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You are hereby summoned to attend a meeting of **City Council**
at Council House, Old Market Square on Monday, 9 March 2020 at 2.00 pm to transact the following business

Agenda		Pages
1	**Apologies for absence**	
2	**Declarations of Interests**	
3	**Questions from citizens**	To follow
4	**Petitions from councillors on behalf of citizens**	
5	**To confirm the minutes of the last meeting of Council held on 13 January 2020**	3 - 30
6	**To receive official communications and announcements from the Leader of the Council and/or the Chief Executive**	
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 or the Chair of any other City Council body**	To follow
9	**Decisions taken under Urgency Procedures** Report of the Leader of the Council	31 - 34
10	**Nottingham Business Improvement District (BID) Renewal** Report of the Portfolio Holder for Finance, Growth and the City Centre	35 - 40
11	**Treasury Management Strategy 2020/21 and Capital and Investment Strategy 2020/21** Report of the Portfolio Holder for Finance, Growth and the City Centre	41 - 118
12	**Budget 2020/21** Report of the Portfolio Holder for Finance, Growth and the City Centre	119 - 124
13	**Amendments to the Constitution** Joint report of the Chair of the Audit Committee and the Chair of the Standards Committee	125 - 156
14	**Pay Policy Statement 2020-21** Report of the Chair of the Appointments and Conditions of Service Committee	157 - 220

15 Membership change

To note that:

a) Councillor Angharad Roberts has replaced Councillor Sue Johnson as a member of the Overview and Scrutiny Committee
b) Councillor Toby Neal has replaced Councillor Cheryl Barnard as a member of the Planning Committee
c) Councillor Azad Choudhry has resigned as a member of the Trusts and Charities Committee

16 Dates of future meetings

1) To agree to hold the Annual General Meeting on Monday 18 May 2020 at 2pm at the Council House
2) To note the proposal to meet at 2pm on the following Mondays:
    - 13 July 2020
    - 14 September 2020
    - 9 November 2020
    - 11 January 2021
    - 8 March 2021

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 6 March 2020.

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
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 13 January 2020 from 2.00 pm - 5.30 pm

ATTENDANCES:

✓ Councillor Rosemary Healy (Lord Mayor)

✓	Councillor Hassan Ahmed	✓	Councillor Chantal Lee
✓	Councillor Leslie Ayoola	✓	Councillor Dave Liversidge
✓	Councillor Cheryl Barnard	✓	Councillor Sally Longford
	Councillor Steve Battlemuch	✓	Councillor AJ Matsiko
✓	Councillor Merlita Bryan	✓	Councillor Carole McCulloch
✓	Councillor Eunice Campbell-Clark	✓	Councillor David Mellen
✓	Councillor Graham Chapman	✓	Councillor Sajid Mohammed
✓	Councillor Azad Choudhry	✓	Councillor Salma Mumtaz
✓	Councillor Audrey Dinnall	✓	Councillor Toby Neal
✓	Councillor Kevin Clarke	✓	Councillor Lauren O`Grady
✓	Councillor Michael Edwards	✓	Councillor Anne Peach
✓	Councillor Samuel Gardiner	✓	Councillor Georgia Power
✓	Councillor Jay Hayes	✓	Councillor Shuguftah Quddoos
✓	Councillor Nicola Heaton	✓	Councillor Ethan Radford
✓	Councillor Patience Uloma Ifediora (Sheriff)	✓	Councillor Nick Raine
	Councillor Phil Jackson	✓	Councillor Angharad Roberts
✓	Councillor Maria Joannou	✓	Councillor Andrew Rule
✓	Councillor Sue Johnson	✓	Councillor Mohammed Saghir
✓	Councillor Kirsty Jones	✓	Councillor Wendy Smith
✓	Councillor Angela Kandola	✓	Councillor Roger Steel
✓	Councillor Jawaid Khalil	✓	Councillor Dave Trimble
✓	Councillor Gul Nawaz Khan	✓	Councillor Maria Watson
✓	Councillor Neghat Khan	✓	Councillor Sam Webster
✓	Councillor Zafran Nawaz Khan	✓	Councillor Adele Williams
✓	Councillor Pavlos Kotsonis	✓	Councillor Linda Woodings
✓	Councillor Jane Lakey	✓	Councillor Cate Woodward
✓	Councillor Rebecca Langton		Councillor Audra Wynter

✓ Indicates present at meeting

60 APOLOGIES FOR ABSENCE

Councillor Steve Battlemuch (personal)
Councillor Phil Jackson (unwell)
Councillor Audra Wynter (unwell)

61 DECLARATIONS OF INTERESTS

None

62 QUESTIONS FROM CITIZENS

Mobility Bus Passes

DC asked the following question of the Portfolio Holder for Adult Care and Local Transport:

Following the recent review of the mobility bus pass policy over the autumn 2019 period, I would like to ask the Portfolio Holder for Adult Care and Local Transport what the next steps in the decision making process are going to be and the timescales involved. Furthermore, will the Council publish a full and transparent report outlining the total number of responses received during the consultation period and a pie-chart style diagram outlining the first option preferences favoured by respondents? Finally, could the Portfolio Holder also outline how the final decision regarding the review will be made?

Councillor Adele Williams replied as follows:

Thank you Lord Mayor and thank you to the citizen for the question.

You will be aware that the Council reluctantly withdrew free travel between 11pm and 9.30am on Monday to Friday for Mobility Pass holders in 2018, with this difficult decision being made due to the severe budget pressures facing the Council.

Cardholders have continued to receive the benefits of the national concessionary scheme, which allows free travel between 9.30am and 11pm on Monday to Friday and all day on Saturday and Sunday. Since the additional concession was withdrawn, the measure has actually saved the Council approximately £250,000 per year.

However, in recognition of the concerns raised by citizens, and I would like to thank the Campaign for the work they've done in raising this issue, the Council is reviewing the withdrawal of the Mobility Pass concession, and a full consultation on options to reintroduce the concession took place between September and November 2019.

The consultation elicited a large response, with over 1,000 people giving their views on the proposed options and how the withdrawal of the concession has affected them.

The Council is reviewing the responses received and will make a decision on how to take this matter forward very soon. This will go through the appropriate Council governance processes and the Council will indeed publish a full and transparent report, which summarises all of the findings of the consultation.

So I'd like to thank you for your question and assure you that we will be making a decision very soon.

63 PETITIONS FROM COUNCILLORS ON BEHALF OF CITIZENS

Councillor Salma Mumtaz presented a petition on behalf of residents of Nuthall Road requesting that the green space in front of housing on Nuthall Road is turned into a car park.

64 TO CONFIRM THE MINUTES OF THE LAST MEETING OF COUNCIL HELD ON 11 NOVEMBER 2019

The minutes of the meeting of Council held on 11 November 2019 were confirmed as an accurate record and signed by the Chair.

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

Ian Curryer, Chief Executive, reported the following:

Queen's New Year Honours
Congratulations to citizens of Nottingham who were honoured for their outstanding achievements in the Queen's New Year Honours List for 2020. These included Sheku Kanneh Mason, who is a musician for his services to music, Craig Chettle, the founder of Confetti for his services to enterprenuership and creative industries, Michael Johal, a business person in the City for his services to the economy and community cohesion and Elizabeth Fagan, the non-executive director of Boots for services to gender equality in business. There were a number of other city-related honours.

Climate Change Award
In November, the Council was named Climate Champion and overall winner of the Guardian's Public Service Awards in recognition of its ambitious plans to be the first UK city to become carbon neutral. The Council also won the Local Authority Initiative of the Year at the Energy Awards for its Energiesprong project.

Academy of Urbanism Award
Old Market Square was a finalist in the Great Place category at the Academy of Urbanism Awards in November and the Council was presented with a poem about the Square composed by poet Ian McMillan.

Customer Service Excellence Award
Nottingham City Libraries have been recognised as meeting the Cabinet Office's Customer Service Excellence Standard.

UK Bus Awards
Nottingham City Transport won UK Bus Operator of the Year at the UK Bus Awards. The Company was named as Top City Operator and individual members of staff had success in the Top National Bus Driver, Engineer of the Year and Unsung Heroes categories.

Sports Personality of the Year
Congratulations to volunteer Keiren Thompson who was named BBC Get Inspired Unsung Hero Award winner at the Sports Personality of the Year 2019 Awards.

Keiren was recognised for his work running the community project ‘Helping Kids Achieve’ in Bulwell.

Holocaust Memorial Day
There will be a Civic Service of Commemoration on Monday 27 January at the Council House.

Councillor Georgia Power spoke about Keiren Thompson.

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

None

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

Knife-related crime

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

The Police and Crime Commissioner for Nottinghamshire reportedly supports the Knife Angel coming to the City of Nottingham, given there are indications that external funding would be made available to facilitate this, will the Leader of the Council continue to maintain his opposition to the Knife Angel being installed on Council land, even in the event that there was no cost to the Council?

Councillor David Mellen replied as follows:

Thank you Lord Mayor and can I thank Councillor Rule for his question.

Lord Mayor, my commitment to reducing the risk of knife crime in Nottingham remains unchanged.

My opinion as to whether we should host the Knife Angel statue in Nottingham is not one borne out of how much it might cost to bring the statue here. My view, and I know it’s a view shared by many in this Chamber, is based on how appropriate it would be to bring the statue to this City. While some claim that the Knife Angel’s presence stimulates conversations about knife crime, we need to balance differing views. For every person who might find it inspiring, there are people in our City that who will find it distasteful or even offensive. There is a risk it may be misunderstood as glorifying violence.

Let me be clear, we are making progress in reducing knife crime, and figures from the Crime and Drugs Partnership show knife crime offences fell in the City by 17% over the past 12 months. While this is welcome news, and news we are pleased about, there are still far too many cases of knives being carried and, sadly, used and we can never be complacent about this issue. We are committed to maintaining our public health approach in partnership with all key agencies, including public protection, police, social care, schools, voluntary and community organisations and other groups working in the City. Reducing the risk of knife crime and youth violence includes works that we have been doing with our Youth Justice Service, a specially formed dedicated knife crime hub, to support and reach young people at risk locally; it also involves work with the County Council, the nationally funded Violence Reduction Unit and the Police and Crime Commissioner. The initial priority of the Unit has been to work with core provision and police colleagues to reduce weapon-enabled violence in public spaces. In the longer term, the Unit is seeking to understand what causes violence, and the causes of those causes, so that we can prevent, intervene and treat those causes.

In addition, because knife crime is not just a problem amongst teenagers, we have recently been able to grant-fund voluntary organisations working with 18 – 24 year olds where there is a concern that knife crime is significant. We know that it is very important that young people have access to good youth opportunities and have hope that they can achieve a good education and positive opportunities for work. Since 2018, through our programmes in schools, we have reached 2,637 primary school children, and 1,352 secondary children. Last year we delivered the ‘Street Aware’ programme, providing awareness-raising lessons to 55 primary schools, outlining the risk of criminal gangs, which included grooming, making good decisions and where and how to get help. We also covered issues related to the law about knives and the risk of harm. In Play and Youth, we are currently delivering 34 sessions per week across the City, supplemented by targeted sessions for those young people identified as being at risk of knife crime and child criminal exploitation. Through the Area Based Grants and money from the Police Commissioners Office, we have also funded several local community-based organisations to provide universal services across the City that complement the targeted work being delivered by our Play and Youth staff. In fact, we have invested £200,000 in small grants into organisations working in our communities to support young people involved with crime and violence, or who are at risk of becoming involved, and they do brilliant work.

Lord Mayor, we have proved that in partnership we can bring crime figures down in Nottingham and as Leader of the Council I will continue to do everything I can to bring those numbers down further.

<u>Robin Hood cards</u>

Councillor Andrew Rule asked the following question of the Portfolio Holder for Adult Care and Local Transport:

The Portfolio Holder will be aware that it was originally envisaged that the original migration date for those holders of a Mango card who use the tram to move across to a Robin Hood card was set at 29 December 2019. Notwithstanding this date has been extended to the end of March this year, the Portfolio Holder is presumably aware of the huge inconvenience this now causes to former Mango card holders who have had to move across to the Robin Hood card but who now find that very few tram stops either have a Robin Hood card top-up machine on site or in their immediate vicinity to enable Robin Hood card holders to top up their cards. Can the Portfolio Holder therefore confirm whether there are plans to rectify this and if so, the likely timeframe involved?

Councillor Adele Williams replied as follows:

Thank you Lord Mayor and I thank Councillor Rule for the question.

Nottingham is well known nationally as a centre of excellence for public transport, with City Council initiatives combining with the efforts of local public transport operators to provide a high quality offer both for local people and visitors.

Our Council has a long standing and award winning record on public transport. Through bold initiatives like retaining our municipally owned, award winning bus company and pioneering the Workplace Parking Levy we have been able to invest and plan strategically for a world-class transport system. The £64million that we have raised over the years of the innovative Workplace Parking Levy has enabled us to make the investment that has brought those people onto public transport and out of their cars. In doing this, we work strategically with all operators across the City and the Robin Hood card is an important part of this work, allowing passengers a simple way to interchange between operators without fare barriers. The card has received a number of accolades, particularly with 'pay as you go' being the first scheme of its kind in the UK. Over 9million Robin Hood card trips have been recorded in the past 12 months, and usage levels are likely to increase further with Tramlink's decision to promote the use of the Robin Hood card following the withdrawal of the Mango card in early 2020. There are currently over 150 on-street ticket machines across greater Nottingham, which, together with the City Centre Travel Centre, provide many opportunities to top up Robin Hood cards, and I am pleased to say that the Council are well underway with plans to make Robin Hood card products even more accessible to citizens. It is worth noting as well that the vast majority of journeys on the tram start and end in the City Centre and are very close to many machines. After the withdrawal of the Mango card from tram operations was confirmed, we have been working with Tramlink and their operator to upgrade their tram ticket machines to also allow top up of Robin Hood cards on tram platforms. The tram operator is aware of the importance of maximising convenience you mention and is looking to co-ordinate the withdrawal of Mango with the introduction of Robin Hood Card top ups. It is now possible to purchase a Robin Hood Card top up on line, although you do need to go to a ticket machine to have the credit added to your card. This will make it quicker and avoid the need to make transactions in public places.

Work is well underway on a number of further initiatives to improve convenience. These include developing a mobile app that will allow citizens to purchase tickets and download them onto your Robin Hood card directly from their phone, and using a mobile phone in lieu of a payment card. We are also working with operators to deliver a student Robin Hood card on a 'pay as you go' model.

So these measures will be rolled out over the next 12 months and will make the Robin Hood product much easier to use, avoiding the need to visit the ticket machines at all, so the issue you mentioned will not be there. With contactless payments also being introduced, purchasing tickets to travel will be easier than ever before. The Robin Hood card, as you know, is an established and popular ticketing option in the Nottingham area, and we will continue to look at new improvements that can be made to maximise convenience to citizens.

Just to finish, we are really proud of our record and plans for public transport. Our bold policy brings in investment to the City and has given us a really solid platform to locally address what is a climate emergency through our ambitious carbon-neutral target, so I thank Councillor Rule for the question and the opportunity to talk about what is a very convenient and valued scheme for citizens in Nottingham.

Selective Licensing Scheme

Councillor Andrew Rule asked the following question of the Portfolio Holder for Planning, Housing and Heritage:

At the beginning of December, nearly 18 months after its introduction, the City Council's Selective Licensing Scheme had generated a surplus of £4.7million, whilst only 23% of the City's 33,502 private rented properties have been issued with draft/ full licences. Despite the presence of this surplus, the Council is proposing to increase the licence fee yet again after March. Could the Portfolio Holder explain why this increase is necessary given the existing surplus?

Councillor Linda Woodings replied as follows:

Thank you Lord Mayor and thank you Councillor Rule for your question.

As you are aware, the Council introduced the Selective Licensing Scheme for private rented houses on 1 August 2018 in order to drive up the standards of private-rented properties in Nottingham, and provide better rights and protections for renters.

The initial fee was set in April 2018 and this is the first fee review since the Scheme started. However, there appears to me to be a bit of a misunderstanding within your question because the Selective Licensing Scheme does not run on a surplus, it's not allowed to under the legislation; nor can it run on a deficit though as it has to 'wash its face' financially. Of course, in any 5-year scheme, where large amounts of applications come through almost immediately within the first 2-3 months, there would be a technical surplus as fees are charged in year 1 out of the 5 years and then we drawdown the funds throughout the duration of the 5 years of the scheme.

As the scheme had been running for over a year, it is only right and proper that the fees and charges should be reviewed; that is only good practice. As I have said before in this Chamber, the Scheme got the go-ahead in spring 2018, following authority from the Secretary of State, however, under the legislation, the Scheme had to be up and running within just 3 months. So, despite our planning and advance preparations, the Scheme still had new processes, new procedures and it's also dealing with a group of landlords and agents who had never been regulated in this way before.

There has been a lot of learning in the first year of the Scheme and, as such, the Council has had to review the fee to better reflect the cost of the work undertaken. However, this revised fee will not come into force until 1 April 2020, so this increase will not affect the price already paid by the responsible landlords who have already submitted their applications for their properties before this point. So, if you currently have a property and you've paid your licence fee, we're not going to send you a bill for the extra money. I think there has been a bit of a misunderstanding about that as well; this does not apply to the people that have already applied, but we know there are landlords that still haven't applied and the new fees will only apply to people who apply from April 2020 to go forward and those that purchase properties and licence them from April 2020 onwards. So I just want to clear up that misunderstanding as well.

The processing and issuing of draft and final licences has increased in the last 6 months and continues to increase. This is because a lot of the initial administrative work on the applications has been done, such as checking the application has been made correctly, with the right paperwork and the correct fee.

The ‘surplus’ you refer to has to provide funding for the whole duration of the 5 year Scheme, which goes on until July 2023. As such, there was always going to be a ‘surplus’ in the early years, which decreases as the Scheme progresses. Without this surplus, the Council would have to draw on funds from taxpayers to fund the scheme, and that is money we simply do no have.

The income and expenditure is reviewed on a regular basis to anticipate, predict and ensure the sustainability of the scheme over the 5 years and to ensure there will be sufficient funds to fund it for the full duration of the Scheme.

The most important thing is that standards of private-rented housing in our City are improving, with more than 237 interventions that have taken place without recourse to expensive court cases and prosecutions. 237 families are now living in safer, healthier housing because of this Scheme, and that great work will continue.

Planning Policy

Councillor Maria Watson asked the following question of the Portfolio Holder for Planning, Housing and Heritage:

We, in the Nottingham Independents, have taken great interest in the Land and Planning Policy, which is to be proposed later on in the Council meeting, and which promises a bright future for the City. As you may remember at the last full Council, we spoke about the importance of Summerwood Day Centre to our local community and to its residents. Summerwood is a vital service, which does amazing things, and we could not be more proud of it. It is, therefore, of some concern to see the proposed Farnborough Road development covers the area currently home to Summerwood, and despite our best efforts, we cannot get reassurance that it will not be put in danger with this development. Can the Portfolio Holder give us the reassurances we seek, that Summerwood is not at risk from this development, and that it continues to have an important place in the Council’s future plans?

Councillor Linda Woodings replied as follows:

Thank you Lord Mayor and thank you Councillor Watson for asking this question.

You are hearing my moving speech later down the agenda for the revised Local Plan.

The Plan is a mandatory document that councils across the country are obliged to put forward to Government to demonstrate that they have a plan to deliver, amongst other things, suitable land for housing, economic and social growth. However, just because a plot of land is included within the Plan, it does not necessarily mean that development will inevitably follow. It does give us an opportunity to steer development across the City, but these allocated sites are not the same as planning applications.

As you are no doubt aware, if a developer does come forward in the future with a definite proposal for one of the plots of land within the Local Plan, it will be the subject of consultation with local Councillors, immediate neighbours and the public, and it will then proceed to a Planning Committee application for a decision.

This Plan has been in development for the last 3 years, through which time it has been subject to extensive and repeated stages of consultation. The Government Inspector and the Secretary of State have signed-off the report and today is the final stage of approval.

In relation to the future of day services, and specifically the Summerwood Day Centre, this was the specific subject of a question at our last Full Council in November 2019 and I would refer you to the answer given then by the Portfolio Holder for Adult Care and Local Transport, which is a matter of public record.

Road surfacing

Councillor Kirsty Jones asked the following question of the Portfolio Holder for Adult Care and Local Transport:

I'm sure, like myself, many residents of Nottingham were delighted to see the Council's commitment to resurfacing the roads and filling 50,000 pot holes across the City, as outlined in their plan for 2023. With the commitment to reach 50,000 in four years meaning that an average of 12,500 pot holes need to be filled per year, can the Portfolio Holder advise us as to when we will likely be starting to see this commitment coming to fruition? The roads in Clifton East are at an all-time dire state, so any reassurance that can be given will no-doubt be extremely welcome to both ourselves and to our residents.

Councillor Adele Williams replied as follows:

Thank you Lord Mayor and thank you Councillor for this important question.

We all know as Councillors how important road surfacing is to residents, which is why we included this ambitious pledge in our Manifesto, and now the Council Plan.

The condition of our roads and footpaths is of the utmost importance and it can sometimes feel that demand outstrips our resources. The variable weather patterns and the volume and weight of vehicles all affect surface deterioration and the number of potholes. I know that the quality of our roads has a very real impact on cyclists, users of public transport and pedestrians, as well as motorists.

The Council has a long-standing, strong commitment to inspecting our highways and identifying repairs on a pro-active basis. These are classified as urgent or non-urgent, and all measured against safety intervention criteria. This is done to keep our citizens safe from injury and to protect the Council against claims.

In recognition of the fact that funding is evidently insufficient to fill the nation's potholes, Government has provided additional grant ring-fenced funding for pothole repairs. However, short-term 'fix funding' like this, though welcome when it comes, is not really an efficient use of public funds. The Transport Select Committee, chaired by our colleague from Nottingham South, Lilian Greenwood MP, did a major piece of work in summer 2019 entitled ‘Local Roads Funding and Maintenance: Filling the Gap’, taking evidence from various local authorities and user groups. It was a strong steer from all of the voices, with many perspectives on this issue, that the Government really needs to commit to a front-loaded, long-term solution, a long-term funding settlement to deal with what is a national backlog of maintenance. What we need is a streamlined, long-term, funding settlement that moves away from this plethora of funding sources, asking for money and money being given as a short-term half-fix. The Urban Transport Group is also very supportive of this approach as it would be, obviously, both cost effective and more sustainable, as the current system inevitably drives a reactive approach.

In Nottingham, we take an asset management approach to our highways, in common with other well-managed highways functions, but the current funding arrangements are both insufficient and poorly planned. We are still awaiting the award of the ring-fenced pothole funds for 2021 and we only have an indication going forward for the next couple of years. Longer-term certainty would enable us to get a better deal for Nottingham; it would help us to work with our supply chains, to plan and budget for work on a long-term basis to keep our highways in good order. Chucking in some money when you have been politically embarrassed into it is not a way to run public finances, and it is not a way to underpin a strategic approach to public assets.

