointment to same grade (probation not completed)	Level 1	period will be continued into the new job. Progress on first year anniversary subject to successful completion of probationary period.
D	Internal (voluntary) appointment to same grade (probation completed but less than a year in grade)	Level 1	Automatic progression to Level 2 in the new job a year after the start of the original probationary period.
E	Internal (voluntary) appointment to same grade	Level 2	Remain on Level 2
F	Move to same grade via internal processes (e.g. restructure, redeployment)	Grade level as already attained.	N/A if already on Level 2. If on Level 1; as per C - E above, as appropriate.
G	Move to lower grade via internal processes (e.g. restructure, redeployment)	Level 2 (pay protection if applicable).	N/A
H	Move to higher grade via internal processes (e.g. restructure, redeployment)	Level 1	Automatic progression to Level 2 on first year anniversary (no probation or pay review required).
I	Job re-graded and back-dated by less than 12 months.	Level 1	Pay progression period to start from back-dated start date.
J	Job re-graded and back-dated by 12 months or more.	Level 2	N/A

3.7 **Transition Year**

During the first year of implementation of the new pay system (1 April 2017 – 31 March 2018), special arrangements will apply for existing employees as they are moved onto the new pay system. This will be known as the Transition Year.

- 3.8 During the Transition Year, any employee on the first scale point of the previous pay system on 31 March 2017 will be placed on the new Level 1 for their grade. These employees will not move to Level 2 under section 3.5 above. Progression to Level 2 will be on 1 April 2018.
- 3.9 Any employee who is on Level 1 and already has one year's service at the start of the Transition Year, or reaches one year's service during the Transition Year, will receive a 'transition payment' in addition to their new Level 1 salary (subject to the employee having passed their probationary period or pay review period in their job)
- 3.10 From 1 April 2017 onwards, any employee who commences a new job with the Council will be placed on Level 1 for their grade (except restructures or redeployment to the

same grade or lower, or sideways moves where the employee is already on Level 2). These employees will then be subject to the arrangements in 3.5 and will not move to Level 2 until their first year anniversary in their job (and subject to successful completion of a six month probationary period or pay review period).

- 3.11 The transition payment will be paid from 1 April 2017. Payment will accrue daily and be made in monthly instalments as a consolidated part of the employee's salary.
- 3.12 The table below details the value of the transition payments (expressed as a maximum annual total) that employees will receive at each grade. In the event that an employee is only eligible for a transition payment for part of the Transition Year, the payment will be pro-rated accordingly.

New Grade & level 01 April 2017		New Annual Salary	New Hourly Rate	Transition Amount (expressed as a maximum annual total)	New Total Annual Pay incorporating transition payment element	New Hourly Rate incorporating transition payment element
A	A1	£15,917	£8.25	£76	£15,993	£8.29
B	B1	£16,302	£8.45	£77	£16,379	£8.49
C	C1	£16,688	£8.65	£584	£17,267	£8.95
D	D1	£17,772	£9.21	£298	£18,070	£9.36
E	E1	£20,661	£10.71	£486	£21,147	£10.96
F	F1	£24,174	£12.53	£632	£24,806	£12.86
G	G1	£27,668	£14.34	£653	£28,321	£14.68
H	H1	£31,601	£16.38	£708	£32,309	£16.75
I	I1	£36,379	£18.86	£741	£37,120	£19.24
J	J1	£41,025	£21.26	£753	£41,778	£21.65
K	K1	£45,694	£23.68	£740	£46,434	£24.07

4. Pay Levels – terms of use

- 4.1 All jobs will be advertised on the salary for Level 1 only and starting salaries will not be open to negotiation. New starters to the Council must not be placed on Level 2 as a way of offering a higher rate of pay. Where a manager is not able to recruit and needs to offer a higher salary to attract external candidates this will need to be detailed and approved in a business case requesting a market supplement or material factor payment. A record of all such decisions will be kept and periodically presented at Central Panel. Please see [section 9](#) of this policy, and the associated Special Payment Guidance document, which contains advice on how to request market supplements and material factor payments.

- 4.2 No employee will be allowed to receive more than the Level 2 payment for their grade unless approval is obtained for a Market Supplement, Material Factor or Additional Payment (see [Section 9](#)).
- 4.3 Where a job is re-graded, the employee will be placed on Level 1 if the effective date of the re-grade is back-dated by less than twelve months. The elapsed period since the effective start date of the re-grade will be considered to count towards the period for progression to Level 2. The employee will move to Level 2 twelve months from the effective date of the re-grade, even if this is back-dated.

If the re-grade is back-dated by more than twelve months, the employee will be placed on Level 2.

5. Living Wage and the Nottingham Living Wage Supplement

- 5.1 The Government has set a National Living Wage, and it is unlawful for employers to pay less than this amount per hour to employees aged 25 and over.
- 5.2 The Living Wage Foundation is an independent collective which, in partnership with the Centre for Research in Social Policy at Loughborough University, calculates what a reasonable Living Wage should be every year, based on the estimated needs of average family 'types' in order to maintain a reasonable standard of living. This is normally a higher rate than the Living Wage set by the Government and is a voluntary rate of pay.
- 5.3 Nottingham City Council aspires to be a voluntary Living Wage Foundation employer and to pay the rates suggested by the Living Wage Foundation. As at 1st April 2017, the Council has introduced a supplement to the NJC pay scales to pay the Living Wage rate as at 31 October 2016, and ensures that grades A to C have a proportional difference between each grade and each corresponding level.
- 5.4 The Council will regularly review the minimum rate paid to its employees and the knock on effect to the levels of pay above, but this will have to be balanced against the Council's financial situation.

6. Grading of jobs

- 6.1 All jobs are assigned to a grade following a job evaluation.
- 6.2 Where there is a business need to create a new role or to fill a vacancy that has been empty for a significant period, the line manager will initially consult the Job Evaluation Analyst in the Business Operations Team, who will advise whether there is an appropriate generic job description for the role available. If not, the manager will draft a new job description, and submit it to for evaluation, together with other relevant documents, to job.evaluation@nottinghamcity.gov.uk. More details of the Job Evaluation process can be found on the [Job Evaluation pages](#) of the intranet.
- 6.3 Where a re-grade of an existing job 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 via the email address above.
- 6.4 It is the Council's intention to move to a job family system of job evaluation. Once this

15 February 2018



comes into force, this policy will be amended to reflect this.

7. Overtime and Allowances

7.1 Employees will receive plain time for all hours worked except in the circumstances outlined below.

7.2 Overtime

7.2.1 Where overtime is offered, compensation of either Time Off In Lieu (TOIL) or payment will be given in line with each service’s normal practice. Employees above Grade F in particular should normally be compensated by TOIL and should only be paid for overtime where there is exceptional business need.

7.2.2 Where payment is to be made for overtime in place of TOIL, the following payments can be made:

For employees at grade F and below	<ul style="list-style-type: none"> • Plain time to be paid for all hours worked up to and including 42 hours per week (i.e. the first 5 hours of overtime above 37 hours are paid at plain time). • Any overtime hours worked beyond 42 hours per week to be paid at time and a half.
For employees above grade F	<ul style="list-style-type: none"> • Plain time rates for all additional hours worked.

7.2.3 Overtime worked on a public holiday will be paid at double time for all hours worked.

7.3 Public Holidays

7.3.1 There are eight public holidays each year. More information about public holidays can be found in the [Public Holidays policy](#) within the People Management Handbook. All provisions below relate to public holidays that are worked as part of an employee’s normal working week.

7.3.2 Employees who are required to work on a public holiday will be paid at double time for all hours worked on that day.

7.3.3 Employees who are due to work on a public holiday but are absent on sick leave will only receive basic sick pay for that day.

7.3.4 Employees who are required to work on a public holiday will also receive paid time off in lieu (TOIL) 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.

7.4 Night working

7.4.1 Employees who work at night as part of their normal working week will receive an enhancement of time and one third for all hours worked between 11.00pm and 6.00am.

7.5 Sleep-in Duty

7.5.1 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 plain time will apply.

7.5.2 Currently, the Council pays a rate of £39.53 per sleep-in session, as this is a rate historically paid prior to becoming a Unitary Authority. An agreement has been made with our Trade Unions that this rate will continue until such time as the nationally-agreed amount overtakes it, after which the nationally-agreed rate will apply.