None the less, we are pressing on with our commitment to fill 50,000 potholes over the life of this Council. These works will comprise of both temporary potholes and, where possible, permanent repairs. In terms of highway defects identified in Clifton East, we would always encourage citizens and Councillors to report through Highway Services in order that we can assess for repair. We currently plan to complete an average of 12,500 potholes, as you mentioned, per annum across the City. Work has been ongoing in Clifton already to meet the Manifesto pledge. The list of road surfacing and patching programmes recently completed includes Fairisle Close, Glenlivet Gardens, Green Lane, Huntly Close, Lerwick Close, Sumburgh Road, Summerwood Lane, Clifton Lane, Nobel Road and Woodkirk Road.

I would be happy to meet with Councillors from Clifton, and any of the other wards, to discuss any issues around highways.

We will continue to lobby Government for long-term, sustainable funding, and hope that Independent colleagues will join with us in fighting for the best deal for our citizens in Nottingham, but also for the national purse, as this isn’t any way to run a country.

<u>Trading Standards</u>

Councillor Kevin Clarke asked the following question of the Portfolio Holder for Finance, Growth and the City Centre:

A few weeks ago, we at the Independents were lucky enough to go on a frontline shadowing opportunity with Trading Standards and got to see the invaluable work they do first hand. It made national headlines when they issued an urgent warning, in the build up to Christmas, about the sale of potentially dangerous and toxic dolls being sold by a Nottingham wholesaler. The actions of Trading Standards

Nottingham literally saves people's lives and their value to the City cannot be expressed strongly enough. Will the Portfolio Holder join me in thanking them for the work that they do, and commit to us that their funding will be protected, despite the Council's obvious financial strains?

Councillor Sam Webster replied as follows:

Thank you Lord Mayor and can I thank Councillor Clarke for recognising the important work of Nottingham City Council's Trading Standards Team.

The Trading Standards officers work tirelessly to keep the citizens of Nottingham safe. The work ranges from ensuring dangerous goods, such as petroleum and fireworks, are being stored safely, to responding to incidents of doorstep crime, where vulnerable citizens have been targeted by rogue traders.

This year to date, the Team has received over 2,750 complaints, conducted over 500 investigations into fraudulent trading, and saved citizens almost £25,000 through interventions. This is alongside other activities, such as weights and measures, action to prevent the underage sale of knives and many other activities.

It is heartening to hear that during Councillor Clarke's short time on the Council, through frontline shadowing opportunities, he is seeing that the Council delivers many vital services every day to our residents and businesses. Trading Standards is one of these vital services, along with a long list of others that includes environmental health, food safety officers, community protection, taxi inspection officers, meals on wheels, social workers, and care workers and, as he knows, I could go on.

Under Labour leadership in Nottingham our policy has been to try to protect frontline services, just like Trading Standards, wherever possible, especially those services upon which the safety of our residents relies. However, after a decade of Tory austerity, and over £100million per year less money from Government, if he genuinely wants to see council services adequately funded he should join with us in lobbying government ministers, who have seen fit to take away 60p in every £1 of funding to councils. In the financial climate that councils are in, it is not possible to guarantee or give a commitment that services can be wholly protected from funding reductions. However, the protection, safety and support that Trading Standards provides to the Council and to the citizens of Nottingham is, and will continue to be, recognised, and we on this side, and Councillor Clarke on his side, are proud as a council of the work that they do.

Robin Hood Energy

Councillor Kevin Clarke asked the following question of the Leader of the Council:

If you recall our previous Full Council Meeting, you will remember that I stood here two months ago seeking assurances from the Portfolio Holder for Finance, Growth and the City Centre that the state of Robin Hood Energy was not the financial folly that it appeared to be at the time. You may also recall that the Portfolio Holder was more than happy to give me those assurances. Since that meeting, the two most senior bosses of the organisation, the Chief Executive and the Financial Director, are both facing a reported internal employment investigation, and the accounts for Robin Hood Energy have been delayed yet again for a further three months.

Considering these events, as well as the fact that no opposition Councillors are currently permitted to sit on the new Committee aimed at providing greater scrutiny of Council companies, the Leader must forgive me if we at the Nottingham Independents find it difficult to see that Robin Hood Energy's financial situation is as healthy as he would have us believe. Would he agree with not only myself, but also the Council's auditor from Grant Thornton, that public accountability of Robin Hood Energy is severely lacking and that is something that could at least partially be remedied if opposition councillors were able to sit on the new Committee?

Councillor David Mellen replied as follows:

Thank you Lord Mayor and can I thank Councillor Clarke for his question.

In February 2019, the Audit Committee considered a report regarding proposed arrangements for the governance of Council companies and since then further work has been undertaken to refine an appropriate governance framework. In December 2019, I established the Companies Governance Executive Sub Committee which will oversee the strategic objectives across the Council's group of companies, recognising that there is no 'one size fits all' approach to company governance and that our engagement with each of our companies will need to be tailored to fit the individual circumstances, whilst encouraging our companies to learn from each other and support each other as Nottingham companies.

As a sub-committee of Executive Board, the membership will quite rightly comprise exclusively of Executive Councillors, as is the case with the Commissioning and Procurement Sub-Committee. The Committee will, however, be accountable to Executive Board, where it has been well established that Leaders of the Opposition Groups can attend and have speaking rights.

<u>Adult social care funding</u>

Councillor Carole McCulloch asked the following question of the Portfolio Holder for Finance, Growth and the City Centre:

Can the Portfolio Holder for Finance, Growth and the City Centre confirm that the Government is expecting councils to add an adult social care charge of 2% on to council tax bills in the next financial year?

Councillor Sam Webster replied as follows:

Thank you Lord Mayor.

Yes Councillor McCulloch, I can indeed confirm that the Conservative Government expects councils to put an additional 2% charge onto council tax bills from April 2020. This follows on from them cutting 60p from every £1 of government funding that councils across the country receive. In Nottingham that means our City now receives over £100million less government funding every single year than it did in 2011. That equates to a loss of government funding of £529 per Nottingham household. In fact, it was one of the first acts of the new Chancellor to add £1/2billion on to council tax bills by way of this Adult Social Care precept, which means the additional money raised is to be spent on care services for the elderly, vulnerable children and disabled people.

There are a few problems with the Government's approach:

1. It is short-termism at its very worst; for 2 years councils have had promise after promise of new government policies to properly fund care services for older people. The need for those services is growing, yet the funding for councils has been reducing. This causes a funding gap for many councils that have adult social care responsibilities.

2. It is unfair. Areas with the highest need tend to be local authorities in poorer parts of the country. Those happen to be the areas that can raise the least additional funding from a council tax increase. It breaks down something like this – in places like Nottingham, Hull and Liverpool most older people are not wealthy enough to fund their own care in older age, so the council has to fund it. In places like Surrey, Sussex and Buckinghamshire, most older people are wealthy enough to fund their own care when they need it, but, guess what, it's the areas with the least demand on the council who can raise the most by increasing council tax. So to put it bluntly, when Nottingham, Hull and Liverpool add 1% to their council tax they might raise around £3 per head, when councils in Surrey, Sussex and Buckinghamshire do the same they can raise over double that amount per person. Therefore, by failing to redistribute funding based on the needs of local populations, the Government is making inequality even worse.

3. It is hard-pressed families that face, yet again, higher council tax bills. Council tax is not progressive, it does not take account of income, it does not take account of ability to pay in the same way income tax does. Therefore, people on low wages, who are already struggling to make ends meet, will pay 2% more, and a multi-millionaire with a very highly paid job or business income will pay 2% more. A Tory tax if ever I heard one.

I hope City Councillors in opposition parties can see this for what it is; we in the Labour Group certainly can, it is unfair, short-termism that does not actually provide the funding that is needed where it is needed. I also hope that we can have cross-party support to join Labour Councillors in our lobbying of Government to deal with the huge funding gaps that now exist.

Council tax increases alone cannot meet the cost demand for services, close the funding gap, or begin to deal with the inequalities between different parts of the country. The Association of Directors of Adult Social Services (ADASS) says that councils now have a funding gap of £3.6billion in adult care services alone. The Children's Society has concluded that by 2025 councils will have a £3billion funding gap for children's services as well.

Contrary to some statements I have heard, this is not a new Conservative Government. It is the same group of Tory MPs that have presided over austerity and funding cuts for the last decade. They have created the inequality, they have unfairly increased council tax bills, and they have created the huge gaps in funding that affect towns and cities across the country. It is about time that they dealt with some of the problems they have created.

Ambitions for Nottingham

Councillor Pavlos Kotsonis asked the following question of the Leader of the Council:

As we enter a new year and a new decade, can the Leader of the Council explain our ambitions for Nottingham?

Councillor David Mellen replied as follows:

Thank you Lord Mayor and can I thank Councillor Kotsonis for his question.

As we set out in the Council Plan, published at the last Full Council meeting, we have a four year programme of priorities for Nottingham. I am pleased to say that at the start of 2020 we are already working hard to achieve the ambitious targets laid out in the Council Plan.

We want to build or buy at least 1,000 council or social houses for rent. We know that waiting for an appropriate home for themselves or their family is a big problem for too many in our City. From those finding themselves sleeping rough, to those living in overcrowded conditions, as well as those that have spent months and years on the waiting list, all point to there not being enough homes in our City, and we intend to do something about it. Of course, if the Government would return to councils all of the receipts made as a result of the sale of council houses, rather than the proportion we currently receive, then that would make this task much easier, but irrespective of government support we will do everything we can to achieve this ambition.

Our second main target is to create 15,000 new jobs in Nottingham. It is pleasing to see the cranes in the sky over the southern part of the city centre, and see the construction jobs created by the exciting building work that is going on. We look forward as well to the opening of the New College Hub building, the Broadmarsh Bus Station and car park, the renovated Castle early next year, the Broadmarsh shopping and leisure space, and the new city centre library as further centres for new jobs in the city centre. Building taking place at Unity Square, plans for Crocus Place, as well as other developments in the south side of the City are matched by housing developments in other parts of the City: in Bestwood, in Bilborough and at the Waterside in Colwick. We want to encourage new businesses to come to Nottingham, to benefit from our wonderful public transport systems and forward-looking environmental policies. We look forward to the new development at the former Imperial Tobacco site on Thane Road, on the former Boots Island site, on Blenheim Industrial Estate, on Glaisdale Drive, and at the NG2 Business Park. We need to work together with our regional colleagues to argue for government investment in the East Midlands, in HS2, on the electrification of the Midlands Mainline, and on regional projects that will provide much needed employment in our area. We know that work makes a difference. Austerity continues despite what Tory politicians say. We know that work, and fairly paid work, makes a difference to the lives of our citizens and we will do everything we can to create the conditions for jobs to be created.

The plans for our new central library are ambitious and exciting. Housing the best children's library in the UK in our brand new library space at the heart of the new Broadmarsh area, contributes to changing that area completely, and will bring with it a pedestrian friendly, public space which will lend itself to citizens gathering for a variety of purposes and enjoying the space vacated by the removal of vehicles from Collin Street. Giving children a love of reading is vital for the aspirations of the next generation. Screen-based entertainment for our children may set a challenge, but our children need both. To be IT literate is a vital skill for the future, but as are good literacy skills, and an imagination and curiosity that comes from an immersion in books from birth. That is why our Early Years Book Gifting scheme is so important, and why a linked ambition to get 10,000 children receiving monthly books is important.

Our ambitions for our City include making it safer by reducing both crime and anti-social behaviour. I talked earlier this afternoon about knife crime, but the rises in the crime over the last 2 or 3 years coincided with Government cuts to police funding, which undermined the huge reductions in crime achieved by us in Nottingham in the previous decade. Crime, and the fear of crime, has a debilitating effect on our citizens' well-being. Anti-social behaviour has a nagging undermining of our community cohesion and quality of life. We will work through our dedicated Community Protection Teams, with the police and our communities, to address crime and anti-social behaviour, doing everything we can to keep our citizens safe in their houses, on their streets and online.

Our fifth priority is to keep our City clean and to keep our neighbourhoods as clean as our city centre. This is a tough challenge, but is one that we will prioritise. Our wonderful staff working across the City from early in the morning until late at night are vital in this task, and we applaud their commitment, but they cannot achieve this target alone. Much of the work they do would not be necessary if all of our citizens used bins properly, booked their bulky waste collection on our free system, and picked up after their dogs, so the Council would not be so stretched in this area. So I appeal to that minority of people who do not obey those rules, who live in or visit Nottingham, in this new decade to play their part in keeping our City clean, and I pay tribute to those that go out of their way as Clean Champions and as part of community litter-picks to clear up the rubbish dropped by others.

These are our priorities, and they are some of our ambitions, but there are many others. We want to lead a City where people get on with each other, live in harmony and treat each other with respect. Children should be safe and nurtured in our child-friendly City. Young people should have opportunities to learn in good schools and colleges and have a range of positive activities to get involved in, and job opportunities to look forward to. We need to work in strong partnership between the Council and other public institutions, with businesses, with our universities, with our communities, and with voluntary and faith groups, so that together we can build a better Nottingham. We all need to do everything we can to look after the planet we live on, and to adopt policies for this City that improve air quality and reduce our carbon footprint. The next generation are entitled to us doing what we can to reverse mistakes that we have made and improve the legacy that we leave them.

So, Lord Mayor, as we start the 2020s, we are ambitious for Nottingham. We are aware of the many challenges facing people who live here, and the Council, but we will work hard in partnership to achieve those ambitions. Lord Mayor, the ambitions we have for our City are exciting. For years Labour politicians have stood in this Chamber and proudly represented the people of Nottingham, guided by our clear values to help build a safer, cleaner City that is ambitious for its residents and that we can all be proud of. We have achieved many great things as a Council over the last decade, whilst enduring years of Government austerity. This means that vital services we all rely on have been squeezed to a point of crisis, and millions of pounds have been shifted for those that need it most in Nottingham and in cities in the midlands and the north to more affluent areas in the south. Of course, these difficult times have led to challenges in delivering our ambitious commitments for the City. Despite these difficult times, our ambition for our residents has never diminished. Nottingham needs politicians who want to make our City an even better place, and throughout the next decade we will continue to campaign for a Labour Government which will rise to the challenges facing us, setting an ambitious vision, not only for our City, but for the country as a whole.

Air quality

Councillor Nicola Heaton asked the following question of the Deputy Leader/ Portfolio Holder for Energy, Environment and Democratic Services:

Can the Deputy Leader outline actions taken so far that have made Nottingham the city with the cleanest air in the UK and what the Council will do in the future to further improve air quality?

Councillor Sally Longford replied as follows:

Thank you Lord Mayor and may I thank Councillor Heaton for the question and the opportunity to outline the actions Nottingham has taken over many years that have contributed to making it the City with the cleanest air in the UK.

The first major action taken by the City was in the 1960s following national legislation to prevent a recurrence of the ‘Great Smog of London’ in 1952, with the introduction of Smoke Control Areas. This reduced smoke concentrations from a maximum of 150 µg/m2 in 1960 to just 2 µg/m2, and sulphur dioxide concentrations from 300 µg/m2 to just 2 µg/m2 in 2008, eliminating and preventing the awful ‘smogs’ we used to experience in Nottingham. I remember well in my childhood being sent home from school because of smog-events and tasting the foul, smoky air as I trudged home.

Community Protection and Environmental Health teams continue to prevent and stop illegal smoke and sulphur dioxide emissions from chimneys and bonfires, minimising air pollution every single day.

Nitrogen dioxide pollution became the new focus of public health studies and concerns in the mid-1980s onwards, and Nottingham was one of the first councils to start monitoring NO_2, recognising the need to join up its work to monitor pollutants, such as nitrogen dioxide, particulates, hydrocarbons and ozone, and connect with the work we were doing to tackle traffic congestion. The Environmental Protection Act 1990 has been instrumental in reducing a range of air pollutants, including nitrogen dioxide, particulates and hydrocarbons from industrial and commercial activities and we have developed a range of transport strategies, including the Workplace Parking

Levy, which have reduced congestion by encouraging and enabling citizens to walk, cycle and use our excellent public transport network. More recently we, along with many other councils, were tasked by Government to bring our NO_2 levels within required standards by 2019. This was following court action by ClientEarth, which forced the Conservative Government to take action. In a similar way to their normal procedures though, they did not take national action, they pushed it onto councils to make things happen. We were delighted, however, that our strategy was the first to meet the required standard and it was approved by Defra (Department for Environment, Food and Rural Affairs), whereas other cities have been forced to introduce charging clean-air zones due to their inability to meet the target without this action. We were only required to introduce a variety of measures to continue to clean up our transport options. We already had regulations in place to clean up the taxi fleet and were able to press ahead with that plan.

So, by the middle of 2020, all our hackneys will be either ULEV or Euro 6 and we have been able to provide some assistance to owners to support the transition to ULEV vehicles, as well as providing dedicated charging facilities in convenient locations for them, such as on Canal Street. Nottingham City Transport has already made the radical move towards the use of biogas-powered buses, which have zero tailpipe emissions, and their older, non-compliant diesel vehicles are being retrofitted to bring them up to the Euro 6 standard. I am glad to report that at the start of the New Year, I had an update that 145 of their vehicles have been upgraded already, leaving just a handful to be completed. Our ‘Go Ultralow’ Team have been busy continuing to support the installation of almost 400 public charge points across the D2N2 area. As well as providing support through the Workplace Travel Scheme to help employers encourage more sustainable commuting and conversion to electric vehicles. We have received national recognition for our bus and ULEV lane out towards the racecourse on Daleside Road. Meanwhile, our own fleet is gradually converting to EVs, with support from Defra and, by the end of the year, we will have 30% of our vehicles electric and have our own maintenance facility at the Eastcroft Depot, specialising in electric vehicles.

All this is very positive, but I am not complacent. We have much to do to reach our ambitious manifesto pledge of cutting NO_2 and particulates by 20% by 2023. Colleagues will have seen the signage in various parts of the City encouraging drivers to turn off their engines when stationery as part of our ‘anti-idling’ campaign. We will shortly be enforcing anti-idling, particularly outside schools, at taxi ranks and railway crossings. We do not want to fine people, but we can and we will if they refuse to comply. We are also introducing an extended ‘clear zone’ which will include the turning point area, involving a permit scheme, which will introduce emissions criteria and therefore deter dirty, polluting buses, delivery vehicles and taxis from entering the core of the city centre, continuing to clean up our air.

Later today, I will be discussing our carbon reduction programme, which supports our clean air work. Everything we do which reduces energy demand and makes use of renewable energy will have benefits in terms of air quality. As we enter the 2020s, and in the face of the range of challenges we face as a Council, we must continue to ensure that the ‘win, win’ of reducing carbon emissions results in reduced air pollution and improves air quality. This is the outcome of our joined-up Air Quality, Health and Wellbeing, Planning, Transport and Energy Strategies.

Refuge provision

Councillor Georgia Power asked the following question of the Portfolio Holder for Planning, Housing and Heritage:

In a recent report from Juno Women's Aid, they identify that the Government's underfunding of refuge beds is leading to around 60% of women fleeing violent and abusive partners not being given the support they need. What actions is the Council taking and how does it best believe it can work with partners to mitigate this?

Councillor Linda Woodings replied as follows:

Thank you Lord Mayor and thank you Councillor Power for your question.

It is a sad fact that demand still outstrips supply for the provision of safe refuge spaces for women fleeing violence across the country, and even more sad that the grim statistic of two women every week in this country are being murdered by a partner or former partner. I can't ever remember a time when that statistic was any different, it is horrific.

Nottingham City Council plays its part in responding to this need by participating in the national UK Refuge Network, which allows for the sharing of local refuge beds across boundaries for safety reasons of survivors and children.

Nottingham, I am so proud to say, unlike many other areas in the country, has not cut its refuge provision and continues to maintain 37 bed spaces: that is 31 commissioned bed spaces and 6 that were funded under the Government's Response to Complexity Project bids. Interesting the word 'bids' there, once again we have to compete against other local authorities for money in order to provide safe spaces for women. The need to maintain this provision and, wherever possible expand it, is fully recognised. To that end, this month (January 2020) the Council will be submitting a bid to the Ministry of Housing, Communities and Local Government for a share of the £15million national fund for 'Support for victims of domestic abuse and their children within safe accommodation'. Once again, only a share, we have to compete against other local authorities to get some of that money. That bid, if successful, will help us to fund vital services, including refuges, and will represent the fourth year in which the Council has received funding towards this. I think I said at the last Full Council that we anticipate that under the new Domestic Abuse Bill we will have to provide 41 spaces, and that will cost at least £1million more each year in order to provide that, so that was actually quantified and set out at our previous meeting.

In the interim, we work very closely with our partners, especially the Police and Crime Commissioner and NHS Clinical Commissioning Group to jointly fund and commission services for survivors of domestic violence and abuse. In 2019/20 financial year, partners allocated over £2million between them to fund domestic abuse services. Nottingham has a particularly strong partnership of agencies and groups which work well together to deliver services and secure funding.

The Domestic Abuse Bill, which we understand from the Queen's Speech will be re-presented to Parliament, will also create new extra duties on local government to support survivors and to ensure that there is sufficient provision in place. As I said, that for us, we think, will mean we will have to provide at least an extra 4 bed spaces to meet the standards set out. This will help us to ensure that Nottingham women have the refuge provision they will needs in the future.

Our services in Nottingham are actually funded following very strong evidence-led processes of commissioning arrangements and are done to a needs-based model. The model is built up of education, prevention, direct intervention and our fantastic 24/7 helpline as well.

Nottingham Labour's commitment to the domestic violence and abuse agenda was reflected in our manifesto that we all stood on back in 2019, and also the manifesto we stood on in 2015 as well. The 2019 manifesto is now part of the new Council Plan and that commits this Council to protecting our domestic violence services and maintaining an effective model of provision, as well as the training of all councillors and colleagues in domestic violence awareness, which is already funded and underway within Community Protection Unit.

Domestic violence and abuse also forms part of the Council's Housing Strategy to ensure that the needs of survivors and their children are taken into account. Nottingham City Homes, our ALMO, is currently sourcing 'move on' accommodation to help women who have been in refuge a very long time, because they can't find somewhere on the housing ladder, move on to a lower level of supported accommodation in order to free up refuge beds for those most in need.

68 DECISIONS TAKEN UNDER URGENCY PROCEDURES

Councillor David Mellen, Leader of the Council, presented the report detailing decisions taken under procedures that include exemption from the Overview and Scrutiny Call In Procedure Rules and Special Urgency Access to Information Rules.