7.5.3 Where any working time undertaken whilst sleeping-in prevents the employee taking any of the rest periods outlined in 7.6.5 below, compensatory unpaid time off will be provided.

7.6 **Standby Duty**

7.6.1 **On call to go into work**

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

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

7.6.2 The session payment covers the period of standby only. If an employee is called into work as a result of being on standby, they will be reimbursed for any time worked as per section [7.7](#) below. If called into work, the standby payment will still apply, regardless of the length of time the employee was actually on standby prior to being called into work.

7.6.3 **On call to provide telephone support**

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.

7.6.4 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 section [7.7](#) below. Should a call result in a requirement to go into work, the principles outlined in 7.7 below will also apply.

7.6.5 Under the Working Time Directive, employees are entitled to statutory unpaid rest periods of:

- eleven consecutive hours in any 24-hour period;
- a 20-minute rest break if the working day is longer than six hours;
- one day off each week.

7.6.6 Where any working time undertaken whilst on call prevents the employee taking any of the rest periods outlined above, compensatory unpaid time off will be provided.



7.7 Payment for work undertaken as a result of standby

7.7.1 If an employee on standby is required to go into work, or undertakes telephone work in excess of one hour they will receive either time off in lieu (TOIL) or payment, as appropriate to business need, and in accordance with Section [7.2](#) above, for the actual time spent working.

7.7.2 For employees receiving payment, a minimum of two hours' payment at plain time will be made for any period they are required to go into work.

7.7.3 For employees who are required to physically go into work, TOIL or payment will include travel time.

7.7.4 Where any working time undertaken whilst on call prevents the employee taking any of the rest periods outlined in [7.6.5](#) above, compensatory unpaid time off will be provided.

7.8 Client Holidays

7.8.1 An allowance of £50 per day will be paid to employees accompanying clients on holiday. This payment will be made in replacement of all other allowances that might otherwise apply to the time worked during the client holiday.

7.9 Lunchtimes/Provision of Meals

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

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

7.10. Governance of Allowances

7.10.1 No other allowances apart from those listed above 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](#)).

7.10.2 Allowances will not be payable for periods of sickness absence. However, allowances will be taken into account when calculating holiday pay. See [Section 8](#) for more details.

7.10.3 In the event that more than one allowance could be applied, then it is only the highest allowance that applies. This is with the exception of Standby and Recall to Work, which may both apply alongside each other.

8. Holiday Pay and Allowances

8.1 The Council makes payment for the first twenty days of annual leave, by taking into account the following qualifying allowances and payments:

- Sleep in duty allowances
- Standby duty allowances
- Public Holiday Payments
- Non-guaranteed overtime payments
- Night working enhancements

9. Special Payments

- 9.1 The Council is a large organisation which contains a diverse range of services and jobs. As such, whilst ensuring equal pay principles are adhered to, it is also recognised that a single approach to pay may not always be suitable for the business needs of all services, particularly in areas where there are recruitment and retention issues (including national skills shortages), strong commercialisation priorities, or exceptional work conditions/demands.
- 9.2 Where there are specific business needs that our pay system does not accommodate, managers may consider Special Payments such as Market Supplements, Material Factor payments or Additional Payments in order to offer appropriate levels of remuneration to ensure their services can operate successfully.
- 9.3 Further details of what these payments are and the governance processes to be followed in order to put these types of payment in place are contained in a separate Special Payment Guidance document.
- 9.4 A full list of all agreed Market Supplements and Material Factor payments can be found at [Appendix 2](#) of this policy. Appendix 2 will be updated periodically when payments are reviewed, added or removed.

10. Pay Protection

- 10.1 Employees who are redeployed into a lower graded job 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.
- 10.2 Employees will be moved to the maximum level of their new grade and will receive the difference in salary between the two jobs 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, and any increase to basic salary will be offset against the protected element in order to maintain the protected level of pay.
- 10.3 Pay protection will be calculated on contracted hours. Where an employee's normal working hours are decreased during the protection period, the pay protection element will be pro-rated accordingly.
- 10.4 If an employee reduces their hours during the pay protection period, the pay protection will reduce in line with the reduction in hours (e.g. if hours are halved, the pay protection amount will also be halved).
- 10.5 If, after reducing their hours as above, the employee increases them back again during the pay protection period, the pay protection will increase in line with the increase to hours, but will not exceed the original protected salary. Such cases may include situations where a woman returning from maternity leave wishes to return on reduced hours temporarily and gradually increase her hours over a defined period.
- 10.6 If an employee increases their hours during the protection period without having

previously reduced them, there will be no increase to the pay protection. The pay protection amount will be reduced to offset the increase in hours and maintain the protected salary.

- 10.7 If the increase in hours restores the employee's basic salary to the protected salary or above, the pay protection will cease.
- 10.8 Where an employee is promoted to a higher grade during the protection period the employee shall be placed on Level 1 of the new grade, and pay protection will cease if the new salary is equal to or higher than the protected salary. If Level 1 of the new grade is lower than the protected salary the pay protection element will be amended to accommodate the difference between the new Level 1 salary and the protected salary for the remainder of the protection period.
- 10.9 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 11](#) of this policy.
- 10.10 Where an employee on pay protection undertakes additional duties and responsibilities over and above their new grade, but not higher than their protected salary, they will not be entitled to receive an Additional Payment. If undertaking duties at a higher salary than their protected salary, any additional payment must be offset against the pay protection.
- 10.11 Only an employee's basic salary will be protected. An employee's previous terms and conditions including any contractual allowances, additional payments, material factor payments 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 job which carries more hours, protection will not apply where the increase in hours enables the employee to maintain their former basic salary.
- 10.12 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.
- 10.13 Pay protection will not apply where an employee is downgraded due to misconduct or capability.
- 10.14 Nothing in this Policy shall entitle an employee to receive any pay protection which amounts to a sum greater than their actual financial loss.

11. Overpayments

- 11.1 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.

11.2 **Is the overpayment recoverable?**

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.

11.3 **Guidelines for recovery**

11.3.1 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. In such cases, the process outlined at [11.4](#) should be followed.

11.3.2 However an overpayment comes to light, the payroll provider (East Midlands Shared Service or EMSS) must be notified as a matter of priority. EMSS will write to the employee, copying in their manager, with an explanation of the overpayment which will detail:

- how the overpayment occurred
- the net amount to be repaid once deductions for tax and NI are taken into account.

An Overpayment Recovery Option (ORO) Form will also be enclosed with the letter. If the employee is a leaver, an invoice will be sent under separate cover.

11.3.3 The employee's manager should 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. If necessary, the manager may seek advice from the HR Casework team prior to the discussion taking place.

11.3.4 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; or
- (b) in regular installments via salary deduction.

11.3.5 In discussing the options with the employee, managers should have regard to good financial practices. The maximum recovery period for overpayments should not exceed 12 months unless the Chief Finance Officer has agreed an extended period in exceptional circumstances.

11.3.6 The employee should return the ORO Form to the Employee Service Centre (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 (b). The ESC will in all events write to the employee to confirm the method of recovery that will be taken.

- 11.3.7 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.
- 11.3.8 It is important that overpayments are handled fairly and consistently to avoid any hint of inequality or unlawful discrimination. 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.
- 11.4 **Guidelines for requesting that an overpayment be written off**
- 11.4.1 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 (e.g. spent the money believing it to be his or her own), **and**
 - The overpayment was not caused primarily by the fault of the employee, and the employee can demonstrate that they could not know, nor could reasonably have known, that an overpayment had occurred.
- 11.4.2 An example might be where an employee has queried their pay with EMSS and been assured that the calculation is correct and the money is 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.
- 11.4.3 If the manager wishes to consider writing off the overpayment, s/he should discuss the reasons for non-recovery with the HR Casework advisor dealing with the case and prepare a business case outlining the rationale for the write-off, using the appropriate template which can be found on the Pay pages of the People Management Handbook. The manager should return the completed business case to their HR advisor, who will forward the business case through the appropriate channels for consideration by the Chief Finance Officer.
- 11.4.4 If there is a request for a write-off, the manager must ensure EMSS are advised that this is in progress and instructed not to pursue the overpayment until the business case has been considered and a decision made.
- 11.5 **Overpayment Disputes**
- 11.5.1 Where an employee disputes the overpayment or the proposed recovery arrangement, legal advice may be sought on the matter.
- 11.6 **Overpayments where the employee is no longer employed or is on notice**
- 11.6.1 If an employee leaves the employment of the Council within the period of an overpayment recovery arrangement, 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 and, if not repaid, will be dealt with as a sundry debt.