RESOLVED to note

(1) the urgent decisions (exempt from call in)

Decision Reference Number	Date of Decision	Subject	Value of Decision	Reasons for Urgency
3691	**1 November 2019**	**Midlands Engine Funding and Regional Leaders Summit**	**Nil**	**To secure the booking on the venue as rapidly as possible, as equivalent alternatives were not available in the required summit location, and the proposed venue's availability may**

				have been lost.
3692	**5 November 2019**	**Granting of a lease for a new substation at the Elizabeth Garrett Anderson Building, Nottingham Science Park**	**Exempt**	**To ensure that the development project was not subject to further delay and substantial additional costs to the Council.**
3694	**5 November 2019**	**Greater Nottingham Housing Growth Study and 'Building Council Homes' study**	**£80,000**	**A partner council needed to complete its housing needs assessment by January. The full study has to be completed, reported on, and paid for by 31 March 2020 and, due to the Christmas period, the time required to procure and produce the two studies within the deadline was running very short.**
Minute number 62	**19 November 2019**	**Financing Arrangements**	**Exempt**	**One of the Council's group companies required alternative financing arrangements prior to the end of the month and therefore it was not possible to wait until the next scheduled Executive Board meeting to consider this item. The Council was required to notify third parties of its intention to secure alternative financing**

				arrangements by the end of November.
Minute number 71	17 December 2019	Company Arrangements	Nil	To enable the Council to respond to a recommendation issued by its External Auditor. The Council was required to notify the External Auditor of its proposed response by 17 December 2019.
3749	30 December 2019	Purchase of Ice Plant Replacement and Decommissioning Works	Exempt	The order for the replacement ice plant had to be placed prior to the end of 2019.

(2) the Key Decisions taken under Special Urgency Procedures

Decision Reference Number	Date of Decision	Subject	Value of Decision	Reasons for Special Urgency
Minute number 62	19 November 2019	Financing Arrangements	Exempt	One of the Council's group companies required alternative funding arrangements prior to the end of month and therefore it was not possible to wait until the next Executive Board meeting. The Council was required to notify third parties of its intention to secure alternative financing arrangements by the end of November.

69 ELECTORAL SERVICES: POLLING DISTRICTS AND PLACES REVIEW 2019

The Deputy Leader/ Portfolio Holder for Energy, Environment and Democratic Services presented the report proposing changes to polling districts and places, following a review that had taken place in autumn 2019.

RESOLVED to amend the Council's current scheme of polling districts and places with the revisions set out in appendices 2 and 3 to the report.

70 CARBON NEUTRAL CHARTER AND ACTION PLAN

The Deputy Leader of the Council/ Portfolio Holder for Energy, Environment and Democratic Services presented the report proposing that the Council declare a climate and ecological emergency and work towards fulfil its ambitions of becoming the first carbon neutral city in the UK by 2028 by adopting the Carbon Neutral Charter, and consulting on a Carbon Neutral Action Plan to co-create the next steps as a City.

RESOLVED to

(1) declare a climate and ecological emergency;

(2) adopt the Carbon Neutral Charter, as set out in appendix 1 to the report; and

(3) consult on a Carbon Neutral Action Plan and note that the outcome of consultation and any further recommendations or actions to be taken following the outcome of consultation will be subject to further approval.

71 LOCAL PLAN PART 2: LAND AND PLANNING POLICIES (LAPP) DOCUMENT

Councillor Linda Woodings, Portfolio Holder for Housing, Planning and Heritage presented the report proposing the adoption of the Local Plan Part 2: Land and Planning Policies Document as a replacement for the saved policies of the Nottingham Local Plan (2005).

RESOLVED to

(1) adopt the Local Plan Part 2: Land and Planning Policies Document, as set out in appendices A and B to the report, to replace the remaining saved policies in the Nottingham Local Plan (2005); and

(2) delegate authority to the Head of Planning Strategy and Building Control to make any final minor editorial changes (including correction of typographical or grammatical errors) prior to publication.

72 MEMBERSHIP CHANGE

The following committee membership change was noted:

(1) Councillor Toby Neal had been appointed as a substitute member of the Appointments and Conditions of Service Committee.

The Meeting concluded at 5.30 pm

Questions from Councillors Requiring a Written Response

WQ1

WRITTEN QUESTION ASKED BY COUNCILLOR ANDREW RULE OF THE PORTFOLIO HOLDER FOR ADULT CARE AND LOCAL TRANSPORT AT THE MEETING OF THE CITY COUNCIL TO BE HELD ON 13 JANUARY 2020

Could the Portfolio Holder confirm how much the Council paid for acquiring the controlling stake in Thomas Bow Limited; and confirm how long it will be before a return is generated to the benefit of the council tax payer?

Response from Councillor Adele Williams:

The response is exempt from publication under Paragraph 3 of Schedule 12A of the Local Government Act 1972 because it contains information relating to the financial or business affairs of the Council and Thomas Bow Limited and having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because disclosure at this time could prejudice the finalisation of the completion accounts with Thomas Bow Limited.

WQ2

WRITTEN QUESTION ASKED BY COUNCILLOR ANDREW RULE OF THE PORTFOLIO HOLDER FOR FINANCE, GROWTH AND THE CITY CENTRE AT THE MEETING OF THE CITY COUNCIL TO BE HELD ON 13 JANUARY 2020

Could the Portfolio Holder provide a breakdown of the following:

- The total lending to all wholly and majority owned Council companies split out by individual loan;
- The total interest generated on that lending over the last year;
- The estimated date at which each loan provided will be paid back;
- Where applicable, any dividends that have been received from wholly and majority owned companies?

Response from Councillor Sam Webster:

In 2018/19 £1.375million dividend was accounted for and is reflected in the draft statement of accounts.

The remainder of the response is exempt from publication under Paragraph 3 of Schedule 12A of the Local Government Act 1972 because it contains information relating to the financial or business affairs of the Council and its wholly and majority owned companies and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because the information may reveal commercially sensitive information about the companies which could be detrimental to the companies if known by competitors in their respective markets.

WQ3

WRITTEN QUESTION ASKED BY COUNCILLOR ANDREW RULE OF THE PORTFOLIO HOLDER FOR FINANCE, GROWTH AND THE CITY CENTRE AT THE MEETING OF THE CITY COUNCIL TO BE HELD ON 13 JANUARY 2020

Could the Portfolio Holder provide a breakdown since 2010 of the amount of business rates revenue the Council has lost from vacant business units in the City Centre?

Response from Councillor Sam Webster:
The figures below represent lost income from vacant lettings. This value is based on the amount of empty property relief granted.

	CITY CENTRE - COUNCIL IMPACT
2019/20	
2018/19	1,547,412
2017/18	1,473,956
2016/17	1,345,122
2015/16	1,326,455
2014/15	1,386,812
2013/14	1,254,877
2012/13	1,240,372
2011/12	1,042,589
2010/11	1,251,406
Total	**11,869,000**

In 2017/18 there was a national revaluation of businesses; the empty property relief grant equates to the loss in income with 51% of the gross loss being returned back to Central Government.

WQ4

WRITTEN QUESTION TO BE ASKED BY COUNCILLOR KEVIN CLARKE OF THE PORTFOLIO HOLDER FOR FINANCE, GROWTH AND THE CITY CENTRE AT THE MEETING OF THE CITY COUNCIL TO BE HELD ON 13 JANUARY 2020

Could the Portfolio Holder provide us with the outstanding amount on all loans currently provided to Robin Hood Energy, and outline to us how the repayment plan is currently arranged?

Response from Councillor Sam Webster:

The response is exempt from publication under Paragraph 3 of Schedule 12A of the Local Government Act 1972 because it contains information relating to the financial or business affairs of the Council and Robin Hood Energy and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because the information may reveal commercially sensitive information about Robin Hood Energy which could be detrimental to the Company if known by competitors in their respective market.

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City Council – 9 March 2020

Report of the Leader of the Council

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 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 General Exception procedure applies (see Access to Information Rules, Part 4 of the Constitution). 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 if the decision taker has obtained agreement that the decision is urgent and cannot reasonably be deferred. Agreement must be obtained 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 Council), or (iii) where there is no Chair of the Overview and Scrutiny Committee or Lord Mayor, or they are unable to act, 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 to state 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. 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. Equality Impact Assessments were published alongside each decision referred to in the report, as required.

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 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 David Mellen
Leader of the Council

Appendix 1 - Decisions Exempt from Call-In

Decision Reference Number	Date of Decision	Subject	Value of Decision	Decision Taker	Consultee on Urgency	Reason for Urgency
3792	17 February 2020	Financing Arrangements	Exempt	Leader of the Council	Chair of Council (Lord Mayor)	To enable a wholly owned company to take advantage of favourable market opportunities.

Appendix 2 - Key Decisions taken under the Special Urgency Procedure

Decision reference number	**Date of Decision**	**Subject**	**Value of Decision**	**Decision Taker**	**Consultee on Urgency**	**Reason for Special Urgency**
3792	17 February 2020	Financing Arrangements	Exempt	Leader of the Council	Chair of Council (Lord Mayor)	To enable a wholly owned company to take advantage of favourable market opportunities.
Minute Number: 85	18 February 2020	Medium Term Financial Plan	£111,431,000	Executive Board	Chair of Council (Lord Mayor)	The Medium Term Financial Plan requires approval by Full Council in order to set the Council Tax for 2020/21. It is a legal requirement that the level of Council Tax is set by 11 March 2020.

City Council - 9 March 2020

Report of the Portfolio Holder for Finance, Growth and the City Centre

Nottingham Business Improvement District (BID) Renewal

1 Summary

1.1 This report outlines the key stages involved in the renewal of the Nottingham BID and seeks approval from Council to delegate authority to the Corporate Director of Development and Growth in consultation with the Portfolio Holder for Finance, Growth and the City Centre to receive and consider the BID renewal proposals, to authorise entering into an Operating Agreement with the BID Company; and to nominate the Portfolio Holder for Finance, Growth and the City Centre to hold the proxy vote on behalf of the Council.

2 Recommendations

2.1 Authorise the Corporate Director of Development and Growth, in consultation with the Portfolio Holder for Finance, Growth and the City Centre to:

(i) receive the renewal proposals from Nottingham BID Company on behalf of the City Council;

(ii) consider the renewal proposals ensuring that they do not conflict with Council policy;

(iii) approve the Nottingham BID Business Plan; and

(iv) enter into an Operating Agreement under which the Council will collect the levies due on behalf of the Nottingham BID.

2.2 Nominate the Portfolio Holder for Finance, Growth and the City Centre to hold the proxy vote on behalf of the Council as an eligible levy payer in the BID ballot.

3 Reasons for recommendations

3.1 Delegated authority is recommended as the BID Company is currently in the process of finalising its renewal proposal documentation after undertaking significant consultation with businesses in the proposed BID area. Unfortunately, Full Council is not now scheduled to meet again until late May 2020. If this report was submitted to that later meeting it would not allow the time required to be ready for the BID's proposed ballot period, which is anticipated to be held between the dates of 18 June 2020 until 16 July 2020. Delaying this decision would result in a ballot period being held over the summer holiday period which is likely to have a negative impact on the turnout for the ballot and may result in a loss of momentum and support that has been gained from businesses for the proposals during the consultation period.

3.2 In the event that the recommended delegation is approved and to ensure transparency, the decision will be published on the Council's website via the Council's delegated decision making process.

3.3 The Business Improvement Districts (England) Regulations 2004 ("the Regulations") set out the documentation that the BID Company must send to the Billing Authority (the Council) for its consideration. The Council then has the power to consider those proposals including the business plan ensuring that they do not conflict with Council policy. Detailed in paragraph 3.6 below are the key priorities that the Council would want to see addressed in any BID renewal proposals. These are presented to Members for information. The 'approval' of the BID proposals only occurs in the event of a 'yes' vote by the BID electorate.

3.4 The Regulations also require that subject to being satisfied that the BID proposals do not conflict with Council Policy, the Council must then on receipt of notice from the BID Company instruct the Ballot Holder ("the Council's Returning Officer") to hold a BID ballot in accordance with the process set out in the Regulations.

3.5 More generally, the City Council has been a key partner of the Nottingham BID, based in Nottingham city centre, since its inception. The Portfolio Holder for Finance, Growth and the City Centre currently sits as an observer on the BID Board, which takes responsibility for the renewal process.

3.6 The BID's proposed activities are anticipated to have a continued focus on marketing and promotion of the retail and leisure offer, as well as targeting security, the night time economy and cleansing. The BID's proposed activities and the BID levy rules provide an excellent opportunity for the Council to work collectively with the city centre retail and leisure sectors towards the realisation of aspirations for Nottingham in terms of the following Council Plan Strategic Priorities:

The UK's most liveable city - clean, green, great to live, work and enjoy

- Improved retail offer
- Family appeal, with range of appeal – history, local Nottingham, rebels, creative
- Low cost community and cultural events
- Better quality events – more for everyone
- Cut crime and anti-social behaviour
- Cleanest big city
- Net zero carbon by 2028 – first in UK

3.7 The Council and BID Company propose to work together and advance opportunities to deliver projects and services, alongside other partners and bodies including the Police and Marketing NG. The BID proposals will be scrutinised to ensure they do not conflict with any policies adopted by the Council.

3.8 A requirement under the Regulations is that the Council has to provide for the imposition, administration, collection, recovery and application of the BID levy. The terms under which the Council provides these services are set out within an Operating Agreement between the Council and the BID Company. The terms of any renewed agreement between the Parties will be negotiated and finalised in the event a favourable ballot result for the BID.

3.9 The Council falls within the class of non-domestic rate payer liable for the BID levy described within the BID proposals by way of its rating liability for properties it owns and occupies within the BID area. To discharge its duty of entitlement to vote, the Council is required to nominate a proxy eligible to vote on behalf of the Council. The proxy voter will receive, complete and return the BID ballot papers within the period of the ballot.

4 Other options considered in making recommendations

4.1 It is a requirement of the Regulations that the Council must receive and consider BID proposals when submitted. Once those proposals are assessed as not in conflict with Council Policy, the Council is then on receipt of Notice from the BID Company, under a legal requirement to hold a BID ballot. Not receiving the BID proposals is therefore not an option for consideration.

4.2 The reasons for requesting delegated authority for the Corporate Director to receive the proposals and consider them in consultation with the Portfolio Holder, as opposed to full Council consideration have been explained as resulting from the need to be able to hold the BID ballot within timescales that fit the project and it would also allow some flexibility in the event of project slippage or in the event that matters require further attention by the Council.

4.3 Not appointing a person to act as Proxy for the Council's vote would not be in the best interests of the Council. The Council is part of the BID electorate by way of holding properties within the BID area.

5 Background (including outcomes of consultation)

5.1 The Nottingham BID is a democratically elected business based organisation that currently brings in around £850,000 investment into the city. The BID works in collaboration with the City Council to improve Nottingham's position as a world class city and to provide added value for Nottingham's visitors and shoppers. It provides further strong and committed business investment by almost 800 retail and leisure businesses in the city centre.

5.2 In voting for the BID, eligible businesses elect to impose a mandatory levy that will be used to invest back into the city centre retail and leisure environment. Collection levy rates during the BID's first and second term have been high – around 99% - and therefore the BID will have a reliable level of income that is sustained throughout its next five year term. The current BID five year term ends in December 2020. The BID is now going back to a re-ballot for a further term, thus creating a sustainable core funding stream through an extension to the levy and other sources of income it will attract.

5.3 A BID is a business led organisation involved in the delivery of services that bring direct benefit to the commercial or trading environment within the boundary of a defined BID area. It is financed by the eligible businesses within the BID area by an annual levy payable to the BID that is linked to the rateable value of the property occupied by the business. The BID company comes into operation following a ballot of eligible businesses and when the outcome of the ballot secures a majority. The balloting process is conducted under two separate count procedures, therefore there is a need to secure a straight majority and then by majority of rateable value.

5.4 The Nottingham BID offers significant opportunity for inclusive business involvement and full engagement for the Council at both strategic and operational (project and service delivery) levels. Risks posed to the Council once the BID company is established are minimal, as demonstrated during the past ten years. The risk of the BID not being renewed is that the city centre will lose around £850,000 of potential additional income which would be spent on marketing and operational projects to make the city centre a great place to shop, visit, live and do business.

5.5 The first BID, Nottingham Leisure Partnership, came into being in 2007. The Leisure BID included around 260 licensed premises in the city centre and focused on delivering services to improve the evening economy. The Retail BID was created in 2010 and covered over 700 retail premises in the city centre, with the aim of improving the city's retail performance and shoppers' experience. When the Leisure BID was due for renewal in 2012, it was decided to combine the Leisure and Retail BIDs into a single Nottingham BID, covering both sectors, to provide a clearer message to city centre businesses and strengthen and improve the performance of the retail and leisure sectors. The BID's 2020 vision was: "*To transform Nottingham into a regional and national city of choice for shopping, leisure, work and study*".

5.6 The BID promoter is the Nottingham BID and is the established representative body for retail and leisure businesses in the city centre. The Nottingham BID is a legally constituted not for profit Company, governed by a BID Board, the Council currently sits as an observer. The Council is a key partner in the BID, in line with statutory regulations and as a levy payer. The BID Board takes responsibility for the renewal process.

6 Finance colleague comments (including implications and value for money)

6.1 Regulations in respect of BIDs state that the cost of administration, collection and recovery of the BID levy may be charged to the BID Company, although this is not mandatory. The Council currently charges the Nottingham BID approximately £23,000 for its levy collection services. The cost for the next BID term may change dependent on the number of hereditaments within the BID area. It is not yet possible to quantify this cost until the Council is in receipt of the renewal proposal.

6.2 The Council is liable for business rates on properties that fall within the defined geographical area and business sectors identified within the BID proposals. A BID levy will be payable on these properties at 1.25% in Year 1, with an annual increase of around 3%, in line with the BID levy inflation rules, to around 1.41% in Year 5. The Council is currently liable to pay the BID levy on 14 properties including: The College Street Centre, Angel Row Library, 3 car parks, Victoria Centre market offices, The Council House, The Royal Centre, The Guildhall, Byron House, Victoria Centre Bus Station, 31/33 Warser Gate and 24/32 Carlton Street - a total of £56,120 in 2020. This is chargeable to the Communities and Development budgets. In addition, there may be future liabilities where the Council, as a landlord, may be responsible for empty rates when retail properties become vacant. This is unquantifiable but is unlikely to be significant.

6.3 The Regulations state that all expenditure relating to the ballot must be paid by the relevant billing authority for the BID area. The Council is therefore liable to pay the cost of administering the ballot. The cost – which is estimated to be around £5,000 - will be met from existing resources within the Development department budget. If the voter turnout at the ballot is less than 20%, the Council is permitted to recover the ballot costs from the BID according to the regulations.

7 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

7.1 The Council was one of the key funding partners when the original Retail BID was developed, and has been fully committed to working in close partnership with the Nottingham BID, in terms of marketing and promoting Nottingham city centre as a great place to shop and visit, and making the city centre a safer and cleaner destination. In the event of a 'no' vote to secure a third term at the forthcoming BID ballot, the Nottingham BID company will have to wind up its operation in December 2020, with the loss of 12 full time and 3 part time jobs. It will mean the loss of opportunity of around £850,000 of funding for projects to support the city centre. It will mean the loss of a representative and lobbying organisation for city centre businesses, and the Council will lose a key partner in the delivery of its City Centre Strategy. It will result in increased pressure on limited Council resources to address business needs in the city centre.

7.2 The steps taken to date to progress the renewal of the Nottingham BID have complied with the Business Improvement District (England) Regulations 2004. Future steps will be in compliance with the Regulations.

7.3 The Nottingham BID currently funds projects to support the night time economy, in consultation with the Council, the Police and the Crime and Disorder Partnership, such as taxi marshals, street pastors, late night opening of public toilets, as well as the radio scheme and Shop Watch and Pub Watch to help combat crime against businesses. This supports the Council to deliver its duty under Section 17 of the Crime and Disorder Act to prevent crime and disorder.

7.4 The impact and outcomes for the Council are summarised as follows :

(i) Resource implications – in terms of a financial levy liability on Council-owned buildings within the BID boundary, confirmation of the exact amount will not be known until receipt of the final renewal proposals.

(ii) Council Services involved in the delivery of the Operating Agreement will be delivered at nil cost to the Council, as the BID will re-imburse for collection, recovery and management of the BID Revenue Account.

(iii) Considerable opportunity for the Council to deliver mutually effective projects in association with the Nottingham BID and to bring a positive impact to citizens as city centre users through enhanced business performance and an improved shopping and leisure offer

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: an EIA will be undertaken alongside the delegated decision proposed in this report

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 Local Government Act 2003

10.2 The Business Improvement Districts (England) Regulations 2004.

Councillor Sam Webster
Portfolio Holder for Finance, Growth and the City Centre

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City Council - 9 March 2020

Report of the Portfolio Holder for Finance, Growth and the City Centre

Treasury Management Strategy 2020/21 and Capital and Investment Strategy 2020/21

1 Summary

1.1 This report seeks approval for a series of strategies relating to treasury management and capital investment in 2020/21. The strategies were considered as part of a number of reports on the 2020/21 budget process. They were submitted for endorsement to Executive Board on 18 February 2020.

1.2 The specific strategies are:

- the overall Treasury Management Strategy for 2020/21 (Appendix 1);
- the Debt Repayment Strategy (Minimum Revenue Provision) in 2020/21 (Appendix 1, section 5.2);
- the Treasury Management Investment Strategy for 2020/21 (Appendix 1, section 4)
- the Borrowing Strategy for 2020/21 (Appendix 1, section 3)
- the Treasury Management Policy Statement (Appendix 1, section 5.3)
- the Capital & Investment Strategy for 2020/21 (Appendix 2).

1.3 Approval is also required for the Prudential Indicators and limits from 2020/21 to 2022/23 (Appendix 1, section 5.1).

2 Recommendations

2.1 To approve the 2020/21 Treasury Management Strategy document, including the strategy for debt repayment and the investment strategy as detailed in Appendix 1.

2.2 To approve the Prudential Indicators and limits from 2020/21 to 2022/23 as detailed in Appendix 1, section 5.1.

2.3 To adopt the current Treasury Management Policy Statement as detailed in Appendix 1, section 5.3.

2.4 To approve the 2020/21 Capital and Investment Strategy document, as detailed in Appendix 2.

3 Reasons for recommendations

3.1 Approval of a Treasury Management Strategy is a legal requirement.

3.2 A Treasury Management Strategy, Policy Statement and a Capital and Investment Strategy will ensure compliance with the Code of Practice on Treasury Management in Public Services and the Prudential Code.

4 Other options considered in making recommendations

4.1 The approval of a Treasury Management Strategy is a legal requirement. The Ministry of Housing, Communities and Local Government (MHCLG) 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.