11.6.2 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.

11.7 **Confidentiality**

11.7.1 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.

12. Responsibilities in applying the pay policy

12.1 **Directors and Heads of Service**

The day to day operational management of pay rests with Directors and or Heads of Service who are accountable for their budgets. It is therefore their responsibility to ensure that all pay decisions are equitable, reasonable, and affordable, within the existing budget and within Nottingham City Council's [Pay Policy](#).

12.2 **Managers**

Managers must apply the pay policy in all cases and must not make payments that do not accord with the policy or with Equal Pay legislation. Managers are expected to be accountable and take full responsibility for any decisions they make regarding pay, and to ensure these go through the proper approval channels. Any manager wishing to make payments outside of this policy must seek advice from the Employee Relations Team in HR.

12.3 **HR and Transformation**

The HR and Transformation service will support and advise managers in application of this policy. The Employee Relations team and Job Evaluation function will undertake monitoring activities and ensure that appropriate records are kept, as appropriate and as highlighted in this policy. The Employee Relations team will ensure this policy is updated when necessary, in consultation with the relevant Trade Unions.

12.4 **The Employee Service Centre**

The ESC will not make payments that are not in accordance with this policy without first referring the situation to an appropriate HR and Transformation colleague for advice.

Appendix 1 – Pay Scales

Pay Scales - From 1 April 2017

Note: The Nottingham Living Wage Supplement applies to the shaded grades (A - C)

Local Government Scheme				
Tier	Grade	Level	Salary	Hourly Rate
6	A	1	£15,917	£8.25
		2	£16,013	£8.30
	B	1	£16,302	£8.45
		2	£16,399	£8.50
	C	1	£16,688	£8.65
		2	£17,419	£9.03
	D	1	£17,772	£9.21
		2	£18,746	£9.72
	E	1	£20,661	£10.71
		2	£21,962	£11.38
	F	1	£24,174	£12.53
		2	£25,951	£13.45
5	G	1	£27,668	£14.34
		2	£29,323	£15.20
	H	1	£31,601	£16.38
		2	£33,437	£17.33
	I	1	£36,379	£18.86
		2	£38,237	£19.82
4	J	1	£41,025	£21.26
		2	£42,899	£22.24
	K	1	£45,694	£23.68
		2	£47,561	£24.65

SLMG					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
3	SLMG6	£45,694	£49,507	23.68	25.66
	SLMG5	£49,945	£52,857	25.89	27.40
	SLMG4	£52,860	£59,604	27.40	30.89
	SLMG3	£59,608	£69,466	30.90	36.01
2	SLMG2	£69,469	£81,047	36.01	42.01
	SLMG1	£81,050	£92,622	42.01	48.01

Strategic Director					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	SDIR	£96,767	£107,060	50.16	55.49

Corporate Director					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	CDIR	£122,412	£147,561	63.45	76.48

Chief Executive					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	CX	£165,000	£185,000	85.76	96.15

Appendix 2 – Approved Market Supplements and Material Factor Payments

In certain circumstances, the Council will agree a variation to the above policy for certain groups of employees (see Special payments guidance document). These variations will be shared with 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 by the Director of HR and Organisational Transformation.

The current agreed variations are:

Department	Title	Details	Review date
Commercial & Operations	Project Director, Nottingham Castle	To pay a market supplement of £7,850 per annum for retention of a business-critical post holder.	27 Feb 2018
	CEO, Royal Centre	To pay an additional £16,222 per annum as a retention measure due to critical business delivery pressures.	31 Mar 2018
	Head Activity Leaders	To pay an uplift of 31%, equating to a rate of £12.03 per hour at Level 1 and £12.73 per hour at Level 2. Supplement only to be paid for hours spent delivering classes.	31 Mar 2018
	Aerobics Instructors	To pay an uplift of 75%, equating to a rate of £16.12 per hour at Level 1 and £17.00 per hour at Level 2. Supplement only to be paid for hours spent delivering classes.	31 Mar 2018
	Product Development & Sales Manager	To pay a market supplement of £2,808 per annum as a measure to retain a specialist member of staff in this commercial field.	31 Mar 2018
	Senior Energy Projects Officer	£3,000 pa agreed as a recruitment incentive to attract specialist skills and experience.	30 Apr 2018
	Maintenance Manager	£6,000 pa agreed for retention of colleague in a critical role who received a job offer elsewhere.	25 Jul 2018
	Tool Allowance	For certain roles in the Commercial Workshops, based upon specific criteria. The amount of the allowance will be increased in line with the national craft worker agreement, and is £31.37 per month from 1	30 Jul 2018

		April 2017.	
	Senior Energy Projects Assessor	£2,000 pa agreed as a recruitment incentive to attract specialist skills and experience.	28 Aug 2018
	Plant Operations Engineer	To pay a market supplement of £2,866 per annum for retention of key skills as comparable roles can attract in excess of £44,000 pa.	31 Aug 2018
	Lead Engineer, Enviro Energy	Market supplement of £4,000 pa for Electrical discipline only for retention of key skills.	31 Aug 2018
	Tree Officer/Tree Services Specialist	To pay a market supplement of £3,721 pa to the Officer post and £4,846 to the Specialist post, in order to reflect external market rates.	06 Sept 2018
Children & Adults	Independent Reviewing Officers	A market supplement of £1,500 per annum to be applied to the IRO post, in order to reflect external market rates.	01 Mar 2018
	Emergency Duty Team	To apply a 20% plussage on all hours in compensation of all unsocial shift patterns worked.	31 Mar 2018
	Residential Staff in Children's Homes	To pay a 10% uplift on pay in order to reflect external market rates to facilitate both recruitment and retention.	31 Mar 2018
	Mental Health Specialist, CAMHS	To pay an annual MS of £720 as a retention incentive due to national shortages of this suitable candidates for this post.	31 Mar 2018
	JAC Instructors	To pay an additional £6.27 per hour (to bring hourly pay up to £18.80 per hour) for casual JAC Instructor work.	31 Mar 2018
	YOT Case Manager/Court Officer	To pay an annual supplement of £1,474 in compensation for participating in a rota to cover court duties at weekends.	31 Mar 2018
	Social Workers	To pay a market supplement to Level 2 and Level 3 Social Worker posts within Children's Services to increase salaries to £29,854 for Level 2 SWs and £34,196 for Level 3 SWs, in order to reflect external market rates.	31 Aug 2018
	Social Work Practice Assessors	Social Workers engaged in Social Work Practice Educator and PQ Mentor/Assessor work	30 Sept 2018

		will receive a fixed rate lump sum payment based on completion of work. There will be four levels of payment, depending on the level of assessment undertaken. Payment will be made on completion of an assessment.	
	Approved Mental Health Practitioners	A market supplement of £1750 per annum (pro rata for part time workers) will be paid to Approved Mental Health professionals for participation in an AMPH rota.	31 Jan 2019
Strategy & Resources	Server Infrastructure Analyst	To pay a supplement of £4,000 per annum to the post holder on a recruitment and retention basis.	08 Mar 2018
	Network Services Manager	To pay a supplement of £4,500 per annum to retain a critical post holder.	31 Jul 2018
	Insight Specialist, Public Health	To pay £5,000 on top of grade in order to attract candidate from Notts.	11 Sept 2018
Development & Growth	Head of Portfolio Investment & Development	To pay an additional £5,000 on top of salary for retention purposes. Other Councils are expressing an interest in post holder and salaries of comparable posts in public and private sector are higher.	31 Mar 2018
	Project Manager, Major Projects	15% increase on basic salary agreed to aid recruitment of post holder.	30 Apr 2018
	Head of Traffic	5% increase on basic salary agreed to aid recruitment of post holder.	31 May 2018
	Building Control Officer	To pay £2,000 pa for recruitment and retention purposes.	31 May 2018
	Senior Estates Surveyor	To pay £4,399 per annum based on external market rates.	30 Sept 2018
	Director, Major Projects	To pay £4,500 for 12 months for retention purposes.	31 Oct 2018
	Midlands Engine Programme Director	To pay £2940 pa in order to recruit suitable person for high profile role. This post is for 2 years and the payment will be reviewed in Jan 2019.	31 Jan 2019

Version Control

Current version no.	2
Status	Final
Panel/Committee	ACOS Central Panel
Panel/Committee date	7 March 2017 30 March 2017
Agreed?	Yes
Effective date	1 April 2017
Review date	1 April 2020
Author	Gail Keen/Della Sewell
Organisation	Nottingham City Council

Document history

Revision date	Version number	Author of changes	Summary of changes
15/02/18	2	Gail Keen	Update of Appendix 2 (Central Panel 15/2/18)

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Appendix 6: Matrix of Terms and Conditions

Terms and Conditions (as at 31 October 2017)	Chief Executive	Other Chief Officers	LGS Employee
Basic Pay ¹	✓ Contractual Current pay £163,216 Range £165,000 - £185,000	✓ Contractual Range £45,694-£147,561	✓ Contractual Range £15,917-£47,561
Performance Related Pay ²	X	X	X
Incremental progression (one pay increase available after one year in grade, conditional on successful completion of six month review period)	X	X	✓
Annual cost of living increase (nationally negotiated. Pay award of 1% applied to LGS, Chief Officer and CEX from 1 April 2017. Those on SCP 6-17 received an increase of between 10.28-2.30%)	✓	✓	✓
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	✓ as at 31 Oct 2017 one Chief Officer was in receipt of payment totalling £7,035	✓ paid only to certain roles on approval of a business case.
Overtime and night working payments	X	X	✓ Contractual
Evening and weekend payments	X	X	X Removed in terms and conditions review wef 1 April 2017
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 Oct 17, three Chief Officers were in receipt of payments totalling £13,690 between them.	✓
Monitoring Officer Payment (statutory duty) ³	X	X payment no longer made as now incorporated into one Corporate Director role	X

¹ See Appendix 4 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

Returning/Counting Officer Payment (to run elections) ⁴ or Election Duty Payments	✓ payment made for a Parliamentary election – but not paid by NCC	✓ 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)	✓	✓	✓
Efficiency Payment (same criteria used for all groups) ⁵	✓	✓	✓
Relocation Payments	✓	✓ As at 31 Oct 2017, no relocation payments had been made to chief officers	✓
Essential Car User Allowance (The Council removed ECU in September 2014 so this is no longer available to any colleagues)	X	X	X
Company Car	X	X	X
Car Parking Allowances (restricted and dependant on role; the majority of employees pay for their own parking)	X	X as at 31 Oct 2017, four Chief Officers were in receipt of payments totalling £68.	✓
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	✓	✓ As at 31 Oct 2017, 6 Chief Officers were in receipt of payments totalling £506 between them	✓
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	✓	✓ As at 31 Oct 17, one Chief Officer was in receipt of payments totalling £24	✓
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

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

⁵ This is covered in the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (DCR) Policy. See Appendix 7

⁶ See Appendix 9 for details of the Council's Business Travel Scheme

⁷ See Appendix 10 for details of the Council's policy on Reimbursement of Expenditure

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: 12.5%	✓ Contractual Employee rate: 8.5-11.4%	✓ Contractual Employee rate: 5.8-8.5%
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	✓	✓	✓

⁸ See Appendix 8 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**

1. Preamble

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).

2. Regulation 5

2.1 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).

2.2 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.

2.3 Continuous service with an organisation covered by the provisions of the RPMO will count towards the redundancy compensation calculation under this Regulation.

3. Regulation 6

3.1 For employees who are entitled to a statutory redundancy payment under Regulation 5, no discretionary compensation element will be paid under Regulation 5.

3.2 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.

3.3 Discretions under this policy shall be applied in the following manner:

- Payments to officers at the level of Head of Service and above² in the efficient exercise of the functions of the Council shall be made at the discretion of the Appointments and Conditions of Service Committee.

¹ With effect from 6 April 2017, the statutory limit of a week's pay is £489 per week.

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

- Payments to officers below the level of Head of Service in the efficient exercise of the functions of the Council shall be made at the discretion of the Chief Executive.

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 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. **Changes to this policy**

- 4.1 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 DISCRETIONS FOR LOCAL GOVERNMENT PENSION SCHEME (LGPS)

1. Who this policy statement applies to

- 1.1 The City Council has produced the following policy statement as required by the Local Government Pension Scheme (LGPS).
- 1.2 This policy applies to all employees of the City Council on permanent or temporary contracts who are members of the LGPS, apart from those employed within schools. This policy does not apply to casual workers, consultants, agency workers or any other workers who are not actual employees of the Council.

2. Early release of Pension Benefits

2.1 Pre-1 April 2014 (Ex-employees only)

- 2.1.1 The LGPS provides for a normal retirement age of 65. Ex-employees who left the Council prior to 1 April 2014 and are members of the LGPS may retire at age 60 and over without permission. Retirements below age 60 require permission from the City Council.
- 2.1.2 An ex-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.)
- 2.1.3 Where permission to retire is required, the Chief Executive will consider requests for early retirement for employees 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.

2.2 Post 1 April 2014 members voluntarily drawing pension benefits

- 2.2.1 Post 1 April 2014 LGPS members may retire at age 55 or over without permission.
- 2.2.2 Under the revised Pensions regulations, the employing authority has the power to "switch on" the 85 year rule for post 1 April members if there is a sufficient business reason.
- 2.2.3 Where a scheme member retires (leaves employment) and elects to draw their benefits at or after age 55 and before age 60 those benefits will be actuarially reduced unless the City Council agrees to meet the full or part cost of those reductions as a result of the member otherwise being protected under the 85 year rule as set out in previous regulations.
- 2.2.4 To avoid the member suffering the full reduction to their benefits the City Council can "switch on" the 85 year rule protections thereby allowing the member to receive fully

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

or partially unreduced benefits but subject to the City Council paying the pensions strain (capital) cost to the Pensions Fund.

2.2.5 Decisions on whether to agree to this for employees below second tier would be delegated to the Chief Executive supported by a business case although it is unlikely that the City Council would ordinarily agree to “switch on” the rule of 85 in such instances.

2.2.6 Waiving of Actuarial reductions

The City Council is unlikely to ignore actuarial reductions. Decisions on whether to agree to waive the actuarial reduction would be delegated to the Chief Executive supported by a business case.

3. Power of employing Authority to award additional pension

3.1 Decisions on whether to award additional pension below second tier level will be delegated to the Chief Executive supported by a business case.

3.2 Decisions to award additional pension for first and second tier officer shall be made at the discretion of the Appointments and Conditions of Service committee supported by a business case.

3.3 Additional pension that is granted will be at whole cost to the employer.

4. Shared Cost Additional Pension Scheme (SCAPC)

4.1 From 1 April 2014, colleagues can voluntarily choose to make Additional Pension Contributions; there is the option for the employer to share this cost under the Shared Cost Additional Pensions Contributions (SCAPC) scheme.

4.2 The City Council will consider awarding additional pension by way of a business case to Appointments and Conditions of Service Committee.

5. Flexible Retirement

5.1 This discretion was first adopted under the 2008 Regulations and is subject to the relevant section contained within the City Council’s Retirement Policy, within the People Management Handbook.

6. Contributions

6.1 The City Council will decide what contribution rate a member is liable to pay:

- a) On first joining the scheme.
- b) On 1 April each year with a review on 1 October each year to ensure the band is as expected.
- c) Upon each subsequent contractual change in pay.
- d) Upon a change of hours either reducing or increasing.

7. Injury Allowances

7.1 Any discretionary payments made to colleagues and or ex colleagues where an industrial injury has occurred are dealt with through the Corporate Liability Insurance and group Personal Accident scheme in operation.

7.2 The City Council will not formally adopt a separate Injury Allowance Scheme.

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

- 8.1 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.
- 8.2 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.