5 Background (including outcomes of consultation)

5.1 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.

5.2 The Treasury Management Strategy Statement (TMSS) sets the strategic context, within the Council's planning cycle, for how treasury management activity will take place. The various aspects of the strategy require approval by Full Council. These include the Treasury Management and Treasury Investment strategies for 2020/21, the Debt Repayment Strategy, the Prudential Indicators and the associated treasury policies.

5.3 The Capital and Investment Strategy provides the Council with a framework in which capital investment and financing decisions can be aligned with the Council's corporate priorities over the medium term. This Strategy requires approval by Full Council.

5.4 The treasury management and capital functions are 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 and its Capital and Investment Strategy.

5.5 The Treasury Management Strategy 2020/21 and the Capital and Investment Strategy 2020/21 were considered by Audit Committee on 28 February 2020, as part of the scrutiny process required by the CIPFA Code of Practice.

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 Housing Revenue Account (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 2019/20 is reflected within the Corporate Budget report elsewhere on this agenda. The budget for 2020/21 is based on the financial implications of the various proposed strategies, as detailed in Appendix 1. The estimate of £56.921m is included within the Medium Term Financial Plan (MTFP).

6.3 The financial implications of the two strategies are intrinsically linked, as the Capital Strategy defines the capital expenditure plans of the Council including the element that is to be financed by borrowing. The Treasury Strategy defines how the associated cash flows from this borrowing requirement are to be managed.
Comments provided by Glyn Daykin, Senior Accountant Treasury Management, dated 27 January 2020.

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

No ☒
An EIA is not required because 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 None.

10 Published documents referred to in compiling this report

10.1 Executive Board Report dated 18 February 2020 – Treasury Management Strategy 2020/21 and Capital & Investment Strategy 2020/21

10.2 Money Market and PWLB loan rates

10.3 Treasury Management in the Public Services Code of Practice 2017–CIPFA

10.4 Prudential Code 2017-CIPFA

10.5 Treasury Management in the Public Services Guidance Notes 2018 – CIPFA

10.6 Statutory guidance on local government investments 3rd Edition 2018

10.7 Statutory guidance on Minimum Revenue Provision (MRP) 2018

10.8 Treasury Green Book

10.9 Corporate Asset Management Plan

10.10 The Council Plan 2019-2023

Councillor Sam Webster
Portfolio Holder for Finance, Growth and the City Centre

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Appendix 1

Nottingham City Council

Treasury Management Strategy 2020/21

INDEX

1.INTRODUCTION

1.1 Background

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

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

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

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."*

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term 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 capital strategy is to ensure that all elected councillors on the Full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

The capital strategy (referred to as the Capital & Investment Strategy) is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital & Investment Strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital & Investment Strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

1.2.2 Treasury Management reporting

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

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and 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).

b. **A mid-year treasury management report** – This is primarily a progress report and will update councillors on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report** – This is a backward looking review document and 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.

1.3 Treasury Management Strategy for 2020/21

The strategy for 2020/21 covers two main areas:

Capital issues
- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

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

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Ministry of Housing, Communities and Local Government, [MHCLG] MRP Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

1.4 Training

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 Audit Committee received a Treasury Management training session delivered by Link Asset Services on 27 September 2019. Further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management advisors

The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

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

2 THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2024/25

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

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital Expenditure £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
General Fund	62.582	129.083	108.042	22.806	14.220	13.240	9.794
Commercial Activities / Non-financial investments *	43.297	52.330	50.826	26.036	2.274	1.500	-
General Fund Total	**105.879**	**181.413**	**158.868**	**48.842**	**16.494**	**14.740**	**9.794**
HRA	42.116	54.199	59.645	58.648	41.724	33.469	27.926
TOTAL	**147.995**	**235.612**	**218.513**	**107.490**	**58.218**	**48.209**	**37.720**

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

The above capital expenditure figures exclude potential schemes in the planning stage, these schemes are awaiting completion of feasibility assessments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of Capital Expenditure £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital Receipts	23.376	18.297	20.107	12.352	7.087	4.468	3.077
Capital Grants & Contributions	31.306	71.896	43.833	10.009	8.394	8.114	2.206
Capital Reserves	25.822	31.861	36.736	33.270	25.210	25.678	25.039
Revenue	0.978	1.386	1.166	0.211	-	-	-
Capital expenditure to be financed by borrowing	**66.513**	**112.172**	**116.671**	**51.648**	**17.527**	**9.949**	**7.398**
TOTAL	**147.995**	**235.612**	**218.513**	**107.490**	**58.218**	**48.209**	**37.720**

The net financing need for commercial activities / non-financial investments included in the above table against expenditure is shown below:

Commercial activities / capital investments £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital Expenditure	43.297	52.330	50.826	26.036	2.274	1.500	-
Commercial activity financed by borrowing	**41.982**	**48.704**	**50.083**	**25.856**	**2.200**	**1.500**	**-**
Overall Capital expenditure to be financed by borrowing	**66.513**	**112.172**	**116.671**	**51.648**	**17.527**	**9.949**	**7.398**
Percentage of total net financing need %	**63%**	**43%**	**43%**	**50%**	**13%**	**15%**	**0%**

The table above shows in 2020/21 that 43% of the overall capital expenditure financed by borrowing is forecast to be for commercial/non-financial investments.

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

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £191.4m of such schemes within the CFR.

The CFR projections are shown below:

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital Financing Requirement (£m)							
CFR – General Fund	1,088.356	1,155.707	1,209.192	1,197.272	1,154.375	1,104.572	1,054.636
CFR – HRA	294.811	296.981	312.755	325.394	332.406	333.308	330.638
Total CFR	**1,383.167**	**1,452.688**	**1,521.947**	**1,522.666**	**1,486.781**	**1,437.880**	**1,385.274**
Movement in CFR		**69.521**	**69.260**	**0.718**	**(35.885)**	**(48.901)**	**(52.606)**
Movement in CFR represented by (£m)							
Net financing need for the year (above)	66.513	112.172	116.671	51.648	17.527	9.949	7.398
Less MRP/VRP and other financing movements		42.651	47.411	50.930	53.412	58.850	60.004
Movement in CFR		**69.521**	**69.260**	**0.718**	**(35.885)**	**(48.901)**	**(52.606)**

Note: the MRP / VRP will include PFI / finance lease annual principal payments.

A key aspect of the regulatory and professional guidance is that elected councillors are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and the scale proportionate to the Authority's remaining activity.

3 BORROWING

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

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2019 and for the position as at 31 December 2019 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual	actual	current	current
	31.3.19	**31.3.19**	**31.12.19**	**31.12.19**
Treasury investments	£m	%	£m	%
banks	0	0%	40.000	40%
local authorities	57.500	63%	35.000	35%
DMADF (H.M.Treasury)	0	0%	0	0%
money market funds	33.100	37%	23.800	24%
Total treasury investments	**90.600**	**100%**	**98.800**	**100%**
Treasury external borrowing				
local authorities	22.000	2%	75.500	7%
PWLB	882.005	93%	891.732	88%
market loans inc LOBOs	49.000	5%	49.000	5%
other	0.235	0%	0.235	0%
Total external borrowing	**953.240**	**100%**	**1,016.467**	**100%**
Net treasury investments / (borrowing)	**(862.640)**		**(917.667)**	

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

It should be noted that the forecast under borrowing position is supported by the council balance sheet i.e. reserves and working capital balances, should these balances reduce further borrowing will be required and additional costs of financing will be incurred. This should be seen in context of the council's overall budget position and current level of budget flexibility.

£m	**2018/19 Actual**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**
External Debt at 1 April	788.9	953.2	1,049.0	1,112.8	1,125.9	1,105.9	1,074.5
Expected change in Debt	164.3	95.8	63.8	13.2	(20.0)	(31.4)	(27.4)
Other long-term liabilities inc PFI	226.0	201.0	191.4	181.8	170.7	158.7	146.7
Expected change in OLTL *	(25.0)	(9.6)	(9.6)	(11.1)	(12.0)	(12.0)	(12.8)
Gross debt at 31 March	**1,154.3**	**1,240.4**	**1,294.6**	**1,296.6**	**1,264.6**	**1,221.2**	**1,180.9**
Capital Financing Requirement (CFR)	**1,383.2**	**1,452.7**	**1,521.9**	**1,522.7**	**1,486.8**	**1,437.9**	**1,385.3**
Under / (over) borrowing	**228.9**	**212.3**	**227.4**	**226.0**	**222.2**	**216.7**	**204.4**

* (OLTL) – Other Long Term Liabilities

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Council complied with this prudential indicator in the current year and does not envisage difficulties for the future estimates below. This view takes into account current commitments, existing plans, and the proposals in this report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

£m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Operational boundary	1,452.7	1,521.9	1,522.7	1,486.8	1,437.9	1,385.3

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

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

£m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Authorised limit	1,482.7	1,551.9	1,552.7	1,516.8	1,467.9	1,415.3

Abolition of HRA debt cap. Separately, the Council was also limited to a maximum HRA CFR through the HRA self-financing regime. (*) In October 2018 Prime Minister Theresa May announced a policy change of abolition of the HRA debt cap.

Any new HRA borrowing should be compliant with the Prudential Code i.e. prudent, affordable, sustainable and in proportion with the available resources. The Capital & Investment Strategy (section Housing Revenue Account (HRA) – Financial Appraisal details the affordability criteria and minimum financial parameters used when considering new schemes.

The planned HRA borrowing is shown below against the now abolished debt cap:

HRA Debt Limit £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
HRA debt cap *	319.8	319.8	319.8	319.8	319.8	319.8	319.8
HRA CFR	294.8	297.0	312.8	325.4	332.4	333.3	330.6
HRA headroom	25.0	22.8	7.0	-5.6	-12.6	-13.5	-10.8

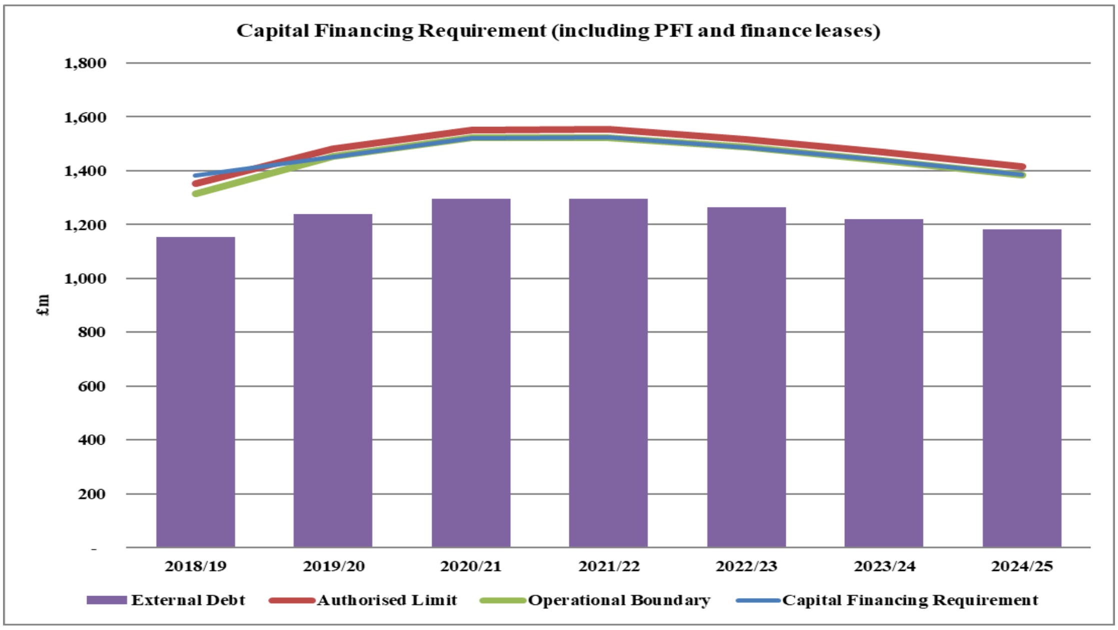
The upper limit on variable interest rate exposure. – This is a local indicator to control the Council's exposure to interest rate risk including LOBO loans with a call option in the next 12 months. The upper limits on variable rate interest rate exposures, expressed as the amount of principal borrowed for the next three financial years. 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**.**

£m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Variable rate debt	300.0	350.0	350.0	300.0	300.0	300.0

The level of variable rate debt as at 31 December 2019 was £130.4m.

Debt limits against the CFR: - The following table and graph discloses how the indicators on the limits to borrowing compare to actual external debt and the forecast capital financing requirement (CFR). The difference between the CFR and the forecast external debt represents the level of under borrowing expected over the forecast period.

CAPITAL FINANCING REQUIREMENT (including PFI and finance leases)							
	Actual	**Est**	**Est**	**Est**	**Est**	**Est**	**Est**
	2018/19	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
HRA CFR	294.8	297.0	312.8	325.4	332.4	333.3	330.6
General Fund CFR	1,088.4	1,155.7	1,209.2	1,197.3	1,154.4	1,104.6	1,054.6
Total CFR	**1,383.2**	**1,452.7**	**1,521.9**	**1,522.7**	**1,486.8**	**1,437.9**	**1,385.3**
External Borrowing	953.2	1,049.0	1,112.8	1,125.9	1,105.9	1,074.5	1,047.0
Other long term liabilities	201.0	191.4	181.8	170.7	158.7	146.7	133.9
Total Debt	**1,154.3**	**1,240.4**	**1,294.6**	**1,296.6**	**1,264.6**	**1,221.2**	**1,180.9**
Authorised Limit	1,353.8	1,482.7	1,551.9	1,552.7	1,516.8	1,467.9	1,415.3
Operational Boundary	1,313.8	1,452.7	1,521.9	1,522.7	1,486.8	1,437.9	1,385.3


Capital Financing Requirement (including PFI and finance leases)
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
£m
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
External Debt
Authorised Limit
Operational Boundary
Capital Financing Requirement

3.3 Prospects for interest rates

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. The Interest rate forecast below should be considered alongside the detailed economic background and forecast commentary provided in sections 5.4.

Link Asset Services Interest Rate View	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	0.90	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.30	2.40	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.50	2.50	2.60	2.60	2.70	2.80	2.90	3.00	3.10	3.10	3.20	3.20	3.30
25yr PWLB Rate	3.00	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.80	3.90	3.90
50yr PWLB Rate	2.90	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.80

The PWLB rate forecasts shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.

- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps/1% on 9 October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%, it is unlikely that this authority will do any further longer term borrowing for the next three years, or until such time as the extra 100 bps margin is removed.

- The cost of carry (the difference between higher borrowing costs and lower investment returns) will need to be considered on any new long or medium-term borrowing decision that cause a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. 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, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9 October 2019.

3.4 Borrowing strategy

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.

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 2020/21 treasury operations. Interest rates are closely monitored in financial markets and a pragmatic approach to changing circumstances will be taken:

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast,* perhaps arising from an acceleration 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 maintain the under-borrowed position and continue to utilise short term loans at low interest rates whilst retaining some flexibility to take advantage of longer term funding opportunities to reduce the overall interest rate exposure if appropriate.

The benefits of short-term borrowing and/or maintaining an under-borrowed position will be monitored regularly against the potential for incurring additional costs should interest rates increase in 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.

The Council may where advantageous arrange forward starting loans during 2020/21, 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 and reduce the overall level of interest rate exposure.

This may include to pre-fund future years' requirements, to reduce the 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.

Any borrowing will be subject to the Council's borrowing limits and maturity limits shown in the Prudential Indicators section 5.1.3 and the limits on the exposure to variable interest rates shown in section 3.2 and will be reported to the appropriate decision making body at the next available opportunity following its action.

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)
- Insurance and Assurance companies
- 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

3.5 Policy on borrowing in advance of need

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

3.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

If a debt rescheduling is transacted, it will be reported to the appropriate decision making body at the next available opportunity following its action.

3.7 New financial institutions as a source of borrowing and / or types of borrowing

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but this will be monitored closely.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital & Investment Strategy, (a separate report).

The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the long-term ratings.

2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

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

4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two categories 'specified' and 'non-specified' investments.

    - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
    - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by councillors and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.

5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments (see table 2 in section 4.4).

6. **Approved Counterparties and limits**, (amounts and maturity), for each type of counterparty will be set through applying the matrix table 1 in section 4.4.

7. **Investment limits** are set for each type of investment in table 3 in section 4.5.

8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, shown in table 4 in section 4.6.

9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see section 4.4 – specified investments).

10. This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

11. All investments will be denominated in **sterling.**

12. As a result of the change in accounting standards for 2019/20 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

This authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.7). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.
The above criteria are unchanged from last year.

4.2 Investment strategy

Context: 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 £55m and £104m. For liquidity purposes investment balances are expected to be maintained above £30m in the forthcoming year.

Objectives: Both the CIPFA Code and the MHCLG 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: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

4.3 Investment returns expectations

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.25% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

4.4 Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in table 1 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 1: 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 5 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 1 for investment balances, but also accommodate necessary short-term cash management balances within its bank accounts 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.

Specified Investments: The MHCLG 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 financial investments (treasury management investments) denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified treasury 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. The limits for non-specified investments is shown in **table 2** below.

Table 2: Non-Specified Investment Limit	
	Cash limit
Unsecured Bank Investments > 365 days *	£10m
Secured Bank Investments > 365 days *	£40m
Government Investments > 365 days (inc Local Authorities) *	£100m
Total non-specified investments	**£100m**

* The table above shows the non-specified investment limits by the investment type. The investment limits in Table 1 & 3 also apply.

4.5 Investment Limits

The Council's revenue reserves available to cover investment losses are forecast to be c.£91 million on 31st March 2020. In order to limit the amount of available reserves 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 3: 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	£20m per country
Money Market Funds (CNAV/LVNAV)	£75m in total
Other Pooled Funds (VNAV)	£20m in total

4.6 Investment treasury indicator and limit

Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end including the flexibility to accelerate borrowing to manage interest rate risk as detailed in section 3.4.

Table 4: Upper limit for principal sums invested for longer than 365 days			
£m	**2020/21**	**2021/22**	**2022/23**
Principal sums invested for longer than 365 days	£100m	£100m	£100m
Current investments as at 31.12.19 in excess of 1 year maturing in each year	£0m	£10m	£0m

4.7 Investment risk benchmarking

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

Liquidity – in respect of this area the Council seeks to maintain:
- Bank overdraft - £0m
- Liquid short term deposits of at least £30m available with a week's notice.

Yield - local measures of yield benchmarks are:
- Investments – returns above the 7 day LIBID rate

4.8 Other Items

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

4.8.1 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 under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.

4.8.2 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.

4.8.3 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.

4.8.4 Policy on Council Subsidiary Deposit Facility:
The Council has a number of subsidiary companies within the group organisation, as such the it may provide a safe haven deposit facility for surplus cash balances held by these companies. These funds are available on request subject to minimum notice period and balances would attract interest at a rate agreed at the time of the request.

4.8.5 Management of treasury 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 an overview is reported to Audit Committee as part of the Treasury Management reporting.

5 APPENDICES

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS

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

5.1.1 Capital expenditure & the Capital Financing Requirement

See paragraphs 2.1 & 2.2

5.1.2 The Authorised limit for external debt and the operational boundary

See section 3.2

5.1.3 Affordability prudential indicators

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

a. Ratio of financing costs to net revenue stream

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

%	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
General Fund	17.31%	17.72%	17.97%	18.15%	17.93%
HRA	12.41%	13.66%	14.43%	15.35%	15.83%

The estimates of financing costs include current commitments and the proposals in this report. The net revenue stream is shown as 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 ring-fenced NET (tram) government grant and revenue raised from the Workplace Parking Levy.

b. HRA ratios

The first of two local HRA indicators below shows the ratio debt to revenue showing the sustainability of the debt load over the forecast period.

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
HRA debt £m	294.811	296.981	312.755	325.394	332.406
HRA debt cap £m	319.784	319.784	319.784	319.784	319.784
HRA revenues £m	106.821	104.533	107.693	108.660	109.867
Ratio of debt to revenues %	**2.8**	**2.8**	**2.9**	**3.0**	**3.0**

The second indicator shows the HRA debt per dwelling based on the forecast debt level.

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
HRA debt £m	294.811	296.981	312.755	325.394	332.406
Number of HRA dwellings	25,808	25,535	25,365	25,195	25,008
Debt per dwelling £'s	**11,423**	**11,630**	**12,330**	**12,915**	**13,292**

5.1.4 Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Maturity structure of fixed interest rate borrowing 2020/21		
	Lower	**Upper**
Under 12 months	0%	25%
12 months to 2 years	0%	25%
2 years to 5 years	0%	25%
5 years to 10 years	0%	25%
10 years to 25 years	0%	50%
25 years to 40 years	0%	50%
40 years and above	0%	50%

Please note that the maturity date is deemed to be the next call date.

5.1.5 Control of interest rate exposure

Please see paragraphs 3.2.

5.2 Annual Minimum Revenue Provision Statement 2020/21

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

MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year.

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 to 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 replaced 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.

- MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2020 the total VRP overpayments are expected to be £1.952m.

Capital expenditure incurred during 2020/21 will not be subject to a MRP charge until 2021/22.

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
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	-

5.3 NOTTINGHAM CITY COUNCIL TREASURY MANAGEMENT POLICY STATEMENT

The following treasury management policy statement is required to be adopted annually by Full Council as part Treasury Management Strategy.

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, activities and the annual treasury management strategy in advance of the year 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. Executive Board will receive reports 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. The Council delegates responsibility 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 organisation'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 comprehensive performance measurement techniques, within the context of effective risk management.

2.4 The Council’s borrowing will be affordable, sustainable, prudent and proportionate with its financial resources 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 financial investments remains the security of capital. The liquidity or accessibility of the Council’s financial investments followed by the yield earned on these investments remain important but are secondary considerations.

5.4 ECONOMIC BACKGROUND AND FORECAST COMMENTARY

UK. Brexit. 2019 was a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January.

The Conservative Government gained a large overall majority in the **general election** on 12 December; this ensured that the UK left the EU on 31 January. However, there will still be much uncertainty as the detail of a comprehensive trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open three possibilities; a partial agreement on many areas of agreement and then continuing negotiations to deal with the residual areas, the need for the target date to be put back, probably two years, or, a no deal Brexit in December 2020.

GDP growth took a big hit from both political and Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The forward-looking surveys in January have indicated that there could be a significant recovery of growth now that much uncertainty has gone. Nevertheless, economic growth may only come in at about 1% in 2020, pending the outcome of negotiations on a trade deal. Provided there is a satisfactory resolution of those negotiations, which are in both the EU's and UK's interest, then growth should strengthen further in 2021.