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BUSINESS TRAVEL SCHEME

1. Who this policy applies to

1.1 This policy applies to all employees of the City Council on permanent or temporary contracts, apart from those employed within schools. The general principles also apply to casual workers, consultants, agency workers or any other workers who are undertaking work on behalf of the Council.

2. Travel options

- 2.1 This scheme aims to encourage the most cost-effective solutions when travelling for work purposes whilst reducing the impact of Nottingham City Council business travel on the environment. The choices available are illustrated on the [Business Travel pages](#) on the Intranet.
- 2.2 Business travel is defined as any travel undertaken for work purposes, which excludes commuting.
- 2.3 If you travel for work purposes you should consider whether you need to travel compared with other more sustainable options, including telephone calls or video-conferencing SKYPE or face time, without conflicting with the delivery of Nottingham City Council's business aims. Further guidance can be found on the [Business Travel pages](#).
- 2.4 Rail, fleet cars or car share should be the preferred method for any long distance journeys within mainland UK and where Eurostar could be used for travel to mainland Europe. Flights can be booked if this is the most economic and efficient method of travel. Information on [fleet car hire](#) and on [flight, Eurostar, rail and hotel booking](#) can be found on the Business Travel pages.
- 2.5 For local trips, walking and cycling are encouraged. Using public transport i.e. bus or tram should be used instead of taxis in all but limited circumstances i.e. a small number of business-critical cases related to safety, time, cost or logistical implications, or the need to carry bulky or heavy loads (this does not include items such as briefcases etc. which can be easily carried on public transport). Taxis should be booked through the [Business Travel pages](#).
- 2.6 If you have a disability and you are unable to drive you may use approved taxis for journeys for business use.

3. Responsibilities

- 3.1 Managers are responsible for:
- Making decisions regarding business travel using the most sustainable option balanced with personal safety and time considerations;
 - Undertaking lone person risk assessments if necessary;
 - Authorising payments in a timely manner.
- 3.2 Colleagues are responsible for:
- Choosing the most sustainable travel option balancing personal safety and time



considerations;

- Ensuring all City Council documentation and equipment is protected and secure when using public transport;
- When driving on council business, reading, understanding and complying with the policies concerning driving, including the Driver's License Checking Procedure. These can be found in The Authorised Driver's Handbook (available from Fleet Management);
- Ensuring you have adequate insurance cover for business use;
- Submitting payments in a timely manner on Oracle (in the month after the travel).

4. Expenses

4.1 If you travel for work the following costs will be paid:

- Bus and tram by using the Robin Hood card
- In exceptional circumstances where the Robin Hood card cannot be used reimbursement of actual public transport fares through Oracle
- Standard rail fare through [Click travel](#);
- Mileage allowance payments (where an employee is authorised to use their own vehicle for work purposes);
- Cycle rate (when use own cycle or pool bike/citycard cycle)
- Taxi fares only where a suitable alternative (including public transport) is not available or where para 2.5 applies.

4.2 If you have purchased a Robin Hood Card, tram or train pass for home to work and other non-business travel purposes and this pass can also be used during working hours for business journeys you are encouraged to use this card or pass for business travel as no reimbursement of costs will be necessary. These can be purchased through salary sacrifice [here](#).

5. Authorised Business Travel

5.1 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'

5.2 You may be authorised to use your own car for work purposes where it is required for the effective performance of your duties and where the use of public transport alternatives is not available or would add significantly to the cost of travel or travelling time.

6. Journeys to and from work

6.1 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.

6.2 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.

6.3 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.

7. Mileage allowance payments

7.1 If you are authorised to use your 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 are 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

7.2 You should claim your mileage using iexpenses on Oracle and this will be approved by your manager. For tax and audit purposes original receipts are required for reimbursement of expenses. You will be informed of any additional documentation required from time to time.

7.3 You will need to submit a VAT receipt (or receipts) with your mileage claim. It does not matter if you purchased 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. Managers must only approve mileage claims where a valid VAT petrol receipt is submitted.

7.4 Colleagues who have acquired a car through the City Council's 'carplus' scheme and use this car for business travel purposes, will be entitled to claim for mileage in line with HRMC rates. However, as this vehicle has been acquired through a salary sacrifice scheme it has attracted a tax benefit (Benefit in Kind as defined by HMRC) and therefore, for the purposes of business mileage claims, is viewed as a company car (as it is a lease agreement entered into by the employer). This means that any claims are at a lower rate than those above, as it also does not provide for wear and



tear (as the colleague will be driving a brand new car with all motoring costs included in the monthly salary sacrifice deduction.)

7.5 Colleagues claiming mileage as part of Business Travel will be eligible to claim the lowest HMRC rate, irrespective of engine size of fuel type. Advisory Fuel Rates can be found on the [HMRC](https://www.gov.uk/government/publications/advisory-fuel-rates/advisory-fuel-rates-from-1-march-2016) website or by clicking on this link- <https://www.gov.uk/government/publications/advisory-fuel-rates/advisory-fuel-rates-from-1-march-2016> . It should be noted that they vary from time to time.

7.6 Colleagues must ensure that their claims are recorded correctly by submitting the information through the iexpenses process. When colleagues provide additional information on each of the listed mileage claims, they should select the “Details” button next to each of their mileage claim entries first. They should then ensure that they select the “Lease” option in the “Type of User” field as selecting any other option will result in an incorrect mileage rate being applied.

8. Car Parking Fees

8.1 If you have to pay to park on City Council business actual expenses will be reimbursed provided that they have been reasonably incurred. There is no reimbursement for parking in the City Council boundary as the [Workplace Parking Charging Policy](#) applies. You will need to provide a receipt to claim your car parking fees through Oracle. More information about the Workplace Parking Charge can be found [here](#).

9. Former essential car users

9.1 Those employees who were in receipt of the Essential User Car allowance on 31 August 2014 will be able to apply for a loan to purchase a car in accordance with NCC’s Assisted Car Purchase Scheme. NCC’s Insurance Section will be able to supply details of how the scheme operates.

10. No Claims Bonus Scheme

10.1 NCC operates a No Claims Bonus Scheme to provide a measure of compensation for loss of bonus or payment of excess or both if you use your vehicle for work. The scheme does not give cover for journeys to and from the work base. For information about the No Claims Bonus Scheme please refer to the ‘Guide to Insurances’ document, which can be found [here](#).

11. SLMG employees

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



REIMBURSEMENT OF EXPENDITURE

1. Who this policy applies to

- 1.1 This policy applies to all employees of the City Council on permanent or temporary contracts, apart from those employed within schools. This policy does not apply to casual workers, consultants, agency workers or any other workers who are not actual employees of the Council.

2 Travel

- 2.1 If you travel because of work you will be reimbursed in accordance with the [Business Travel Scheme](#).

3. Meals

- 3.1 You are entitled to be reimbursed additional expenditure in the course of your work. Meals will be reimbursed as detailed in paragraph 3.4, subject to receipts being produced. (In exceptional circumstances small sums may be reimbursed without receipts provided there is other evidence of the expenditure and you can explain why it was not possible to obtain a receipt.)
- 3.2 If you fraudulently submit a claim for reimbursement of expenditure this will be treated as gross misconduct.
- 3.3 It is the settled policy of the Council that expenses payable to colleagues should not exceed those available to Councillors.
- 3.4 The allowances set out below are the maximum amount which can be claimed in respect of any expenditure. Amounts claimed within these limits will still have to be justified and approved as set out in section 3 below.

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

- 3.5 These amounts will be updated periodically in line with the provisions for Councillors.

4. Submitting a claim

- 4.1 If you have access to Oracle Self Service you will be required to claim online and this will be authorised online by your line manager. Colleagues without access to Oracle Self Service will be required to submit expenses using paper forms which must be completed and signed by the colleague and then approved by their manager. Claim forms are available from the Employee Service Centre (ESC).
- 4.2 In order for claims to be approved, you must provide a receipt and the expenditure must be necessary and additional to your ordinary expenditure on a meal or travel at the relevant time.
- 4.3 You should deduct £1.00 for breakfast and lunch and £2.00 for an evening meal from all claims in respect of a meal taken at that time in order to take account of ordinary expenditure. Colleagues and managers must ensure these deductions are made prior

to claiming online or on the paper form.

5. Overnight Accommodation

- 5.1 Overnight accommodation should be booked directly using [Click Travel Limited](#). Only where this has not been possible should a retrospective expenses claim be submitted.
- 5.2 Should a retrospective claim be necessary, the cost claimed for overnight accommodation should be contained within the following limits:

Outside Central London	£80 (including breakfast) Vat Inclusive
Central London	£140 (including breakfast) Vat Inclusive

- 5.3 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 your manager.

6. Expenses incurred whilst attending training

- 6.1 Guidance on the reimbursement of expenses linked to training (other than in respect of meals, travel and accommodation) is set out in the 'Colleague qualification and training support' document on the [Learning and Development pages](#) on the intranet.

CITY COUNCIL – 5 MARCH 2018

REPORT OF THE PORTFOLIO HOLDER FOR ENERGY AND SUSTAINABILITY

DELEGATION OF COMMERCIAL WASTE SERVICES BY DERBY CITY COUNCIL TO NOTTINGHAM CITY COUNCIL

1 SUMMARY

- 1.1 Derby City Council has delegated its responsibility for the collection and disposal/treatment of commercial waste under the Environmental Protection Act 1990 to Nottingham City Council (the City Council).
- 1.2 In order for the City Council to discharge this function it is a constitutional requirement that full Council to formally accept the delegation.
- 1.3 Arrangements for the transfer and undertaking of the delegated functions have been approved by Executive Board on 21 November 2017. The delegation would take effect from 1 April 2018.
- 1.4 A separate agreement between the parties is being negotiated under the authority delegated to the Corporate Director for Commercial and Operations under the 21 November Executive Board approval.

2 RECOMMENDATIONS

- 2.1 That full Council formally accept the delegation from Derby City Council of the functions to facilitate the collection and disposal of commercial waste in accordance with the Environmental Protection Act 1990.

3 REASONS FOR RECOMMENDATIONS

- 3.1 Detailed proposals for the transfer of the Derby City Council commercial waste service to Nottingham City Council were presented to and approved by Executive Board on 21 November 2017.
- 3.2 In order to give that decision effect, it is a constitutional requirement that the City Council formally accept the delegation of functions from Derby City Council.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 4.1 None. Other options were considered and discounted by Executive Board in the 21 November decision.

5 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 5.1 Derby and Nottingham City Councils have committed to an ambitious joint 'Metro Strategy', with the overarching objective of building a global reputation for both cities as exciting places to live, work and play.
- 5.2 In working towards the strategic objective of creating more efficient public services and increasing value for money, both authorities are actively exploring areas for closer integration and shared services.

- 5.3 A review of commercial waste services provided by both authorities has identified an opportunity to deliver £205,000 of annual savings to Derby City Council, while opening new opportunities for Nottingham City Council to build on its successes in commercialisation of waste management by delegating the operation of the service to Nottingham City Council.

6 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)

- 6.1 A full financial model has been developed and has been deemed financially viable. This was shared and approved as part of the Executive Board report dated 21 November 2017.
- 6.2 All finances in association with the delegation, including treatment of VAT, will need to be in line with legal requirements and HMRC legislation. External guidance on what this entails is being sought to ensure full compliance.

7 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 7.1 It is a constitutional requirement in accordance with Part 2 of the City Council's Constitution that acceptance of a delegation from another Council is to be exercised only by full Council.
- 7.2 The City Council Executive has already delegated authority to negotiate and agree all legal agreements with Derby City Council to give effect to and govern the terms of the delegated functions.

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because due consideration has been given to the potential positive or negative impacts of this decision on groups or individuals with protected characteristics. No impacts of this nature have been identified. This decision does not have any bearing on existing Nottingham City Council policies, procedures or practices in relation to employees or citizens. It should, however, be noted that the acceptance of the delegation extends the role of Nottingham City Council into the Derby area and transfer employees from Derby City Council to Nottingham City Council. While these changes do not in of themselves give rise to positive or negative impacts, this extension of service provision and employment should be included within the scope of all future decision for Nottingham City Council Commercial Waste with regard to Equality Impact Assessment.

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 None.

**COUNCILLOR DAVE LIVERSIDGE
PORTFOLIO HOLDER FOR ENERGY AND SUSTAINABILITY**

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CITY COUNCIL - 5 MARCH 2018

REPORT OF THE PORTFOLIO HOLDER FOR PLANNING, HOUSING AND HERITAGE

NOTTINGHAM CITY LAND AND PLANNING POLICIES DEVELOPMENT PLAN DOCUMENT, SUBMISSION TO THE SECRETARY OF STATE

1 SUMMARY

- 1.1 The Land and Planning Policies Development Plan Document (LAPP) is a statutory Development Plan that all planning authorities must prepare by law. Once adopted it will form the second part of the City Council's Local Plan for Nottingham City, alongside the Nottingham City Aligned Core Strategy (Local Plan Part 1), which was adopted in September 2014.
- 1.2 The LAPP contains detailed Development Management Policies and Site Allocations, to guide future development in the City up to 2028. Importantly, it establishes how the housing and employment provisions included in the Nottingham City Aligned Core Strategy (2014) will be delivered.
- 1.3 The LAPP has undergone a number of formal and informal stages which have been approved by Executive Board. The most recent version, the Revised Publication was approved for consultation by a Leader's Key Decision on 8th September 2017. Consultation ran from 29th September to 10th November 2017. Representations received have been considered and the LAPP is now ready to be submitted to the Secretary of State for Examination.
- 1.4 Only Full Council can approve the submission of the LAPP for independent Examination. Consultation on the Revised Publication Version of the LAPP has resulted in some changes being proposed in response to comments made and to bring the LAPP up to date. These comments are not considered to be significant or to impact on the Soundness of the LAPP, and so a further round of consultation is not proposed at this time. These changes have been approved by the Portfolio Holder for Planning, Housing and Heritage in accordance with the Leaders Key Decision of 8th September, 2017. The Schedule of Changes will be submitted alongside the LAPP, and if the Inspector is minded to accept them, they will be published for Consultation alongside any other Main Modifications the Inspector recommends during the course of the Examination. The full list of further changes can be found in the Schedule of Changes and as track changes within the Submission version LAPP document, however Appendix 1 of this report sets out a summary of the principal changes proposed for submission.
- 1.5 The Submission version of the LAPP, and related documentation can be found at www.nottinghamcity.gov.uk/submission.

2 RECOMMENDATIONS

- 2.1 To approve the submission of the Nottingham City Council Local Plan Part 2: Land and Planning Policies Document, along with the Schedule of Changes, and accompanying submission documents (as set out at paragraph 5.11), to the Secretary of State for independent examination.

- 2.2 To request the Inspector to recommend any modifications which are necessary to make the draft Local Plan sound, under section 20(7C) of the Planning and Compulsory Purchase Act 2004 (as amended).
- 2.3 To grant delegated authority to the Chief Planner to approve any necessary amendments to the submission draft Local Plan of the types outlined in paragraph 6.5 of this Report.

3 REASONS FOR RECOMMENDATIONS

- 3.1 Production of a LAPP is a statutory requirement. If no Development Plan is in place, the government's default presumption in favour of sustainable development will apply to relevant planning applications, which means that planning applications will be determined having regard to the National Planning Policy Framework, without the benefit of applying locally determined planning policies. The Government also has powers to directly intervene in Plan making where Local Plans are not prepared or revised.
- 3.2 Under the City Council's constitution (and the relevant legislation), City Council approval is required to allow the LAPP to be submitted to the Secretary of State for Examination.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 4.1 There are no alternative options, production of a Local Plan is a statutory requirement.