At its 30 January meeting, the Monetary Policy Committee held Bank Rate unchanged at 0.75%. The vote was again split 7-2, with two votes for a cut to 0.50%. The financial markets had been predicting a 50:50 chance of a rate cut at the time of the meeting. Admittedly, there had been plenty of downbeat UK economic news in December and January which showed that all the political uncertainty leading up to the general election, together with uncertainty over where Brexit would be going after the election, had depressed economic growth in quarter 4. In addition, three members of the MPC had made speeches in January which were distinctly on the dovish side, flagging up their concerns over weak growth and low inflation; as there were two other members of the MPC who voted for a rate cut in November, five would be a majority at the January MPC meeting if those three followed through on their concerns.

However, that downbeat news was backward looking; more recent economic statistics and forward-looking business surveys, have all pointed in the direction of a robust bounce in economic activity and a recovery of confidence after the decisive result of the general election removed political and immediate Brexit uncertainty. In addition, the September spending round increases in expenditure will start kicking in from April 2020, while the Budget in March is widely expected to include a substantial fiscal boost by further increases in expenditure, especially on infrastructure.

The Bank of England cut its forecasts for growth from 1.2% to 0.8% for 2020, and from 1.8% to 1.4% for 2021. However, these forecasts could not include any allowance for the predicted fiscal boost in the March Budget. Overall, the MPC clearly decided to focus on the more recent forward-looking news than the earlier downbeat news.

The quarterly Monetary Policy Report did, though, flag up that there was still a risk of a Bank Rate cut; "Policy may need to reinforce the expected recovery in UK GDP growth should the more positive signals from recent indicators of global and domestic activity not be sustained or should indicators of domestic prices remain relatively weak." Obviously, if trade negotiations with the EU failed to make satisfactory progress, this could dampen confidence and growth. On the other hand, there was also a warning in the other direction, that if growth were to pick up strongly, as suggested by recent business surveys, then "some modest tightening" of policy might be needed further ahead.

It was therefore notable that the Bank had dropped its phrase that tightening would be "limited and gradual", a long-standing piece of forward guidance; this gives the MPC more room to raise Bank Rate more quickly if growth was to surge and, in turn, lead to a surge in inflation above the 2% target rate.

As for **inflation** itself, CPI has been hovering around the Bank of England’s target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5% and then even further to 1.3% in December. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market,** growth in numbers employed has been quite resilient through 2019 until the three months to September, where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000 and then a stunning increase of 208,000 in the three months to November. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure.

Wage inflation has been steadily falling from a high point of 3.9% in July to 3.4% in November (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

Coronavirus. The recent Coronavirus outbreak could cause disruption to the economies of affected nations. The Chinese economy is now very much bigger than it was at the time of the SARS outbreak in 2003 and far more integrated into world supply chains. However, a temporary dip in Chinese growth could lead to a catch up of lost production in following quarters with minimal net overall effect over a period of a year. However, no one knows quite how big an impact this virus will have around the world; hopefully, the efforts of the WHO and the Chinese authorities will ensure that the current level of infection does not multiply greatly.

USA. After growth of 2.9% y/y in 2018 fuelled by President Trump’s massive easing of fiscal policy, growth has weakened in 2019. After a strong start in quarter 1 at 3.1%, (annualised rate), it fell to 2.0% in quarter 2 and then 2.1% in quarters 3 and 4. This left the rate for 2019 as a whole at 2.3%, a slowdown from 2018 but not the precursor of a recession which financial markets had been fearing earlier in the year. Forward indicators are currently indicating that growth is likely to strengthen somewhat moving forward into 2020.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment'. It also ended its programme of quantitative tightening in August 2019, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. It left rates unchanged at its December meeting. Rates were again left unchanged at its end of January meeting although it had been thought that as the yield curve on Treasuries had been close to inverting again, (with 10 year yields nearly falling below 2 year yields - this is often viewed as being a potential indicator of impending recession), that the Fed could have cut rates, especially in view of the threat posed by the coronavirus. However, it acknowledged that coronavirus was a threat of economic disruption but was not serious at the current time for the USA.

In addition, the phase 1 trade deal with China is supportive of growth. The Fed though, does have an issue that despite reasonably strong growth rates, its inflation rate has stubbornly refused to rise to its preferred core inflation target of 2%; it came in at 1.6% in December. It is therefore unlikely to be raising rates in the near term. It is also committed to reviewing its approach to monetary policy by midyear 2020; this may include a move to inflation targeting becoming an average figure of 2% so as to allow more flexibility for inflation to under and over shoot.

"The NEW NORMAL." The Fed chairman has given an overview of the current big picture of the economy by summing it up as **A NEW NORMAL OF LOW INTEREST RATES, LOW INFLATION AND PROBABLY LOWER GROWTH.** This is indeed an affliction that has mired Japan for the last two decades despite strenuous efforts to stimulate growth and inflation by copious amounts of fiscal stimulus and cutting rates to zero.

China and the EU are currently facing the same difficulty to trying to get inflation and growth up. Our own MPC may well have growing concerns and one MPC member specifically warned on the potential for a low inflation trap in January.
It is also worth noting that no less than a quarter of total world sovereign debt is now yielding negative returns.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to nearly half of that in 2019. Growth was +0.4% q/q in quarter 1, +0.2% q/q in quarters 2 and 3; it then fell to +0.1% in quarter 4 for a total overall growth rate of only 1.0% in 2019. Recovery from quarter 4 is expected to be slow and gradual. German GDP growth has been struggling to stay in positive territory in 2019 and grew by only 0.6% in 2019, with quarter 4 potentially being a negative number. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt.

However, the downturn in EZ growth in the second half of 2018 and in 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March 2019 meeting, it said that it expected to leave interest rates at their present levels "at least through to the end of 2019", but that was of little help to boosting growth in the near term.

Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they would have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period.** At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by 'growth friendly' fiscal policy. There have been no changes in rates or monetary policy since October. In January, the ECB warned that the economic outlook was 'tilted to the downside' and repeated previous requests for governments to do more to stimulate growth by increasing national spending.

The new President of the ECB, Christine Lagarde who took over in December, also stated that a year long review of monetary policy, including the price stability target, would be conducted by the ECB
On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The most recent results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy.

The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business.

It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown.

These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.**

Link Asset Services Interest Rate View	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	0.90	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.30	2.40	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.50	2.50	2.60	2.60	2.70	2.80	2.90	3.00	3.10	3.10	3.20	3.20	3.30
25yr PWLB Rate	3.00	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.80	3.90	3.90
50yr PWLB Rate	2.90	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.80

On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably relatively even due to the weight of all the uncertainties over post-Brexit trade arrangements and the impact of an expansionary government spending policy (as expected in the Budget on 11th March).
- The balance of risks to increases or decreases in Bank Rate and shorter term PWLB rates are also broadly even.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Post Brexit trade negotiations** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, 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.
- A resurgence of the **Eurozone sovereign debt crisis.** In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments.** Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but his time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some $19trn of corporate debt in major western economies,** if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is $15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks,** for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if a comprehensive agreement on a trade deal was reached that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary 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, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

5.5 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to councillors of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that councillors are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following *: -*
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*

    - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

    - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and* *arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*

- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

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Nottingham City Council Capital & Investment Strategy

Nottingham City Council Capital and Investment Strategy 2020/21 – 2024/25

Contents

Section One – Introduction

Aims of the Capital and Investment Strategy and its links to the Council Plan

The Capital Strategy forms a key part of the City Council's overall Corporate Planning Framework by which capital and investment decisions will be made.

The overarching aim of the 2020/21 to 2024/25 Capital Strategy is to provide a framework within which the Council's capital investment and financing decisions can be aligned with the Council's corporate priorities and objectives over the medium term. The Strategy recognises uncertainties, especially in relation to funding in later years.

In order to reflect the Council's corporate priorities the Capital Strategy is driven by the Council Plan 2019-2023, which is founded on five key objectives:

- Build or buy 1,000 Council or social homes for rent
- Create 15,000 new jobs for Nottingham people
- Build a new Central Library, making it the best children's library in the UK
- Cut crime, and reduce anti-social behaviour by a quarter
- Ensure Nottingham is the cleanest big city in England and keep neighbourhoods as clean as the city centre

These objectives reflect an on-going commitment to the City Council's core aim to "put citizens at the heart of everything we do". This is central to the Council's priorities, decision making and service delivery.

Alongside the Council Plan the Council has also made a commitment to become the first carbon neutral city in the country, reaching this target by 2028, this has involved the creation of Nottingham's 2028 Carbon Neutral Charter.

Further details regarding how the Council Plan has influenced the capital projects include regeneration and transport priorities. Further details can be found in Section 2 (Council's Priority Areas for Capital Investment).

This strategy sets the framework for all aspects of the Council's capital and investment expenditure including planning, prioritisation, management, funding and monitoring. This strategy forms a key part of the Council's Medium Term Financial Strategy.

Section Two – Capital Strategy Aims, Objectives, Principals and Priorities

Aims & Objectives of the Capital and Investment Strategy

The Capital and Investment Strategy aims to:

- Provide a clear set of objectives and a framework, compliant with the CIPFA guidance and legislation, by which new projects are evaluated.

- Ensure projects meet the Council's priorities and are fully funded by means of whole life project costing.

- Prioritise projects that meet the following criteria:
  - Deliver Council Plan / Council Objectives
  - Invest to Save – assist the delivery of budget decisions
  - Commercialism – projects that generate a revenue surplus
  - Attract significant third party or match funding to the City
  - Deliver wider economic or service objectives e.g. regeneration / job growth

- Set out how the City Council identifies, programmes and prioritises funding requirements and proposals arising from a project gateway process. This involves a Full Financial Appraisal, Full Business Case and a review by the Project Assurance Group. The Council's capital prioritisation process is currently under review, due to limitations on available funding and in order to identify synergies within proposed schemes. Outcomes from the review and any recommendations will be reported as part of the capital monitoring presented to Executive Board.

- Aid decision making regarding use of funding, resource availability and how these might be maximised to deliver the Council's priorities.

- Ensure the capital programme maintains an overall balance of risk over the strategy period and provides insight into the funding envelopes and rates of return.

- Establish effective arrangements for the management of expenditure including the assessment of project spend, budget forecasting, contractual commitments, revenue impact (in year and projected over the Medium Term Financial Outlook (MTFO), value for money, opportunity cost and debt exposure.

Capital Investment Principles and Priorities

Principles

The Council's capital strategy ensures that all the projects are accounted for in the allocation of any available resources. The principles of the strategy are as follows:

- Current approved (or contractually committed) schemes will be supported and sufficient resources will be provided to enable them to proceed or complete up to the approved level of expenditure.

- Capital Project Sponsors and Managers must demonstrate that a rigorous process of options appraisal has been followed, requiring assessment of Council priorities, cost, risk, project deliverables and methods of financing. The Project Assurance Group has a clear role in ensuring all key questions have been asked prior to the scheme receiving formal approval.

- Any costs incurred on options not progressed will be abortive costs that do not meet the criteria for capitalisation.

- All capital investments are required to make reference to Council objectives and will only be considered for resource allocation once this has been demonstrated.

- There will be no ring-fencing of capital receipts to specific projects, with the exception of:
    - School Sites ring-fenced by the Secretary of State for education purposes
    - Sites identified as part of the Loxley House Acquisition
    - Property Trading Assets: Sites whose sale generates a revenue pressure will be assessed to identify how much the Council needs to reinvest to cover lost income

- The Council will consider the removal of ring-fencing from certain grant allocations to assist in the achievement of the Council's priorities and objectives. All uncommitted non ring-fenced capital funding will be reviewed.

  Non ring-fenced grants received in support of the three areas below will be earmarked to fund these initiatives.

    - Transport grant funding
    - Basic Needs Government funding, due to the current pressure on school places
    - Disabled Facilities Grant

- It is assumed that all resources that were not applied during the previous financial year remain fully committed and carried forward into the current year, as they are required to meet commitments within the Capital Programme.

- Future funding opportunities may arise for which the Council may wish to submit bids. The Council will respond in a manner it considers appropriate to bidding opportunities, ensuring that bids are submitted which align with its objectives and capital investment priorities. Match funding requirements are considered on a scheme-by-scheme basis with resourcing requirements prioritised accordingly.

- Business Cases and Financial Assessments (Section 3), adopt the prudent principle regarding the asset value at the end of the financial model, the normal assumption is the asset has £nil realisable value, although this will be considered on a case by case basis.

- In accordance with CIPFA guidance the Council defines Capital Expenditure as:

  'Expenditure on the acquisition or enhancement of property, plant and equipment that has a long-term value to the Council. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.'
  Nottingham City Council Statement of Accounts 2017/18

  Any expenditure that does not meet the above definition is charged directly to revenue, for example:
    - Routine repairs and maintenance of fixed assets
    - Feasibility and Development costs of options and schemes not progressed
    - Communications and Marketing
    - Expenditure not necessary to bring the asset into use

- Due to the level of risk contained within the Capital Programme approved projects are encouraged to value engineer / reduce costs where possible, especially when a reduction of costs can be achieved without significantly affected the project deliverables.

- The Council has established a Capital Risk Reserve from savings identified within the current capital programme. This Risk Reserve is to cover current risks within the capital programme, such as schemes with unsecured grants at the time of approval. Any savings or underspend within the Capital

Programme will be transferred to this reserve to offset an element of the Council's capital risk.

- All projects that are considered live projects but have not incurred any capital expenditure within the last two financial years will be automatically closed with any available funding transferred to the Capital Risk Reserve. Should late retention payment be required they can be funded from the Risk Reserve up to level of contribution.

- If the financial models for approved schemes move adversely during the pre-contract stage by the lower of £1.000m or 20% (either cash or NPV), further approval will be required including a revised business case.

- Due to the Council's current debt levels, the overall finance context and the level of risk to which the Council is exposed, the capital prioritisation process is being reviewed as detailed above. The outcome of this review may include the capping of future borrowing to enable the reduction of the Council's overall debt level.

Prioritisation
Under the current process each project or programme is subject to a gateway review / approval process that includes a full business case.

Projects / programmes that do not have a full funding package and require Council Resources (including schemes which have deficits in early years i.e. Medium Term Financial Plan (MTFP) Deficit), will be appraised using the following criteria should funding become available:

- Alignment to the Council Plan;
- Consequences of Exclusion (i.e. not providing Corporate Resource);
- Project Funding Package;
- Whether Project generates an income / reduces costs (including Invest to Save);
- Any pre-conditions;
- Impact on the environment and the Council's commitment to net zero;
- Effect on regeneration.

Council's Priority Areas for Capital Investment

The Capital and Investment Strategy recognises the constraints imposed by a significant reduction in financial resources. Nottingham City Council must therefore rely on both internal and external capital resources and evaluate projects to ensure all investment decisions can be no less than financially self-sustaining whilst still meeting priorities.

As well as the Council prioritising projects individually, the Council also considers the

Capital Programme collectively in terms of how associated risk is managed, the cash flow implications and the impact of future financial sustainability.

The Corporate Asset Management Plan (CAMP) confirms the Council's commitment to provide good quality, sustainable and accessible accommodation for staff and citizens. However, the Council still owns Operational Assets that do not meet modern standards and the aim is to dispose of these sites, providing more effective accommodation for colleagues and an improved experience for citizens (i.e. Operational Property Rationalisation). To ensure resources are available for maintaining operational assets, all financial models will include whole life costing that is sufficent to fund future repair liabilities. The CAMP also provides the framework for which non-operational assets are managed.

As part of the Asset Rationalisation Programme (ARP) the Council is reviewing its Operational and Non-operational assets to identify assets for potential disposal. Any available capital receipt generated from the ARP will be used to offset the Council's current **£70.528m** commitment, further details can be found in section 4.

In addition to the ARP process, the Council is reviewing the resources set aside for fund maintenance of Council assets and IT infrastructure. With the aim to identify an affordable way to maintain its assets over the medium to long term.

The Council's capital investment priorities for the period 2019/20-2024/25 are covered below. These projects will be progressed subject to the availability of resources and the approval of a full business case.

Existing Projects:
There is a commitment to continued funding for the following priority areas:

- District Heating / Incinerator Works
- Nottingham Castle Transformation
- Southern Gateway Improvements
- Royal Centre Modernisation
- Council-wide IT Schemes
- Vehicle Replacement Programme
- Low Carbon and Energy Efficiency Initiatives
- Parks and Open Spaces Improvements
- City Regeneration Schemes
- Housing Initiatives
- Property Repairs and Investments
- Transport Repairs and Improvements
- School Condition Works
- Invest to Save or Commercialisation
- Property Rationalisation
- Delivery of key regeneration priorities

- Delivery of Local Transport Plan projects and infrastructure to support economic development
- Supporting Local Plan housing delivery
- Fit-out and operation of the new Central Library

New and Emerging Projects (i.e. Planned and Potential Schemes)
In addition to the projects specifically referred to above, the following is a list of priority projects that have not had the full business case approved:

- School Investment / Pupil Pressures
- Other Regeneration Schemes
- Further Southern Gateway Investments

Non-Treasury Investments

Nottingham City Council invests in other financial assets (i.e. loans and investment properties), which are not part of treasury management activity. These other investments fall within two areas:

- **Service Investments** – investments held clearly and explicitly for the provision of operational services, including regeneration
- **Commercial Investment** – investments undertaken primarily for financial reasons

Appendix A contains service and commercial investments split between capital and revenue. The commercial investments are summarised in **Table 1**.

Non-Treasury investments are analysed periodically to ensure that the fair value / carrying value of each investment is appropriate as required under the relevant Accounting Standard (Service Investments – IFRS9, Commercial Investments – IAS40).

Service Investments
Service investments made by the Council are largely loans to third parties ranging from short-term to longer-term loans linked to assets or investments in group organisations. Following a detailed assessment, each loan will have an interest rate applied which reflects any appropriate legislation (e.g. State Aid). Scrutiny for Service Investments is undertaken by officers within the Council giving due regard to the relevant formal approval. This scrutiny will include a due diligence assessment to ensure that the Council has the appropriate level of:

- Security – due diligence is carried out on the loan counterparty to assess their credit strength and ability to make loan repayments. Security is also achieved by obtaining charges on assets, but could also include guarantees (e.g. Parent Company Guarantee)
- Liquidity – third party business cases to be critically assessed to identify financial performance including if the scheme has early year deficits
- Yield – reflecting market risk / return and the opportunity cost to the Council of not being able to use those funds elsewhere

Commercial Investment
Commercial Investments that the Council has undertaken to date are property investment acquisitions. **Table 1** below detail the Council's Commercial Investment at the 31st March 2019, how it was funded and the net effect on the General Fund:

Table 1: Commercial Investments and contribution to Budget at 31st March 2019

	£m
Gross Commercial Investment Minimum Revenue Provision incurred	251.488 (1.945)
Net Commercial Investments	**249.543**
Funding Council Resources Unsupported Borrowing (net of MRP paid to 31st March 2019)	 (5.736) (243.807)
Total Funding	**(249.543)**
Forecast Net income to the General Fund 2019/20 (*)	**(6.140)**

(*) Net of financing costs, operating costs and contribution to a sinking fund.

The average yield generated from the Commercial Investments included in **Table 1** is 2.52% (based on net income and unsupported borrowing net of MRP).

All Commercial Investments are reviewed on an on-going basis. These reviews support good estate management principles and ensure that the Council's risk and returns are appropriately managed. The investments are managed on an ongoing basis, reviewing the actual performance to the original financial model, paying particular attention to key events such as rent reviews.

The gross commercial investment made by the Council of £249.543m (excluding MRP payments to 31st March 19), leaves the Council open to the following risks:

- Voids due to economic downturn / tenant lease breaks
- Property Market downturn
- Inaccurate assumptions or changes in environment or management of asset causes lower final valuation or delays in disposal leading to unforeseen costs.

These risks have been mitigated by investing in a diverse property portfolio and the properties are transferred as a going concern by having a tenant with a strong covenant in occupation. A sinking fund is also set aside for the commercial investments based on rental level received. This reserve is available to smooth out void periods (in-year deficits) if they cannot be absorbed elsewhere within Property Services.

The Council continues to operate in a challenging financial environment of reduced levels of Government funding due to austerity policies. This level of commercial investment has been undertaken as part of the council's commercialisation policy, which seeks to address the funding gap and protect key services.

Capitalisation Flexibilities

In December 2017 the Secretary of State announced that the capital receipt flexibility programme will be extended until 31st March 2022. This flexibility gives the Council the freedom to use non-Public Sector Housing capital receipts to fund the revenue costs of transformation projects and release savings.

As detailed within Section 3 the Council is not intending to use this flexibility due to all forecast receipts from property disposal (secured and unsecured) in the medium term being earmarked to fund the Council's ambitious capital programme. Receipts from principal loan repayments are earmarked to repayment of underlying debt.

Section Three – Capital Programme Structure, Resourcing Strategy

Capital Programme Structure

The Council's Capital Programme is split into three sections:

- Approved Projects – Projects that have been formally approved and have a funding package that is deemed affordable
- Planned Projects – Projects that have been agreed in principal and the Council is undergoing project feasibility and development to identify if the project's objectives can be achieved within an affordable funding envelope
- Potential Projects – Projects that are at the beginning of the scoping and development process and therefore are not included in the Council's borrowing forecasts

As projects progress through the above stages they will go through a gateway process to challenge the project team and provide assurance that the project is best use of public funds and will assist the Council in meeting its priorities.

Each of the three Capital Programme areas include a variety of capital projects, with each section divided into sub-sections as follows:

- Council Priorities / Service Delivery (including Regeneration Schemes)
- Asset Investments
- Third Party Loans
- Revenue Generating Investments (Invest to Save or Commercialism)
- Grants
- Revenue Expenditure Financed by Capital Under Statute (REFCUS)

Capital Programme – General Fund
Table 2 below is a snapshot of the Capital Programme at 31st December 2019.

The funding is showing a balanced budget within **Table 2** assuming all forecast grants are received as expected and the pressure on the unsecured capital receipts as highlighted within **Table 5** is resolved.

Table 2: General Fund - Capital Programme and Resources							
2019/20 £m	**Scheme**	**2020/21 £m**	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**	**Total £m**
	Approved Schemes						
30.217	Transport Schemes	9.853	1.420	0.000	0.000	0.000	**41.490**
5.167	Education	3.092	0.000	0.000	0.000	0.000	**8.259**
143.979	Other Services	119.853	30.602	10.812	8.840	9.794	**323.880**
2.050	**Category 2 - Planned Schemes**	26.070	16.820	5.682	5.900	0.000	**56.522**
181.413	**Total Programme**	**158.868**	**48.842**	**16.494**	**14.740**	**9.794**	**430.151**
	Resources Available						
(99.757)	Prudential Borrowing	(98.227)	(36.339)	(7.845)	(6.377)	(7.398)	**(255.943)**
(68.201)	Grants & Contributions	(40.025)	(6.818)	(8.394)	(8.114)	(2.206)	**(133.758)**
(3.683)	Internal Funds / Revenue	(8.295)	(1.645)	(0.255)	(0.249)	(0.190)	**(14.317)**
(4.996)	Secured Capital Receipts	0.000	0.000	0.000	0.000	0.000	**(4.996)**
(4.776)	Unsecured Capital Receipts	(12.321)	(4.040)	0.000	0.000	0.000	**(21.137)**
(181.413)	**Total Resources**	**(158.868)**	**(48.842)**	**(16.494)**	**(14.740)**	**(9.794)**	**(430.151)**

(*) Traditionally the Local Transport Plan is set for three years, however due to the Spending Review outcome unknown, no Local Transport funding is programmed beyond 2020/21. Once the outcome of the spending review has been completed the Transport Programme will be reviewed to ensure it is able to respond to any new requirements or priorities.

Capital Programme – Public Sector Housing

Table 3 is a snapshot of the Public Sector Housing Programme. The programme currently shows a resourcing shortfall due to additional capital projects being required following the Grenfell incident. If external grant cannot be identified, savings will need to be made elsewhere within the Public Sector Housing Programme to offset the forecast funding shortfall.

Table 3: Public Sector Housing - Capital Programme and Resources							
2019/20 £m	**Scheme**	**2020/21 £m**	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**	**Total £m**
54.568	Category 1 - Approved Schemes	50.553	56.108	41.724	33.375	27.916	**264.244**
0.010	Category 2 - Planned Schemes	8.922	2.450	0.000	0.000	0.000	**11.382**
54.578	**Total Programme**	**59.645**	**58.648**	**41.724**	**33.469**	**27.926**	**275.626**
	Resources Available						
(12.415)	Prudential Borrowing	(18.444)	(15.309)	(9.682)	(3.572)	0.000	**(59.422)**
(3.694)	Grants & Contributions	(3.830)	(3.191)	0.000	0.000	0.000	**(10.715)**
(29.945)	Major Repairs Reserve	(29.415)	(31.746)	(24.955)	(25.335)	(24.839)	**(166.235)**
(8.524)	Secured Capital Receipts	(4.731)	(4.010)	(4.010)	(3.355)	0.000	**(24.630)**
0.000	Unsecured Capital Receipts	(3.055)	(4.302)	(3.077)	(1.113)	(3.077)	**(14.624)**
(54.578)	**Total Resources**	**(59.475)**	**(58.558)**	**(41.724)**	**(33.375)**	**(27.916)**	**(275.626)**

Capital Resourcing Approach

The Council's capital investment is governed by the 'Prudential Code for Capital Finance in Local Authorities' (Prudential Code). The Prudential Code provides the Council with a regulatory framework within which the Council has discretion over the funding of capital expenditure and the level of borrowing the Council wishes to undertake to deliver capital plans and programmes.

The strategy is intended to maximise the financial resources available for investment in service provision and improvement within the MTFO. At the same time it seeks to ensure that each business case has a robust self-sustainable financial model that delivers the Council's objectives.

The funding available to Nottingham City Council is split into five main categories:

1. Government grants and non-government grant and contributions
2. Unsupported borrowing
3. Capital Receipts
4. Internal Funds / Revenue
5. Leasing / Private Finance Initiatives (PFI)

1. Government Grants and Non-Government Grant and Contributions

These can be split into three sub categories:

- Ring-fenced grants and contributions (Reserved for a particular purpose and have a restricted use);
- Non-ring-fenced grants and contributions (Grant given with conditions which Projects are required to meet);
- Section 106 agreements (Planning obligations generally subject to conditions of use).

Where there is a requirement to make an application to an external body for funding and commit Council resources as match funding for any part of any bid, a business case and paper needs to be approved per the Council's current approval procedures (e.g. DDM, Leaders Key Decision, or Executive Board Report).

2. Unsupported Borrowing (Prudential Borrowing)

As detailed above the Council has the discretion to undertake borrowing on capital schemes (General Fund and Public Sector Housing) if the borrowing is deemed Value for Money and meets the following criteria as set out in the Prudential Code:

- **Affordable**
- **Sustainable**
- **Prudent**
- **Proportionate for the size of the authority**.

For any borrowing undertaken a full appraisal will take place to ensure that sufficient revenue returns are generated to cover the cost of borrowing, for example 'invest to save' or schemes which meet the Council's 'commercialisation agenda'.

To be deemed affordable, sustainable and prudent a full business case is carried out and schemes have to provide a surplus Net Present Value (NPV) to the Council over the life of the project.

Prudential Borrowing Loan repayments are spread over an asset's useful life, this means that for the longer term Capital Schemes (i.e. Land and Buildings) the borrowing term can be significant.

Where it is considered that prudential borrowing is the appropriate method of funding, the additional revenue costs related to debt repayment will be built into the service budget. When projects are approved, details of how any potential revenue impact will be managed must be included (e.g. early year deficits).

Housing Revenue Account (HRA)

The HRA has no statutory requirement to make Minimum Revenue Provision (MRP) contributions unlike unsupported borrowing within the General Fund. The Council uses the HRA 30 year business plan as a way of managing its debt position by making voluntary provisions / voluntary set aside as appropriate. Prudential Borrowing for Housing Revenue Account Projects is required to meet the same Prudential Code criteria as set out above (e.g. full financial appraisal, debt repaid over asset life, early year deficit impact).

Forecast Borrowing General Fund and Housing Revenue Account

The Council is forecasting to borrow **£315.365m** over the period 2019/20-2024/25, **Table 4** below breaks this forecast borrowing into financial years:

Table 4: Unsupported Borrowing Forecast Period 8

Area and Category	Forecast Borrowing Requirement					
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
General Fund						
Category 1 - Approved Schemes	(97.166)	(76.067)	(21.224)	(7.845)	(6.377)	(7.398)
Category 2 - Planned Projects	(2.591)	(22.160)	(15.115)	0.000	0.000	0.000
TOTAL General Fund	**(99.757)**	**(98.227)**	**(36.339)**	**(7.845)**	**(6.377)**	**(7.398)**
Public Sector Housing						
Category 1 - Approved Schemes	(12.405)	(9.842)	(15.309)	(9.682)	(3.572)	0.000
Category 2 - Planned Projects	(0.010)	(8.602)	0.000	0.000	0.000	0.000
TOTAL Public Sector Housing	**(12.415)**	**(18.444)**	**(15.309)**	**(9.682)**	**(3.572)**	**0.000**
TOTAL Forecast Borrowing Requirement	**(112.172)**	**(116.671)**	**(51.648)**	**(17.527)**	**(9.949)**	**(7.398)**

The HRA considers projects on a programme approach, further details can be found within the Financial Appraisal section.

3. Capital Receipts

The Council's land and property estate is managed through the CAMP, which identifies the Council's property requirements. Where appropriate, properties are declared surplus to requirements and the Council will look to dispose of the asset.

Capital receipts generated from disposal of Council assets represent a finite funding source, therefore the Council is required to plan disposals to support its priorities.

Capital receipts will also be a key source of capital funding for projects that meet the Council's strategic aims / objectives but make insufficient financial return to cover the costs of borrowing.

Nottingham City Council has a strategy of not ring-fencing the use of specific Corporate Capital Receipts to fund specific schemes or service areas unless a suitable business case is created and approved.

All receipts are reviewed to see if there are any restrictions on the receipt (e.g. Secretary of State), or whether the asset had any clawback provision or debt outstanding as these have first call on the capital receipt. The remaining balance of general fund capital receipts is allocated between reinvestment in Property Income Generation and Corporate Capital Receipts:

The Council is establishing an Asset Rationalisation Programme, therefore at present the forecast receipts over the 2019/20-2024/25 period cannot be estimated until the Programme is in operation.

As detailed in **Table 2**, the General Fund Capital Programme is predicated on securing **£26.133m** receipts to March 2022. At Quarter 3 2020 the Council has committed to applying **£70.528m** of capital receipts. Further detail is shown in the table below:

Table 5: General Fund Capital Receipt Commitment

	Commitment £m
General Fund Capital Programme	26.133
Past commitments from prior Capital Programme	18.999
Other commitments outside the Capital Programme (*)	25.396
TOTAL Capital Receipt Commitment	**70.528**

(*) Examples are sinking fund for Broadmarsh Shopping Centre and replenishment of Council SAM Resources

Housing Revenue Account (HRA) – Capital Receipts
The HRA capital receipts are sub-categorised as follows:

- Non Right-to-Buy Receipts – The receipt is ring-fenced for reinvestment within the Capital Programme for Housing and Regeneration.
- Right-to-Buy (RTB) Receipts – Are accounted for as stipulated in the Local Government Act, with elements of the receipt net of transaction costs:
    - Repaid to Central Government
    - Capital spend for either allowable debt (i.e. Voluntary Set-aside) or to fund capital expenditure within the Capital Programme
    - Retained for reinvestment in Housing Stock (RTB Replacement Receipts), or returned to Central Government if unspent within timeframe

4. Internal Funds / Revenue

Capital Expenditure can be funded directly from revenue resources. The sources of revenue funding can be split into two clear categories:

- Funds and Reserves – specific reserves set aside for Capital purposes
- Direct Revenue Funding (DRF) – using revenue budget surpluses for capital purposes if it can be demonstrated that the funding is unfettered.

However, in the current economic climate and with increasing revenue pressure within Council finances, the extent to which this may be used to fund capital expenditure is significantly reduced.

Housing Revenue Account (HRA)
The HRA has a Major Repairs Reserve which is a specific reserve ring fenced for repairs and maintenance of the Council's housing stock.

5. Leasing / Private Finance Initiatives (PFI)
The Council does have the option to lease assets, however with the advent of Unsupported Borrowing this source of financing is becoming less attractive and the Council's Vehicle Replacement Scheme demonstrates this development. There may however be instances where leasing could offer value for money and it will remain a consideration when options are being appraised.

PFI schemes are not shown within the Capital Programme due to not being financed by capital resources.

However, the long-term affordability of the PFI schemes at the Council is being closely managed. The current situation is that one scheme is forecasting a temporary deficit in 2033/34, and there are certain schemes where the Council has an option to purchase at the end of the agreement but no monies have been set aside. Therefore, a business case will need to be established to identify whether or not acquiring the site at agreement termination is value for money.

When the Council identifies a service requirement all financing options are considered as part of the business case / feasibility. Where appropriate this will include the potential creation of a liability via a leasing or similar arrangement (e.g. PFI). Prior to entering into these agreements, a formal decision will need to follow the Council's standard approval process.

Leases and contracts entered into by the Council are periodically reviewed to identify all lease and embedded lease arrangements entered into that may create a potential liability for the Council.

Resourcing Allocation Strategy and Procedures

Resources Allocation Strategy

As detailed in Section Two, the Council is reviewing its prioritisation process which involves the Resource Allocation Strategy. The current proposal considers the following:

- Capital Receipts - no further capital receipt can be committed until the pressure identified in Table 5 has been resolved.
- Prudential Borrowing will be capped annually at a level under the Council's MRP budget, enabling the Council to reduce its debt position.

Once the current review is complete, potential schemes can be prioritised and any secured / available funding can be allocated as required.

Internal Guidance / Business Case Considerations / Gateway Reviews

Internal Guidance

Project Management Handbook

The Project Management Handbook is a best practice document for project delivery. This section of the intranet also includes standardised templates that accompany the Project Management Handbook.

The link to the handbook is set out below:

http://intranet.nottinghamcity.gov.uk/major-projects/project-management/project-management-handbook/

Accounting Handbook

The Accounting Handbook has a section regarding fixed assets and capital investment, this section includes information about:

- Fixed Assets
- Capital Expenditure Coding
- Capital Accruals
- Capital Funding
- Revenue Expenditure Funded from Capital Under Statute (REFCUS)
- Lease Accounting

As part of the capital monitoring process project managers are also sent guidance regarding expenditure capitalisation rules to assist them in their understanding of the revenue / capital split.

The link to the handbook is set out below:

http://intranet.nottinghamcity.gov.uk/finance/statutory-information/

Gateway Review

The Council has introduced a Gateway Zero process which requires all new proposals for significant projects to go to the Corporate Leadership Team for sign-off prior to Council resources being committed.

Following a Gateway Zero, the business case and financial assessment are evaluated at a Project Assurance Group (PAG). The PAG is a panel who are not involved in the project's development and are tasked with reviewing and challenging the project and the decisions made.

Business Case

A business case is a formal document, which explains the case for the investment in a project or programme of work. The areas covered by a business case vary depending on whether it is an outline or full business case. An outline business case is used at the start of the planning process to obtain 'approval in principle' to proceed. A full business case is prepared after 'approval in principle' and is expected to cover the following areas:

1) The background to the business case - i.e. the reason for the project being put forward – in order to give context to the project;
2) Objectives
   a. The overall objectives of the project, and
   b. How the project will contribute to the achievement of corporate priorities, including the impact on the Council's commitment to become the first carbon neutral city in the country, reaching this target by 2028;
3) Overview of options considered with a brief summary of why options were rejected;
4) Detailed explanation of the option accepted and why it was accepted;
5) Procurement details, including (but not limited to);
   a. details of tender process (when applicable)
   b. analysis of shortlisted tenders
   c. preferred supplier with explanation for decision
6) Financial appraisal of the scheme, including;
   a. profile of capital expenditure
   b. profile of funding broken down by funding source
   c. revenue implications (including the impact on the MTFO and any early year deficit)
7) Other advice required (as appropriate) per the standard approvals process;
   a. Legal
   b. Human Resources
   c. Procurement
   d. Property
8) Business Cases contain an inherent risk regarding the assumptions, in particular the likelihood of the revenue assumptions being achieved. This risk is amplified on the longer term business cases due to the uncertainty of predicting future cash flows / behaviours. This should be addressed through sensitivity and risk analysis.

Financial Appraisal

The purpose of any financial appraisal is to evaluate the viability of a project by assessing the net cash flows that result from financial models, how it meets the requirements of the Prudential Code and provides an assessment of Value for Money.

All capital projects are required to undertake a financial appraisal if they have either:

- An element of borrowing within the project's funding envelope, or
- A revenue impact on service delivery

The Technical Accounting Team coordinates the financial appraisal.

Principles of the financial appraisal are:

- Full life project costing – For projects that are expected to create an asset with a long useful life the financial appraisal has an inherent risk due to uncertainty of cash flows in the longer term. A provision for a sinking fund to protect the Council from future liabilities should be included
- Revenue assumptions are required to have assumption owners who are either appropriately qualified Council officers or are specialist external advisors
- Revenue assumptions will be assessed to determine whether they should be subject to inflation at an appropriate rate
- Inclusion of a risk register including financial implications for both internal and external risks
- Optimism Bias is considered within all financial models by evaluating financial and service delivery inputs and including contingencies as appropriate, reducing the risk of over-optimistic assumptions locking the Council into undeliverable targets
- All financial models have the same prudent assumption that the residual value of assets at the end of the financial model is £nil, unless a strong case can be made for doing otherwise. The final decision would be made by the Strategic Director of Finance
- A Financial Assessment which will include:
    - Cash flow assessment - identifying any early years deficit and impact on the MTFO
    - Net Present Value (NPV) assessment - the cash flow being discounted using the rates recommended as a base in the Treasury Green Book plus additional percentage points for interest and project risk. The affordability requirement is that the project has to produce a surplus NPV
    - Payback Period - this is the year in which the project forecasts a cumulative surplus position

- Sensitivity Analysis - testing the key assumptions in the model to identify the financial impact if the approved base financial assumptions were not achieved
- Opportunity Cost - if the Council is using non ring-fenced grant / capital receipts or a revenue source of funding there is an opportunity cost to the Council of not being able to use those funds elsewhere.
- Tax Risk / Impact – management of Council's tax risk in accordance with the Council's Tax Strategy.

Housing Revenue Account (HRA) – Financial Appraisal

HRA schemes are typically subject to the following affordability criteria and minimum financial parameters required for the scheme to progress to construction contract:

- An overall surplus NPV within the financial models by the year the debt has been fully repaid that has undergone due diligence
- An assessment of the Early Year Deficit's both the schemes individually and across the wider Public Sector Housing Capital Programme, ensuring deficits are affordable and funded
- Model includes full lifecycle costs
- Financial model pays back within 40 years
- Right to Buys are assumed to be used to reduce the in-year Voluntary Revenue Provision (i.e. repayment of debt through revenue)

However, where schemes fall outside of the above criteria they need to be considered in the context of the overall affordability of the HRA, the need to provide additional social housing and the wider BABN programme. The HRA business plan will need to be refreshed following the approval of HRA schemes that have a revenue impact.

Section Four – Monitoring and Measuring the Performance of the Council's Debt Position and the Capital Programme

Monitoring and Measuring the Council's Debt Position

The 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 Treasury Management Practices document (TMP).

Within the report, 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."

Nottingham City 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.

The annual Treasury Management Strategy is approved by Full Council. This includes details regarding the Council's operational boundary and Prudential Indicators as prescribed by the CIPFA Treasury Management Code of Practice. These include a projection of external debt and use of internal borrowing to support capital expenditure and the council's overall borrowing requirement, which is known as the Capital Financing Requirement (CFR). The Prudential Indicators include the operational boundary and the authorised limit for external debt which is the statutory limit determined under Section 3(1) of the Local Government Act 2003: "A local authority shall determine and keep under review how much money it can afford to borrow".

An appendix to the Treasury Management Strategy is the Treasury Policy. This policy document sets out the parameters under which the Treasury function operates, including the key delegations. The Treasury Policy also stipulates that the Audit Committee is responsible for the scrutiny of the Treasury Management function.

The annual Treasury Management Strategy includes the policy for the repayment of debt known as Minimum Revenue Provision (MRP). The Council adopts the principle of making revenue provision for the repayment of debt over the life of the underlying debt by making reference to the useful life of the assets being created/purchased that were financed by borrowing.

Annual Assessment of Non-Financial Investments

As stipulated in CIPFA's Practitioners' Guide and International Financial Reporting Standards (IFRS), all investments that satisfy the non-financial investment criteria require an annual Fair Value assessment. Where the Fair Value of a non-financial investment is insufficient to provide the required security for the outstanding debt, then as part of the Capital Outturn Report a paper will be presented to Executive Board proposing mitigating actions to protect the capital invested and any revenue consequences.

Monitoring the Capital Programme

Corporate Leadership Team are provided with a Capital Programme Report on a quarterly basis. This report breaks down the programme into the following areas:

- Approved Schemes (Split between General Fund, Local Transport Plan, Other Transport Schemes and Public Sector Housing)
- Planned Schemes
- Potential Schemes

Each scheme (or group of schemes) are then reported on the following basis:

- Full Project Cost
- Forecast Costs – current financial year plus 4 years
- Uncommitted Expenditure – current financial year plus 4 years
- Funding Breakdown
- Financing Costs
- Opportunity Cost
- Current Year Cash Impact
- MTFO Impact

Detailed Programme

Project managers must provide an update for every live project detailing the following:

- Forecasting of expenditure (including overspend or slippage)
- Scheme status and whether it has reached completion
- Amount contractually committed

Any variance, change in funding or slippage will be reported to the Executive Board as part of the quarterly monitoring / capital outturn.

It is important to manage significant slippage against the planned Capital Programme as it may be possible to re-prioritise capital funding streams to the advantage of the Council. Advance notice of slippage also assists the Council's Treasury Management function by supporting improved cash flow management and funding decisions.

If an approved Capital Project underspends on its current approval, the funding is released back into the Capital Programme to fund other capital commitments. Should the Project Sponsor of an underspending project wish to change the project via either enhancement or amended specification, further approval is required.

The funding of Capital Projects is monitored to ensure that:

- Grants and contributions are received in a timely manner and any receipt is consistent with the approval
- Capital Receipts are monitored to ensure the Council has enough resources to fund the capital programme
- Revenue Funding / Resources are transferred to either capital reserves or drawn down direct to capital in-year

Live / Completed Projects

The actual financial performance of projects is monitored against the original and latest business case and material variance is reported to the CLT.

The Capital Programme is also measured by the Prudential Indicators, which are reported to Council as part of the Treasury Management Strategy, and by the post year-end review.

Review and Evaluation

Once a scheme is complete it is necessary to undertake an evaluation to compare the financial outturn against the approved financial appraisal and to assess the outcomes of the scheme against the deliverables in the full business case.

The extent of this evaluation process depends on the size and complexity of the project.

Knowledge and Skills

The training needs of the Council's Capital and Treasury Management teams are assessed as part of the staff appraisal process. These staff periodically attend training courses, seminars and conferences provided by external advisors and CIPFA. Staff are also encouraged to study appropriate professional qualifications.

The CIPFA Code requires the responsible officer to ensure that councillors with responsibility for treasury management receive adequate training. This especially applies to Councillors responsible for scrutiny. Appropriate training is provided periodically to Councillors and other relevant staff that are charged with governance.

External advisers

As detailed within Section Three (Financial Model), external advisors are engaged where appropriate by the Council to support staff regarding the financial assumptions and modelling.

The Council uses Link Asset Services as treasury management advisers and receives specific advice on investment, debt and capital finance issues.

These Capital and Treasury external advisers are engaged so that the Council can access specialist skills and resources whilst the responsibility for every decision remains with the Council at all times, ensuring that undue reliance is not placed upon our external advisers.