5 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 5.1 Planning legislation requires the City Council to produce a Local Plan. In Nottingham, the Local Plan will comprise the Local Plan Part 1: The Nottingham City Aligned Core Strategy (adopted September 2014) and, on adoption, the Nottingham City LAPP (Part 2).
- 5.2 Whilst the Nottingham City Aligned Core Strategy contains the overarching strategic planning policies for the City (and the aligned authorities of Gedling and Broxtowe) the LAPP contains detailed Development Management policies and Site Allocations for Nottingham City. Prior to its adoption, the LAPP is required to go through a number of formal and informal consultation stages. Submission represents a final formal stage of preparation when the LAPP is examined by an Independent Inspector who will consider the 'soundness' of the plan.
- 5.3 This stage follows extensive formal and informal consultation on the 'Call for Sites', 'Issues and Options', 'Additional Sites', 'Preferred Option', 'Publication' and 'Revised Publication'. All of the consultation responses received have been used to inform and shape the LAPP as it has evolved.
- 5.4 Most recently, the Revised Publication version of the Local Plan was approved for consultation by a Leader's Key Decision on 8th September 2017. A statutory six week public consultation then took place when statutory bodies, individuals and interested parties were able to make representations on the Local Plan.
- 5.5 The comments received and the Council's responses have been compiled and will be considered by an independent Planning Inspector appointed by the government as

part of a Public Examination. A summary of the main issues raised and the Council's responses to them can be found at Appendix 1.

- 5.6 The Report of Consultation on the LAPP is available at www.nottinghamcity.gov.uk/submission.
- 5.7 The LAPP contains 59 Development Management policies and 78 Site Allocations, with a set of Development Principles for each site.
- 5.8 The 59 Development Management Policies are arranged into the following sections in the document:
- Climate change
 - Employment Provision and Economic Development
 - Role of the City, Town, District and Local Centres
 - Regeneration
 - Strategic Regeneration Sites
 - Housing Size, Mix and choice
 - Design and Enhancing Local Identity
 - The Historic Environment
 - Local Services and Healthy Lifestyles
 - Community Facilities
 - Managing Travel Demand
 - Green Infrastructure Parks and Open Space
 - Biodiversity
 - Minerals
 - Telecommunications
 - Land Contamination, Instability and Pollution
 - Hazardous Installations
 - Developer Contributions
 - Site Allocations
- 5.9 All of the Site Allocations and City-wide land use designations and constraints have been mapped on the Policies Map.
- 5.10 The Submission version of the LAPP includes a number of proposed changes (See Appendix 1) from the Revised Publication version. These address comments raised in representations, make factual updates, and increase clarity.
- 5.11 A number of supporting documents have been prepared alongside the Submission Version of the LAPP and these will also be submitted to the Secretary of State. These documents, and the LAPP, can be viewed at <http://www.nottinghamcity.gov.uk/submission>.
- **Sustainability Appraisal Report and Addendums:** The Sustainability Appraisal is a legal requirement of Plan Preparation. It has been prepared to fulfil the requirements of the Planning and Compulsory Purchase Act (2004), and the requirements of the EU Strategic Environmental Assessment Directive. The report assesses the economic, social and environmental impacts of all of the policies and site allocations contained in the LAPP, and evaluates reasonable alternatives to these.
 - **Report of Consultation:** This document details the consultation comments received at the previous Publication Version stage and how these have been addressed in changes to the LAPP.

- **Background Papers:** There are 8 Background Papers in total (Site Assessment, Climate Change, Transport, Sustainable, Inclusive and Mixed Communities, Employment Provision and Economic Development, Green Belt, Retail and Minerals) which contain background evidence and the national policy context for specific policies in the LAPP. Addendums to these Background Papers have been prepared where necessary.
- **Infrastructure Delivery Plan:** This document sets out the infrastructure requirements for the City over the plan period, and has been updated to account for the changes to the LAPP where necessary.
- **Equalities Impact Assessment and Addendums:** These documents assess the impact of the LAPP policies on Protected Characteristics.

6 WHAT HAPPENS NEXT

- 6.1 On Council approval formal submission of the LAPP will take place as soon as practicable, starting the independent examination process. An independent Planning Inspector will then be appointed by the Secretary of State to consider the representations that have been made and to test the LAPP's overall soundness and legal compliance.
- 6.2 At the same time, the Council will notify the Inspector that it wishes to request modifications under section 20(7C) of the Planning and Compulsory Purchase Act 2004 (as amended), to allow the Inspector to recommend any changes to the draft LAPP to make it sound, rather than simply test whether it is sound or not. Part of this process will involve an Independent Examination where the Inspector will hold round-table hearing sessions to discuss specific issues. He/she may invite further supporting evidence from the City Council and respondents as necessary. Participation in the hearing sessions will be at the discretion of the Inspector.
- 6.3 The hearing sessions are currently expected to commence in the summer of 2018. Prior to the hearing stage, the Inspector may hold a pre-hearing meeting with all interested parties. This is normally used to explain the arrangements for the hearing sessions. However, if at this stage the Inspector considers that there are likely to be any insurmountable issues of soundness or legal compliance, he/she may advise the Council not to proceed but to withdraw the draft LAPP and re-submit it at a later stage following any necessary re-drafting and consultation.
- 6.4 In order to minimise this risk, all reasonable steps have been taken to ensure that the draft LAPP is sound prior to submission, including undertaking a Revised Publication consultation and carrying out a self-assessment of soundness.
- 6.5 The Council may need to make further minor editing changes to ensure consistency and accuracy prior to submission. In addition, during the course of the independent examination, it is also likely that the Inspector will recommend or ask the Council to suggest further changes which he/she considers are necessary to make the LAPP sound. It is recommended that approval to make any necessary changes be delegated to the Chief Planner.
- 6.6 Following the Examination, the Inspector will publish a report which will set out whether or not the LAPP is sound. Where it is not considered to be sound the Inspector will suggest any further changes agreed at the independent examination,

which should be made to make it so. These will subsequently be reported back to Executive Board for approval and consulted on before the LAPP can be formally approved for adoption by Full Council.

7 ADOPTION

- 7.1 If the LAPP is found to be unsound, then it cannot be adopted. It is anticipated that if the LAPP is found sound, the City Council will adopt it in late 2018.

8 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)

- 8.1 The production of a Local Plan is a statutory requirement for the Council. There are no direct financial implications from the submission of a LAPP and the work has been undertaken using current existing resources earmarked for this purpose and presents no financial pressure on the Council.

9 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 9.1 As indicated in the main body of the report, the Council is under a statutory duty to produce a Local Plan of which the LAPP is part. Requirements relating to the production and adoption of the local plan are prescribed by regulations. The approval of such documents is not the sole function of the Executive and only full Council can approve the submission of the LAPP for independent examination. Whilst there are risks that the Plan (or parts of it) could be found to be unsound or challenged on adoption the LAPP has been the subject of legal advice during its preparation to seek to ensure its compliance with the law and planning policy.

10 EQUALITY IMPACT ASSESSMENT (EIA)

- 10.1 Has the equality impact of the proposals in this report been assessed?

No

Yes

Available at hyperlink www.nottinghamcity.gov.uk/submission, and due regard will be given to any implications identified in it.

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

- 11.1 None

12 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 12.1 Nottingham City Land and Planning Policies Development Plan Document (Local Plan Part 2), Submission Version, March 2018. (Shows the proposed changes as track changes to the Revised Publication Version, September 2017).
- 12.2 Schedule of Changes to the Nottingham City Land and Planning Policies Development Plan Document (Local Plan Part 2), Submission Version, March 2018.

- 12.3 The Land and Planning Policies Sustainability Appraisal Report, January 2016, and Addendum, September 2017 and Addendum 2, March 2018 Addendums.
- 12.4 Report of Consultation for the Nottingham City Land and Planning Policies Development Plan Document (Local Plan Part 2) Publication Version, (Draft Regulation 22 Statement – Part 1), September 2017.
- 12.5 Report of Consultation for the Nottingham City Land and Planning Policies Development Plan Document (Local Plan Part 2) on Revised Publication Version, (Regulation 22 Statement – Part 2), March 2018.
- 12.6 The Land and Planning Policies Site Assessment Document, January 2016 and Addendum September 2017 and Addendum 2, March 2018 Addendums.
- 12.7 Climate Change Background Paper, January 2016
- 12.8 Retail Background Paper, January 2016 and Addendum, September 2017.
- 12.9 Transport Background Paper, January 2016 and Addendum, September 2017 and Addendum 2, March 2018.
- 12.10 Sustainable, Inclusive and Mixed Communities Background Paper, January 2016 and Addendum September 2017 and Addendum 2, March 2018.
- 12.11 Employment Provision and Economic Development Background Paper, January 2016 and Addendum, September 2017 and Addendum 2, March 2018.
- 12.12 Minerals Background Paper, January 2016 and Addendum, September 2017.
- 12.13 Green Belt Background Paper, January 2016.
- 12.14 Infrastructure Delivery Plan, March 2018.
- 12.15 Department for Communities and Local Government, National Planning Policy Framework, March 2012.
- 12.16 Nottingham City Council, Local Plan Part 1: The Nottingham City Aligned Core Strategy, September 2014

COUNCILLOR JANE URQUHART
PORTFOLIO HOLDER FOR PLANNING, HOUSING AND HERITAGE

Appendix 1

List of main issues and changes proposed to the Nottingham City Land and Planning Policies Development Plan Document (Local Plan Part 2), Submission Version.