Register of Commercial and Service Investments

Reported to Executive Board on 18 February 2020

Capital Programme – Risk Register (independent of Project Risk Registers and Non Treasury Investments) Appendix B

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Ref	Risk	Detail	Mitigation
A) Approval & Expenditure			
A1	Expenditure classification	Revenue expenditure is incorrectly allocated to capital	Project managers are instructed to review transactions during the capital monitoring process The Technical Team also periodically review items charged to capital and challenge project managers with transactions that are considered revenue
A2	Project Overspend	Capital project spends more than its approval and there may be no additional funding forthcoming leading to a pressure within Capital resourcing	Project managers receive regular forecast information to enable budget management. Should a scheme overspend and no additional funding is identified, the Technical Team will close the project to mitigate the overspend pending further authorisation
B) Funding			
B1	Proposed grants are not awarded	When capital projects are approved it can include an element of grant that is not yet approved, therefore within that approval there is a risk that the grant is not awarded	Project should not incur costs prior to grants being awarded. The project manager will then be required to amend the scheme accordingly
B2	Awarded grant is less than anticipated	Risk of awarded grant being less than the approval	Where a funding shortfall is identified, the project manager is advised to find alternative funding or reduce the capital project accordingly
B3	Interest Rates increase	A number of capital schemes contain assumptions around interest rates (current year and future years). If the interest rate increases unexpectedly this could affect scheme affordability	The interest rate used within financial models includes a risk element to protect the Council from rate increases External advice is used to forecast potential increases and all projects being planned or

			proposed have the interest rate updated as per external advice
B4	Revenue resources shortfall	Due to increasing revenue pressures resources are not available when required to fund the Capital Programme	When new approvals are identified as per section A3, all revenue funds are immediately committed / drawn down to ensure resources are available for the Capital Programme as detailed in the approvals
B5	Capital receipt shortfall	Unsecured capital receipts may be realised at a value less than anticipated, or in year receipts may slip into following financial years, leading to a capital funding shortfall. As detailed in Table 5 the Council has committed to applying a significant amount of Capital Receipts **(£70.528m)**. If assets are not realised in line with the Council's requirements this will lead to increased or continuation of revenue pressures.	Unsecured capital receipts are closely monitored by Finance and Property Services and Finance have representation on the Asset Rationalisation project team. All forecast receipts are subject to a risk factor which discounts the forecast receipt, this discount is to mitigate against slippage and receipt shortfall. If during the monitoring cycle a capital receipt shortfall is anticipated at year end then alternative temporary funding options are considered to enable the programme to be fully funded.
C) Project Specific			
C1	Revenue assumptions not achieved	Capital projects include revenue assumptions for the construction period and as an operational asset. There are financial implications if the revenue assumptions may not be achieved	Financial models include assumptions which are prudent and agreed by Senior Officers. The projects are regularly monitored and if a revenue pressure is generated the Project Sponsor and Budget Manager are required to manage any pressure within the budget process.
C2	Project dependencies do not progress as desired	The Capital Programme consists of a number of projects that have interdependencies, the	Where a specific project has key interdependencies the approval of that project

		financial implications of the chain breaking require identification	should detail the links and make the approver aware of the financial and non-financial impact should the chain break. This may include an alternative financing option.
C3	Project manager not engaged in Capital monitoring	Project manager does not engage in capital monitoring therefore lack of visibility / project oversight	If a project manager does not respond to consecutive capital monitoring they are contacted by Technical Finance to identify the reason for lack of engagement and if Technical Finance can further support the project manager.
C4	Capital / Final asset valuation not achieved	If assets are realised at a value less than the anticipated value or it takes longer to dispose of the assets then the Council has the following risks: • Negative equity • Pressure generated within the capital programme Holding costs of surplus assets	Business cases need to consider: • That costs incurred by the Council will generate an asset of equivalent or greater value • Models include whole life costing During the disposal process, the asset will be closely monitored to ensure holding costs are kept to a minimum and the asset is disposed in a timely manner.

Glossary of Financial Terms

Appendix C

Capital Expenditure
Expenditure on the acquisition or enhancement of property, plant and equipment that has a long-term value to the Council. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

Capital Receipt
Money received from the disposal of land and other **assets**, and from the repayment of capital grants and loans made by the Council.

Corporate Asset Management Plan (CAMP)
Is a plan that ensures that the land and buildings, or the asset base of the Council is optimally structured.

Debt Exposure
The cost of the debt and interest on the project / programme.

Embedded Leases
An embedded lease exists if there is an explicit or implicit identified asset within a contract and the recipient obtains control of the assets via the contracted terms.

Fair Value
The fair value of an asset is the price at which assets or liabilities could be exchanged between market participants at the measurement date under current market conditions.

Housing Revenue Account (HRA)
Sets out the expenditure and income arising from the provision of social housing by the local authority as landlord.

Medium Term Financial Outlook (MTFO)
A plan detailing projected expenditure and available resources over a period of more than one year. The Council's MTFO currently covers three years.

Minimum Revenue Provision (MRP)
The minimum amount that the Council must charge to the income and expenditure account to provide for the repayment of debt.

Operational Assets
Assets held by the Council for the purpose of the direct delivery of services for which the Council has either a statutory or a discretionary responsibility.

Optimism Bias
Officers involved in appraising projects have a tendency to be over optimistic. Which may lead to assumptions (both financial and non-financial) proving to be unachievable.

Private Finance Initiative (PFI)

A long-term contractual public private partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to standards of performance.

Project Assurance Group (PAG)
A group of senior officers at the Council (larger projects can include external representatives), who are tasked with reviewing and challenging the project and the decisions made.

Prudential Code
The Prudential Code ensures, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable.

Revenue Expenditure Financed by Capital Under Statute (REFCUS)
This is expenditure that legislation allows to be funded from capital resources that does not result in an asset to the Council (e.g. Housing improvement grants). This expenditure is written off to the Income and Expenditure Account in the year it is incurred.

State Aid
An advantage granted by public authorities through state resources on a selective basis to any organisation that could distort competition and trade.

City Council - 9 March 2020

Report of the Portfolio Holder for Finance, Growth and the City Centre

Budget 2020/21

1 Summary

1.1 This budget report sets out the proposals for 2020/21 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 18 February 2020 and which comprised the General Fund revenue budget, General Fund capital programme, Housing Revenue Account (HRA) revenue budget, HRA capital programme, Robustness of the Budget and Adequacy of Reserves and Budget Consultation reports.

1.3 This report increases the City Council element of Band D council tax by a general increase of **1.99%** and an Adult Social Care (ASC) precept of **2.00%**.

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 2020/21, 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 Portfolio Holder for Finance, Growth and the City Centre to finalise the MTFP for publication;

(c) the delegation of authority to the Corporate Leadership Team to implement savings after undertaking the appropriate consultation;

(d) the retention of the Council Tax Support Scheme, currently in operation, for the financial year 2020/21;

(2) the capital programme to 2024/25;

(3) a council tax requirement of **£121,807,454** including the calculations required by Sections 30 to 36 of the Local Government Finance Act 1992 (“the Act”), as set out below:

(a) **£978,080,189** 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) **£856,272,735** 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) **£121,807,454** 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 2020/21 of **£1,808.31** 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 2020/21 at the levels described in **section 5.6** of this report;

(6) the making of the Members' Allowances Scheme for 2020/21 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 2020/21 of **£81.36**.

(2) a Nottinghamshire Police and Crime Commissioner precept at Band D for 2020/21 of **£229.32**.

(3) in January 2020, the City Council calculated the amount of **67,360** as its council tax base for the year 2020/21 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 2020/21

This report recommends the adoption of the Scheme for 2020/21 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: https://www.nottinghamcity.gov.uk/your-council/about-the-council/nottingham-city-councils-constitution

4 Other options considered in making recommendations

4.1 None

5 Background (including outcomes of consultation)

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

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

5.2 **R** is the amount calculated by the City Council as its council tax requirement for 2020/21, calculated in accordance with section 31A(4) of the Act. The Executive Board as its meeting on 18 February 2020 determined the council tax requirement to be **£121,807,454.**

T is the amount calculated by the City Council as its council tax base for 2020/21. In January 2020 the City Council calculated the amount of **67,360** as its council tax base for the year 2020/21 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 2020/21, 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:

$$\frac{\pounds 121{,}807{,}454}{67{,}360} = \pounds 1{,}808.31$$

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	£1,205.54
B	7/9	£1,406.46
C	8/9	£1,607.39
D	9/9	**£1,808.31**
E	11/9	£2,210.16
F	13/9	£2,612.00
G	15/9	£3,013.85
H	18/9	£3,616.62

5.4 It should be noted that, for the financial year 2020/21, 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
£152.88	£178.36	£203.84	£229.32	£280.28	£331.24	£382.20	£458.64

5.5 It should also be noted that, for the financial year 2020/21, 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
£54.24	£63.28	£72.32	£81.36	£99.44	£117.52	£135.60	£162.72

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	£1,205.54	£152.88	£54.24	£1,412.66
B	£1,406.46	£178.36	£63.28	£1,648.10
C	£1,607.39	£203.84	£72.32	£1,883.55
D	**£1,808.31**	**£229.32**	**£81.36**	**£2,118.99**
E	£2,210.16	£280.28	£99.44	£2,589.88
F	£2,612.00	£331.24	£117.52	£3,060.76
G	£3,013.85	£382.20	£135.60	£3,531.65
H	£3,616.62	£458.64	£162.72	£4,237.98

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 2019, **1,416** 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 2019 with citizens, businesses, colleagues, voluntary and community groups, One Nottingham and young people to consider the budget proposals set out in the draft Medium Term Financial Plan with **54** survey submissions received to date. 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 report to Executive Board on 18 February 2020.

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 report to Executive Board on 18 February 2020.

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?

Yes ☒
An EIA has been carried out and was detailed in Appendix A of the MTFP 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

https://www.nottinghamcity.gov.uk/engage-nottingham-hub/open-consultations/nottingham-city-council-budget-proposals-20202021/

and the committee page (report to, and minutes of the Executive Board meeting on 18 February 2020)

https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=7979&Ver=4

Councillor Sam Webster
Portfolio Holder for Finance, Growth and the City Centre

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City Council – 9 March 2020

Joint Report of the Chair of Audit Committee and Chair of Standards Committee

Amendments to the Constitution

1 Summary

1.1 The Local Government Act 2000 requires the Council to keep its Constitution up to date. Proposed amendments to non-executive aspects of the Constitution are outlined below. Council is also asked to note an executive amendment to the Constitution.

2 Recommendations

2.1 To adopt a revised Contract Procedure Rules as detailed in appendix A, and to amend the Constitution accordingly.

2.2 To amend the Councillors' and Co-opted Members' Codes of Conduct as detailed in appendix B, and to amend the Constitution accordingly.

2.3 To amend the Constitution to reflect the Health and Wellbeing Board's decision to add the Portfolio Holder with a remit covering adult social care as a voting member of the Health and Wellbeing Board Commissioning Sub Committee.

2.4 To note the establishment of the Companies Governance Executive Sub Committee and that this executive amendment will be reflected in the next published version of the Constitution.

3 Reasons for recommendations

3.1 The Local Government Act 2000 requires the Council to keep its Constitution up to date.

3.2 Contract Procedure Rules have been reviewed to ensure that they reflect current procurement regulations and practice.

3.3 It is proposed to amend the Councillors' and Co-opted Members' Codes of Conduct to bring procedures and practice in Nottingham in line with the recommendations arising from the Committee for Standards in Public Life (CSPL)'s review of Ethical Standards in Local Government.

3.4 In September 2019, the Health and Wellbeing Board agreed to amend the Terms of Reference for the Health and Wellbeing Board Commissioning Sub Committee to add the Portfolio Holder with a remit covering adult social care as a voting member.

3.5 In December 2019 the Leader of the Council established the Companies Governance Executive Sub Committee. Under Scheme of Delegation 77, the Director of Legal and Governance has delegated authority to amend the Constitution to reflect such changes. Therefore Council is asked to note that this amendment to Executive Committee Terms of Reference and Membership will be made in the next published version of the Constitution.

4 Other options considered in making recommendations

4.1 Not updating the Constitution is not an option as it is required by legislation, to ensure clarity of rights and duties and enable the Council to conduct its business lawfully and in line with Council policy.

5 Background (including outcomes of consultation)

5.1 The Constitution needs to be updated regularly to ensure that it reflects current legislation and local agreement about governance of the Council and the way it makes decisions. This ensures that there is clarity about rights and duties.

5.2 It is the responsibility of Council to maintain and amend the Constitution.

5.3 On 31 January 2020 the Audit Committee considered a proposal to adopt a revised Contract Procedure Rules and this is recommended to Council for adoption and amendment of Part 5 of the Constitution accordingly. The revised Contract Procedure Rules are detailed in appendix A.

5.4 In the Spring of 2018 the Committee for Standards in Public Life (CSPL) conducted a review of ethical standards in local government. The CSPL's findings included 15 best practice items for local authorities to consider adopting. On 2 October 2019 the Standards Committee considered these best practice items and, in response, recommended that changes are made to the Council's Codes of Conduct for Councillors and Co-opted Members in Part 6 of the Constitution to include definitions of bullying and harassment. Details of the proposed amendments are set out in appendix B.

5.5 Since May 2019 responsibility for health and adult social care has been split between two different Executive Portfolios. The Health and Wellbeing Board Commissioning Sub Committee takes decisions on issues relating to both health and adult social care and therefore in September 2019 the Health and Wellbeing Board took the decision to add the Portfolio Holder with a remit covering adult social care as a voting member of its Sub Committee, in addition to the Portfolio Holder with a remit covering health who is already a voting member.

5.6 In December 2019, the Leader of the Council established the Companies Governance Executive Sub Committee. The Terms of Reference for the Committee are attached at appendix C. Council is required to note that the Constitution will be amended to reflect this change.

5.7 Councillors may wish to make reference to the current Constitution (version 7.28), which can be viewed online via the following link https://www.nottinghamcity.gov.uk/your-council/about-the-council/nottingham-city-councils-constitution

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 The Council would be in breach of its statutory duty if it did not update its Constitution and it is essential that there is clarity for councillors, colleagues, partners and citizens about rights and duties.

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 the report does not contain any proposals for changes to policies or services.

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 Local Government Act 2000

10.2 Nottingham City Council Constitution – version 7.28

10.3 Minutes of the meeting of the Health and Wellbeing Board on 25 September 2019

10.4 Minutes of the meeting of the Standards Committee on 2 October 2019

10.5 Minutes of the meeting of the Audit Committee on 31 January 2020

Councillor Steve Battlemuch
Chair of the Audit Committee

Councillor Neghat Khan
Chair of the Standards Committee

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Appendix A – Amendment to Part 5, Contract Procedure Rules

Following a review of the Council's Contract Procedure Rules, it is proposed to make some minor wording and administrative changes that have no impact on the content of Contract Procedure Rules (CPR) and a number of more substantive changes. The proposed revised version of Contract Procedure Rules is below, highlighting key changes throughout. In summary the main changes, and the reasons for those changes, are:

Section of CPR, Constitution Version 7.28 (current version)	Key changes proposed	Reasons
Various	'goods, materials or services' amended to 'works, supplies or services'	Reflects current terminology – based on current Procurement Regulations
	Updated Procurement Regulations throughout	To bring up to date with current legislation (Procurement Regulations introduced 2015 and 2016)
	Amended references to various out of date policies/ organisations including NCC Codes of Practice, CIPFA guidance, Office of Government Commerce	To bring up to date/ remove irrelevant references
	Replaced 'Procurement Toolkit' with 'guidance' of the Procurement Team	To cover any form of guidance of the Procurement Team
	'Senior Procurement Manager' amended to Head of Procurement or nominated representative	To reflect current Procurement Team structure and enable delegation to a relevant representative as required
CPR 1.2	Added reference to grants as exempt from CPRs, with definition - to be determined by legal	To clarify that grant funding arrangements are not subject to the procedural requirements of the CPRs. Definition to clarify the distinction between grants and contracts and to ensure appropriately applied
CPR 2.7	Added definition of how the value of a scheme (contract or framework) is to be calculated and moved consolidation provisions (4.1.3) to this section	Clarifying how the value of a contract or framework is to be calculated for purposes of decision making and advertising contract. All rules on aggregation/consolidation brought together
CPR 2.7	Added provisions to define concession contracts and how the value is to be calculated	To clarify when an arrangement comprises a concession contract how value is to be calculated to ensure compliance

Section of CPR, Constitution Version 7.28 (current version)	Key changes proposed	Reasons
		with CPRs
Sections 2.8; 5.2	Added provisions covering arrangements delivered in house and by subsidiary companies (Teckal)	To clarify that in house and Teckal arrangements are not subject to CPRs and to ensure justification is provided when in house delivery is not considered appropriate
Section 3	Removed Section 3 on Partnering/Framework Agreements	Framework agreements covered in Section 4; partnering arrangements no longer applicable
CPRs 5.1/5.2	Increased financial thresholds for quotation or tender process to £25,000 - £100,000 for quotations and above £100,000 for tenders	To bring thresholds in line with the financial approval process requiring delegated decision above £25,000, the legal obligation to publish award notices on contracts finder above £25,000 and the Contract Purchase Agreement generic value of £25,000 being introduced with Fit for the Future
CPR 4.9	Included limit of £1000 for single transactions, or Procurement approval required and no artificial subdivision of spend	To control purchasing transactions outside of formal contracting and payment procedures via new Oracle system
CPRs 6; 8.2	Removed procedures for tenders not using the E-tendering system	Not applicable – the E-tendering system must be used for all tendering procedures
CPR 8.4	Removed specific provisions on consortium tenders	Specific procedures for consortium tenders are not required as general procedures apply
CPR 8.10	Updated/clarified requirements for information to be provided to unsuccessful tenderers	To ensure compliance with Procurement Regulations requirements for notifications to unsuccessful bidders
CPR 9.7	Added transparency provisions - requiring notification and recording of contracts awarded and publishing in accordance with Procurement Regulations	To ensure compliance with UK Transparency obligations for maintenance of a contracts Register and Procurement Regulations requirements for publishing of contract awards
CPR 9.8	Updated provisions on extensions (variations) to contracts to refer to Procurement Regulations requirements	Grounds for permissible variations to contracts (including extensions) are now explicitly covered in the Procurement Regulations therefore specific procedures are not necessary

Contract Procedure Rules

Contents

1 Compliance

1.1 The purpose of these Contract Procedure Rules is to safeguard the interests of the City Council, its employees, or any person acting on behalf of the City Council.

1.2 These Contract Procedure Rules must be followed by every City Council employee and any person acting on behalf of the City Council every time there is a requirement of the City Council to procure works, supplies or services under a contract. All necessary legal, financial and professional advice must be taken by such employees or by such persons to ensure compliance with these Contract Procedure Rules. These Contract Procedure Rules must be followed in consultation with and in accordance with any guidance provided by the Council's Procurement Team.

1.3 Where the Council provides any financial support to an organisation in delivery of their services and does not receive a direct benefit in return, this may be considered a grant rather than a contract for works, supplies or services and may not be subject to these Contract Procedure Rules. Legal Services can advise on the status of grants and advice should be taken if in doubt. If legal services determine that a grant is not appropriate then these Contract Procedure Rules must be complied with.

1.4 Every City Council employee must ensure that they are aware of and observe the provisions of the City Council's Code of Conduct for Employees.

1.5 Corporate Directors and the Director for Public Health shall ensure that the City Council complies with the statutory obligation to secure Best Value and that the City Council complies with other legislation for the time being in force.

1.6 These Contract Procedure Rules must be read in conjunction with the City Council's Procurement Strategy and any specific guidance issued by the Procurement Team.

1.7 Corporate Directors and the Director for Public Health must use the City Council's e-tendering system to procure works, supplies or services unless a departure from that process is expressly given by the Head of Procurement or nominated representative.

2 Best Value

2.1 Best Value requires the City Council to make proper arrangements for securing continuous improvement in the economy, efficiency and effectiveness in the use of its resources and is the optimum combination of whole life costs and benefits to meet customer requirements.

2.2 Best Value requires the City Council to identify those quotations and tenders which will secure the best balance of price against quality over the whole life of the scheme.

2.3 Corporate Directors and the Director for Public Health must adopt the Quotation/Tender Evaluation Models recommended by the Procurement Team, to ensure compliance with the requirements of these Contract Procedure Rules.

2.4 Aggregation of contract and framework value

The value of a contract is the estimated total amount payable (net of VAT) over the life of the contract (including extensions) as set out explicitly in any procurement documents.

Where framework agreements and/ or dynamic purchasing agreements are created, the value is calculated as the total estimated value of all call off contracts envisaged over the life of the framework or dynamic purchasing agreement (including extensions).

In the case that framework agreements and/ or dynamic purchasing agreements are created for other local authorities or public bodies to use, the value for any procurement documents (including OJEU) should be the total value of estimated usage across all public bodies named. However, for the purposes of internal approval, the value of the contract stated on any delegated decision or executive approval will be the expected expenditure of the Council only and should not include external public bodies.

Requirements must not be artificially sub-divided into two or more separate requirements with the intention of avoiding the application of these Contract Procedure Rules or the obligations of the EU procurement regime.

In the event that multiple departments are procuring the same goods, services or works, the expenditure should be consolidated and procured via the same contract to maximize economies of scale and avoid disaggregation of contracts risking breach of procurement regulations. In this event, Corporate Directors and the Director for Public Health should ensure that the department with the highest proportion of total expenditure is appointed as the lead department and is therefore responsible for obtaining formal approval, signing off the procurement documentation and completing any associated documents such as the Data Protection Impact Assessment.

2.5 Concession contracts

Where the Council provides an opportunity to a supplier to exploit the delivery of works, goods or services and the supplier receives benefit or payment for those directly from a third party rather than the Council paying for them directly, this may be a concession contract which requires a procurement process in line with the Concession Contracts Regulations 2016 (CCR).

A concession contract must involve the transfer of an operating risk to the supplier, the risk transferred must involve real exposure to the market and the services must be for the benefit of the Council or its residents.

The value of a concession contract, subject to the CCR, is the estimated total turnover that the supplier can generate in consideration for the works, goods and services over the duration of the contract, net of value added tax, as estimated by the Council. Legal Services, in consultation with Procurement colleagues can advise if a contract is a concession contract which falls within the CCR.

2.6 Make or Buy

2.6.1 The Council's Procurement Strategy states: "Procurement is the process of acquiring the goods, services and works an organisation needs….Procurement also involves options appraisal and ‘make or buy’ decisions, which may result in the provision of services in-house where appropriate.” Therefore a joined up, strategic ‘Make or Buy’ decision for all goods and services should be made as part of any procurement options appraisal and a written justification recorded and sent to the Head of Procurement as to why an in-house service is considered not be appropriate for a particular requirement.

2.6.2 Where the Council has chosen to develop and sustain internal expertise in an area then it is likely that using the internal provision will secure Best Value. As a minimum, dialogue should be had between the purchasing section and the internal provider before any decision is made to procure externally.

2.6.3 Arrangements for internal provision should be periodically reviewed to ensure that they do not become out-of-date and continue to be the most suitable arrangements, taking into account, for example, that:

- requirements change over time and may no longer be reflected in the agreed service (e.g. in terms of quality, quantity or range of options offered);
- innovations or alternatives may have been developed since the original agreement;
- new entrants to a market could potentially offer greater value than the in-house alternative.

The regularity of these reviews will depend upon the degree of change in the market, the degree of change in the requirements and the flexibility of the existing agreement.

2.6.4 An externally provided solution may provide better value for money for the Council because:

- the extra cost required to provide the service internally is less than the price available externally (including any potential TUPE costs if currently provided externally, and/or break costs in the terms of PFI contracts);
- there is insufficient capacity (including any necessary specialism) to provide the service in-house;
- the quality that can be offered internally does not meet the needs of the internal customer.

2.6.5 Inappropriate reasons for contracting out (or not using internal services) include:

- unsolved management problems (including issues of ‘long-standing resentment or mistrust of one group of staff by another’);
- ability to transfer risk (as this will be built into prices);
- a legacy of capital starvation (as prudential borrowing can rectify this).