The changes are included in the Submission version of the Nottingham City Land and Planning Policies Development Plan Document and in the Schedule of Submission Changes to the Nottingham City Land and Planning Policies Development Plan Document.

Note that this is not a complete list of proposed changes to the Nottingham City Land and Planning Policies Development Plan Document. A complete list can be found in the Schedule of Submission Changes at www.nottinghamcity.gov.uk/submission.

Duty to Cooperate Bodies

There has been a generally positive response from Duty to Cooperate organisations. Where appropriate, development principles for site allocations have been amended to reflect the comments made. For example, these principles now reflect the revised Environment Agency (EA) comments, which incorporated the latest flood risk information. No strategic matters remain unresolved, and where possible changes to the Local Plan have been made to address any concerns raised by the bodies.

Climate Change

Policy CC3 “Water” – amendments are proposed which take account of new information on flood risk as flood risk models for River Trent, River Leen and Day Brook which had been updated to take account of more recent government guidance on climate change allowances.

As a result, the EA considered that a strategic approach to flood risk was required for proposed allocations of brownfield sites along the River Leen and Day Brook. Accordingly, amendments were agreed in relation to Policy CC3 and the supporting text to ensure that the redevelopment of such sites would be safe and demonstrate exception by reducing flood risk to the site and/or third parties. Detailed comments were also provided in relation to flood risk for specific sites which allowed the Council to update its Site Allocations development principles and evidence base.

Retail Policy

A small number of detailed submissions were submitted on retail policy. Two supermarket operators objected to Policy SH4 which relates to main town centre uses in edge of and out of centre locations, arguing that the policy is overly restrictive and unsupported by evidence. However, no further changes are proposed as the policy is considered to accord with the NPPF and is supported by the Greater Nottingham Retail Study (2015).

A Bookmakers chain have objected to the supporting text for policies SH2, SH3 and SH7 with particular issue taken around the evidence underpinning the policy approach, in the context of Betting Shops and Pay Day Loan Shops. Research, however, on the spatial distribution of Betting Shops and Pay Day Loan Shops shows that they tend to locate in areas which experience high levels of health and economic deprivation, and so no further changes are proposed to the policy.

Housing Delivery

Two developers made comments on the City's housing supply, questioning its deliverability, although no supporting evidence was submitted. The owner of site PA35 Woodyard Lane suggested that the density on the site was below what was achievable. The plan has been amended to reflect the indicative nature of the proposed housing range, however the overall housing supply is set out in the Core Strategy and is considered to be robust.

Housing Mix Policy

Three responses were made regarding Housing Mix policy HO1, with broad support indicated. Some suggestions for amendment were proposed, although these were considered neither practical nor enforceable. Accordingly, no changes to the policy are proposed.

Houses in Multiple Occupation (HMOs) and Student Housing

Two developers consider that the policy requirements for Nationally Described Space Standards and Accessible Housing should be supported by viability evidence, however the 'Plan-wide Viability Assessment' commissioned to support the Local Plan already provides this evidence, and will be updated for the Examination.

A Residents Association consider that the approach to HMOs and purpose built student accommodation is inadequate. However, there is clear evidence that the City Council's policy approach is having a positive impact, and is as robust as it can be given Government Policy governing HMOs. No further changes to the policy are proposed.

Two developers object to the requirement for Purpose Built Student Accommodation to provide evidence of need, however, the requirement for evidence is essential to ensure no oversupply of Purpose Built Student Accommodation emerges in the future. This approach is supported by Nottingham Trent University. No further changes to the policy are proposed.

There was objection to the proposed 10% threshold for determining areas of overconcentration of HMOs/student households as being not stringent enough in some areas, but too low for other areas. However there is a growing consensus nationally that 10% is an appropriate point beyond which neighbourhoods may become unbalanced, and therefore no further changes to the policy are proposed.

Local Services and Healthy Lifestyles

Policy LS1: Food and Drink Uses and Licensed Entertainment Venues outside the City Centre seeks to control hot food take-aways in the proximity of secondary schools. Exclusion of consideration of Primary school sites within the policy was welcomed (as primary aged pupils do not leave school premises at lunch time and are normally accompanied by parent or guardian before and after school). However, two fast food restaurant operators object, suggesting there is no national basis or evidence to support the policy. Comments also suggest that the policy is unclear in relation to other similar uses, such as coffee shops. However, Policy LS1 is considered to be in accordance with the NPPF and is supported by local evidence, and sufficiently capable of assessing class A5 (restaurant and café) elements of mixed-use proposals. The policy now also references A3 use class (restaurants and cafes) and A4 use class (drinking establishments) in proximity to secondary schools which also responds to points made by representors that these use classes fell outside the policy as worded and could potentially be as problematic in relation to childhood obesity.

Representations were made in support of the City Council's approach. As a result reference is also now made to the role of the Health and Wellbeing Board in bringing together a range of organisations that work to improve health and wellbeing in Nottingham, and its priorities including improving children and young people's health, and reducing the number of people who are overweight and obese by limiting access to high calorie food intake that can contribute to overweight and obesity.

Minerals

Representations were made on Policy MI1 suggesting that safeguarding of sites should be extended to include "mineral associated infrastructure" in line with NPPF para 143. Accordingly, the Council added an additional criterion to Policy MI1 Minerals Safeguarding Area, which safeguards 'associated minerals infrastructure'. This means that facilities for the storage, handling and processing of minerals and other aggregate materials are safeguarded in addition to the actual minerals.

Places for People

The LAPP does not contain any policies relating to Gypsies and Travellers and Travelling Showpeople but seeks to rely on Core Strategy Policy 9. However, reference is made to the Council's approach to such provision, and in response to an objection from a group representing Gypsies and Travellers, the text has been amended to incorporate their comments and state that small scale infill and possibly small scale site extensions are considered to be the most appropriate form of provision, which will assist in integrating gypsy and traveller, and travelling showpeople sites into local communities.

Design and Enhancing Local Identity

Policies DE1 and DE2 were amended to take into account the government's requirement as contained in the NPPF to reduce the risk of terrorist attacks occurring by reducing vulnerability and increasing resilience through sensitive design of development.

Site Allocations

A relatively small number of representations on site allocations were received, including those relating to Former School/Playing Field sites. Again, those concerns raised generally related to loss of green space, uses proposed, transport congestion, privacy, devaluation of properties and impact on local services. However, all the sites have been subject to site assessment, sustainability assessment, and have been subject to open space toolkit assessment. In some instances, amendments have been introduced to mitigate the impact of development.

Sites PA5 - Ridgeway and PA6 - Beckhampton Road have been reviewed in light of the fact that the community sports hub is no longer identified as a need in the Council's emerging Revised Playing Pitch Strategy. Accordingly, some of the housing development originally identified for Ridgeway is to be accommodated on Beckhampton Road. Overall there is a modest uplift in housing numbers across the two sites.

Site PA22 - Western Boulevard is deleted from the plan as a housing site. It is currently occupied by Travelling Showpeople who would require alternative accommodation were the site to be developed. There is no known suitable available site for relocation, and therefore the Inspector would not consider the site to be deliverable in the Plan period. Its deletion would not prevent the site being developed if circumstances change.

Proposed Changes to Policies Map

A number of changes have been made to the Policies Map to accurately reflect policy amendments as identified in the Schedule of Submission Changes, and to reflect up to date information, where necessary.