2.6.6 The expectation is that in most cases, the service managers from the customer and provider sections will discuss and agree if any of the criteria in 2.5.4 are met and thus if it is appropriate to externally procure. If the parties cannot agree it should be referred to the Procurement Team who will apply and keep updated a specific process and route of escalation for these types of decisions.

2.6.7 The Chief Financial Officer is responsible for updating and reviewing procedures and processes for resolving any disputes within the ‘Make or Buy’ process between departments.

2.6.8 Corporate Directors are responsible for checking whether in-house provision is an alternative before commencing purchasing or tendering activities. This decision should ideally be made six months before the expiry of the existing contract so that adequate time is allowed for the re-tendering process. If a robust business case for delivering the service internally has not been approved at that point, the procurement should proceed to ensure a compliant contract is in place at all times.

2.6.9 Where the Council chooses to deliver services itself ('in-house') such arrangement will not be subject to these Contract Procedure Rules.

Nottingham City Council owned companies – Teckal

2.6.10 When buying services the Council can consider entering into arrangements with one of its subsidiary companies if it meets certain requirements falling under the EU procurement regime (known as the 'Teckal' exemption).

2.6.11 Arrangements falling within the Teckal exemption are excluded from these CPRs. The Council will still be required to enter into a contract with the subsidiary company and approval will be required to enter into such contract and demonstrate best value.

2.6.12 Legal services should be consulted to advise whether the Teckal exemption applies.

2.7 Co-operation with other public bodies

2.7.1 In limited circumstances it may be possible for the Council to co-operate with other public bodies without undertaking a procurement process.

2.7.2 As a minimum co-operation between the Council and another public body must have the aim to ensure that public services they have to perform are provided with a view to achieving objectives they have in common and that the co-operation is governed solely by considerations relating to the public interests.

2.7.3 Legal Services should be consulted to advise whether co-operation would be permitted for the proposed arrangement, in which case these CPR's will not apply.

3 Selection of Suppliers

3.1 Corporate Directors and the Director for Public Health shall ensure compliance with the City Council's Corporate Contracts currently in force to procure works, supplies or services. These are arrangements established by the City Council's Head of Procurement or nominated representative.

3.1.1 Where a corporate contractual arrangement has not been established, Corporate Directors and the Director for Public Health shall ensure that quotations and tenders are invited in consultation with the Head of Procurement or nominated representative by the use of one of the following approaches:

3.1.1.1 EU public procurement – the EU public procurement regime is mandatory for any scheme which has a procurement requirement falling within the EU procurement regime and, if so, whose value, or (if made up of a series of related schemes), whose aggregate value is likely to exceed the relevant EU threshold figure for the time being in force;

3.1.1.2 Joint procurement arrangements/frameworks/purchasing consortia arrangements established by other contracting authorities;

3.1.1.3 Use of frameworks such as Crown Commercial Services the Eastern Shires Purchasing Organisation (ESPO);

3.1.1.4 Suitable suppliers derived from a competitive selection process as set out in 4.1.1 and 4.1.2 conducted in consultation with the Head of Procurement or nominated representative and where necessary, also with the Head of Legal and Governance.

3.1.2 Corporate Directors and the Director for Public Health are encouraged to adopt a collaborative approach to procurement, where appropriate. A partner is obtained through a competitive selection process which can be demonstrated by using any of the arrangements set-out in paragraph 3.1 of these Contract Procedure Rules.

3.2 EU Public Procurement including Framework Agreements

3.2.1 Corporate Directors and the Director for Public Health shall ensure that the letting of a scheme which has a procurement requirement falling within the EU procurement regime and, if so, whose value, or (if made up of a series of related schemes), whose aggregate value is likely to exceed the relevant EU threshold figure for the time being in force, complies with the requirements of the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concession Contracts Regulations 2016 and any re-enactment(s) of them in respect of technical specifications and procedures covering the seeking of tenders, the selection of the successful supplier(s) and awards.

3.2.2 Corporate Directors and the Director for Public Health shall ensure that any scheme which has a procurement requirement falling within the EU procurement regime and, if so, whose value, or (if made up of a series of related schemes), whose aggregate value is likely to exceed the relevant EU threshold figure for the time being in force is referred to the City Council's Head of Procurement or nominated representative to ensure compliance with the Public Contracts Regulations 2016, the Utilities Contracts Regulations 2016 and the Concession Contracts Regulations 2016 and any re-enactment(s) of them.

3.2.3 Corporate Directors and the Director for Public Health shall ensure that the appropriate advertisements are placed in the Official Journal of the European Union (OJEU) and other relevant publications in conjunction with the City Council's Procurement Manager. The City Council's Head of Procurement or nominated representative shall maintain a register of such advertisements so placed.

3.2.4 Corporate Directors and the Director for Public Health shall ensure compliance with the requirements of the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations 2016and any re- enactment(s) of them where it is intended that the City Council should enter into a framework agreement for any scheme which has a procurement requirement falling within the EU procurement regime and, if so, whose value, or (if made up of a series of related schemes), whose aggregate value is likely to exceed the relevant EU threshold figure for the time being in force (refer to paragraph 3.3 of these Contract Procedure Rules for the use of framework agreements established by other contracting authorities).

3.2.5 Corporate Directors and the Director for Public Health shall have the discretion, in consultation with the City Council's Head of Procurement or nominated representative , to adopt the requirements of the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations 2016 and any re- enactment(s) of them where it is intended to enter into a framework agreement for any scheme which does not have a procurement requirement falling within the EU procurement regime or, if it does, whose value, or (if made up of a series of related schemes) whose aggregate value is not likely to exceed the relevant EU threshold figure for the time being in force, otherwise the requirements of these Contract Procedure Rules shall be complied with.

3.2.6 Corporate Directors and the Director for Public Health shall ensure that framework agreements are created and maintained whenever it is deemed appropriate in pursuit of securing continuous improvement in the economy, efficiency and effectiveness in the use of City Council's resources to secure Best Value for the City Council.

Note**:** More information on the Public Contracts Regulations 2015, Utilities Contracts Regulations 2016 and Concessions Contracts Regulations 2016 can be found at https://www.gov.uk/guidance/public-sector-procurement-policy.

3.3 Joint Procurement Arrangements/ Frameworks/ Purchasing Consortia

3.3.1 To fulfil their requirements, Corporate Directors and the Director for Public Health may use a number of arrangements established outside the City Council by other parties, provided that those parties are "contracting authorities" as defined by the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations 2016 and any re-enactment(s) of them, these arrangements being:

3.3.1.1 joint procurement arrangements with other local authorities or other contracting authorities;

3.3.1.2 framework arrangements established by contracting authorities such as the East Midlands Property Alliance (EMPA);

3.3.1.3 purchasing consortia established by contracting authorities such as Crown Commercial Services and the Eastern Shires Purchasing Organisation (ESPO).

3.3.2 Any requirement of the City Council involving the procurement of works, supplies or services via joint procurement arrangements with other local authorities, where a competitive process has been followed that complies with the contract procedure rules of the leading organisation, shall be deemed to comply with the corresponding requirements of these Contract Procedure Rules.

3.3.3 Framework arrangements established by contracting authorities must be evaluated and approved by the Head of Procurement or nominated representative and a Legal Services Manager before being used.

3.3.4 Any requirement of the City Council involving the procurement of works, supplies or services via the use of purchasing consortia shall be deemed to comply with the requirements of these Contract Procedure Rules covering the seeking of quotations or tenders, the selection of the successful supplier(s) and awards.

3.3.5 In all cases where the fulfilment of requirements using arrangements referred to in paragraph 4.4.1 of these Contract Procedure Rules is being considered, Corporate Directors and the Director for Public Health must be satisfied that the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations 2016 and any re-enactment(s) of them have been complied with by the other contracting authorities, otherwise the requirements of these Contract Procedure Rules shall be followed.

3.3.6 Corporate Directors and the Director for Public Health shall ensure that the proposed terms and conditions that are to apply are adequate and appropriate and where necessary shall refer them to the Head of Procurement (or nominated representative) or Head of Legal and Governance for a consideration of the suitability of the arrangement concerned and of the City Council’s legal liability before proceeding with or entering into any arrangement referred to in paragraph 3.3.1 of these Contract Procedure Rules.

3.3.7 Corporate Directors and the Director for Public Health shall ensure that the terms and conditions entered into are complied with.

3.3.8 Corporate Directors and the Director for Public Health shall ensure that where a framework agreement is entered into, the provisions of such agreement regarding the number of suppliers to be invited to provide quotations or to submit tenders in pursuance of that agreement are followed, notwithstanding the requirements of paragraph 4 of these Contract Procedure Rules.

3.4 Vetting of Suppliers

3.4.1 Corporate Directors and the Director for Public Health shall ensure that suppliers are vetted in consultation with the Head of Procurement or nominated representative and in accordance with the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations 2016 for financial stability, technical competence, managerial capability, previous performance and (but only so far as is relevant to a procurement process and is lawful) for the ability to comply with any national legislation and City Council policies and procedures before each scheme is let or before being included into the relevant approved list(s), whichever is the earlier. Where applicable, Corporate Directors and the Director for Public Health shall ensure that suppliers meet adequate and appropriate standards of health and safety.

3.4.2 Corporate Directors and the Director for Public Health shall ensure that all suppliers of construction and engineering related work, have adopted the City Council's Construction Charter or its successor, and have endorsed its principles and agreed to implement its actions, before each scheme is let.

3.5 Purchasing Cards

3.5.1 Corporate Directors and the Director for Public Health shall:

3.5.1.1 only use the City Council's Purchasing Card Scheme as outlined in The Purchase Card Guidance as part of their procurement regime;

3.5.1.2 ensure that purchasing cards are used:

3.5.1.2.1 in the procurement process for works, supplies services where arrangements for their use has been made in conjunction with the City Council's Head of Procurement or nominated representative.

3.5.1.2.2 only for items below the single transaction limit of £1,000. Any transactions over this amount shall be processed by purchase order or in line with the City Council's Payment Policy. Any officers who require a transaction limit above this value must receive approval from the Head of Procurement or a nominated representative in support of procurement;

3.5.1.2.3 over the internet on secure sites and in accordance with the guidance provided in The Purchase Card Guidance; and

3.5.1.2.4 in other circumstances agreed with the Chief Finance Officer.

3.5.2 There shall be no artificial sub-division of spend in order to bring a single transaction below the £1,000.00 limit. The Head of Procurement or a nominated representative will investigate any concern of sub-division of payments.

4 Invitations to Suppliers

4.1 Procurement of schemes for works, supplies and services (including schemes involving construction and engineering related work):

4.1.1 Where the estimated value of a scheme over the whole life of the scheme is between £25,000 and £100,000 (between £5,000 and £50,000 for Schools), Corporate Directors and the Director for Public Health shall refer to the Procurement Team and make every effort to obtain at least 3 quotations in writing, except where corporate contracts have been established by the City Council's Head of Procurement or nominated representative or where framework agreements or other arrangements are legally accessible pursuant to paragraph 3 of these Contract Procedure Rules. Corporate Directors and the Director for Public Health, however, may elect to seek tenders in lieu of quotations.

4.1.2 Where the estimated value of a scheme over the whole life of the scheme exceeds £100,000 (£50,000 for Schools), Corporate Directors and the Director for Public Health shall make every effort to obtain at least 3 tenders in writing, except where corporate contracts have been established by the City Council's Head of Procurement or nominated representative or where framework agreements or other arrangements are legally accessible pursuant to paragraph 4 of these Contract Procedure Rules.

4.2 Quotations and Tenders as detailed in 4.1.1 and 4.1.2 above need not be sought:

4.2.1 if the estimated value of a scheme over the whole life of the scheme is less than £25,000 (£5,000 for Schools);

4.2.2 in the event of an emergency (Financial Regulation 3.29);

4.2.3 when the arrangement is for in-house delivery by Nottingham City Council or a subsidiary company in accordance with the Teckal exemption as per paragraphs 2.6.10 to 2.6.12 above;

4.2.4 when the arrangement is through co-operation with another public body in accordance with paragraphs 2.7.1 to 2.7.3 above.

Corporate Directors and the Director for Public Health, however, shall ensure that the most suitable arrangement is secured for the City Council and the details are recorded in writing and appropriate approval is sought for the Council's financial commitment under any of these arrangements.

4.3 Corporate Directors and the Director for Public Health shall ensure that the City Council's e-tendering system shall be used when inviting and receiving quotations and tenders electronically, unless the express approval of the Head of Procurement or nominated representative is given to dispense with the use of the system.

4.4 In consultation with the Head of Legal and Governance, the Procurement Manager shall ensure that the City Council's e-tendering system complies with the requirements of the Public Contracts Regulations 20015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations 2016 and any re-enactment(s) of them.

4.5 Other methods such as e-auctions and dynamic purchasing systems may be used to invite and receive quotations and tenders electronically, provided there is no conflict with the requirements of the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2015 and the Concessions Contracts Regulations 2015 and any re-enactment(s) of them, otherwise the requirements of these Contract Procedure Rules shall be complied with.

4.6 Corporate Directors and the Director for Public Health shall ensure that any individual scheme is not artificially divided into two or more separate schemes with the intention of avoiding the application of these Contract Procedure Rules.

4.7 Corporate Directors and the Director for Public Health shall ensure that each individual scheme be packaged to secure Best Value for the City Council.

4.8 Corporate Directors and the Director for Public Health shall ensure that suppliers invited to provide quotations or to submit tenders are contacted and (regardless of the process being used) a record maintained on the City Council's e-tendering system of the requests made and their agreement to provide quotations or submit tenders.

4.9 Corporate Directors and the Director for Public Health shall ensure that where there is a multiple stage process for inviting quotations or tenders then any criteria to be used for short-listing suppliers throughout such process is robust and transparent and shall make use of the assistance available from the Procurement Team.

4.10 Corporate Directors and the Director for Public Health shall ensure that a realistic period be stipulated in the invitations to suppliers to provide quotations or to submit tenders, with a minimum period of ten working days allowed for a response. This period may be reduced provided the special circumstances are recorded.

4.11 Corporate Directors and the Director for Public Health shall ensure that invitations to suppliers to provide quotations or to submit tenders for works, supplies or services, incorporate:

4.11.1 the requirements set-out in these Contract Procedure Rules appropriate to the circumstances of the invitation;

4.11.2 a specification that describes the City Council's requirements in sufficient detail to enable the submission of competitive offers;

4.11.3 the nature and quantity of the works, supplies or services that is required;

4.11.4 the time, or times, within which the works or services are to be performed or the goods and materials are to be delivered;

4.11.5 a notification that assignment or sub-contracting is not permitted without prior written consent from the City Council, unless the circumstances of the particular invitation require a different approach;

4.11.6 a notification that quotations are provided and tenders are submitted to the City Council on the basis that they are compiled and delivered at the supplier's expense and that, in no circumstances, will the City Council contribute to such expenses whatever the outcome of the procurement process;

4.11.7 a notification that the City Council is not bound to accept the lowest or any quotation or tender for a specific scheme;

4.11.8 a Certificate of Bona Fides;

4.11.9 a Form of Tender;

4.11.10 adequate and appropriate provisions regarding insurances, health and safety, equality and diversity, data protection and freedom of information;

4.11.11 adequate and appropriate price adjustment provisions (unless the circumstances of the particular invitation require a different approach), anti-collusion provisions; anti-corruption provisions and anti-fraud provisions (refer to paragraph 7.5(vi) of these Contract Procedure Rules);

4.11.12 robust and transparent award criteria to be used in evaluating quotations or tenders received to ensure compliance with the requirements of these Contract Procedure Rules; and/or

4.11.13 any other relevant items that are considered necessary.

4.12 Corporate Directors and the Director for Public Health shall ensure that the information contained in any invitation to provide quotations or to tender is issued to each supplier at the same time. Any supplemental information must be given on the same basis.

4.13 Corporate Directors and the Director for Public Health shall ensure that TUPE issues are considered when any employee either of the City Council or of an incumbent provider of work or services may be affected by any transfer arrangement and obtain advice from a Legal Services Manager before proceeding with invitations to suppliers to provide quotations or to submit tenders.

5 Procedures for Quotation and Tender Discussion and/or Clarification

5.1 Pre-Quotation and Pre-Tender Discussion

5.1.1 Discussion with potential suppliers prior to inviting quotations or tenders may be appropriate in special circumstances as part of the competition process and in order to secure Best Value for the City Council, provided there is no conflict with the requirements of the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations 2016 and any re- enactment(s) of them. The objective of such discussion is to ensure that an effective invitation is prepared. All potential suppliers must be treated equally within this process.

5.2 Post-Quotation and Post-Tender Clarification

5.2.1 Clarification after receipt of quotations or tenders and before the letting of scheme(s) with those supplier(s) who have submitted such quotations or tenders may be appropriate as part of the competition process and in order to secure Best Value for the City Council, provided there is no conflict with the requirements of the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations 2016 and any re-enactment(s) of them. The objective of such discussion is to obtain an improvement in content of these quotations or tenders in circumstances which do not put the other supplier(s) at a disadvantage, distort competition or affect adversely trust in the competition process. All potential suppliers must be treated equally within this process.

5.2.2 Where post-quotation or post-tender clarification results in a fundamental change to the specification or the proposed terms and conditions that are to apply, an official order must not be issued or a formal contract must not be made and quotations or tenders must be re-invited.

5.3 Notification

5.3.1 Corporate Directors and the Director for Public Health may authorise such discussion and/or clarification within a specific scheme, provided the special circumstances are recorded, including a record of the discussion and/or clarification. Corporate Directors and the Director for Public Health shall notify the Head of Procurement (or nominated representative) or the Head of Legal and Governance of the discussion and/or clarification and actions taken, at the earliest opportunity.

6 Acceptance of Quotations and Tenders

6.1 Whenever the City Council's e-tendering system is not used, Corporate Directors and the Director for Public Health shall ensure that a record of the quotations received be prepared, signed, dated and timed, which record shall include the date and time each quotation is received, together with the main terms of each quotation (e.g. value, price, delivery period, or other significant issues unique to each quotation).

6.2 Subject to any legal obligations on the City Council, Corporate Directors and the Director for Public Health shall ensure that the confidentiality of quotations and tenders received and the identity of the corresponding supplier is preserved at all times and that information about one supplier's offer shall not be given to another supplier.

6.3 Corporate Directors and the Director for Public Health shall ensure that quotations and tenders received are adequately and appropriately evaluated in accordance with the Quotation/Tender Evaluation Model recommended by the Procurement Team or set out in Procurement Team guidance

6.4 Corporate Directors and the Director for Public Health shall ensure that errors or discrepancies found in quotations or tenders be adequately and appropriately dealt with. Where such error or discrepancy cannot be adequately and appropriately dealt with the matter shall be immediately referred to the Head of Contracting and Procurement or nominated representative for a decision.

6.5 Corporate Directors and the Director for Public Health shall ensure that the quotation or tender which secures Best Value for the City Council be accepted, provided that there is no conflict with the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations 2016 and any re-enactment(s) of them.

6.6 Corporate Directors and the Director for Public Health shall ensure that a record is kept of the withdrawal of a quotation or tender by a supplier within a specific scheme together with the circumstances of such withdrawal.

6.7 Corporate Directors and the Director for Public Health shall ensure that where the accepted quotation or tender is changed following the rectification of errors or discrepancies and/or post-quotation/tender clarification, such amendment(s) be initialled by Corporate Directors or the Director for Public Health or authorised signing officer(s).

6.8 Corporate Directors and the Director for Public Health shall ensure that suppliers whose quotation or tender for a specific scheme is not accepted be notified and given the name/s of the successful tenderer/s and reasons for the decision including the characteristics and relative advantages of the successful tender, and the score (if any) obtained by the recipients of the notice and the winner/s. Where a scheme falls within the EU procurement regime and has a value or (if made up of a series of related schemes) an aggregated value likely to exceed the relevant EU threshold figure for the time being in place, the notification of the decision must comply with the reguirements of the Public Contracts Regulations 2015, the Utilities Regulations 2015 or the Concession Contracts Regulations 2016 as applicable.

6.9 Each scheme shall be let on the authority of a Corporate Director or the Director for Public Health, following a decision having been taken on the acceptance of a quotation or tender by an appropriate decision-maker (i.e. for executive business a Corporate Director or the Director for Public Health (or other specifically delegated officer), Portfolio Holder/Leader or Executive Board) in accordance with the currently prevailing financial limits.

6.10 Notwithstanding any current requirements for reporting of decisions, Corporate Directors and the Director for Public Health shall ensure that a quarterly report be forwarded to the Chief Finance Officer which sets out all schemes exceeding £100,000 (£50,000 for Schools) let under the authority of such Corporate Directors and the Director for Public Health in the preceding quarter. Any special circumstances (e.g. emergency and/or operational action) or items of an exceptional nature must be included in the report.

6.11 Corporate Directors and the Director for Public Health shall ensure compliance with the relevant provisions of these Contract Procedure Rules where the accepted quotation or tender incorporates provisional, prime cost or non-defined items or other such similar items.

7 Orders and Contracts

7.1 All schemes regardless of value must be evidenced by means of an official order or a formal contract. Such official order must be issued or such formal contract must be made to all suppliers for the provision of schemes, before the relevant supply, service or work begins, except in exceptional circumstances as provided for in paragraph 7.2 of these Contract Procedure Rules.

7.1.1 Corporate Directors and the Director for Public Health shall ensure that official orders are raised through the City Council's main financial system, except where the City Council's Purchasing Card Scheme has been used in compliance with the requirements of paragraph 3.5 of these Contract Procedure Rules.

7.1.2 Corporate Directors and the Director for Public Health shall ensure that official orders are also raised through the City Council's main financial system:

7.1.2.1 for call-offs, draw-downs or other similar arrangements, where an official order has already been issued or formal contract has already been made, or where a series of official orders have already been issued or formal contracts have already been made with the same external organisation, which relate to the same scheme; and

7.1.2.2 for budgetary purposes, where a formal contract has already been made. However, such budgetary orders shall not be issued to suppliers, but shall be retained by the relevant City Council department.

NOTES

A. The law prevents formal contracts being made between City Council Departments. However, any agreement between City Council Departments relating to a scheme must be evidenced by the issue of an official order.

B. Contracts under seal are made to provide a 12 year period within which action can be taken for breach. Under simple contracts (contracts which are only signed), this period is reduced to 6 years. In the determination of which to choose, risk is a factor in addition to value.

C. The Director of Legal and Governance, and Head of Legal and Governance, have authority to make contracts under seal. Simple contracts may only be made in accordance with paragraph 9 of these Contract Procedure Rules.

D. The Chief Finance Officer may authorise specific exceptions to the requirement that all schemes be evidenced by means of an official order or formal contract. The Chief Finance Officer may only provide such authorisation after consultation with the Director for Legal and Governance.

7.2 In exceptional circumstances, where an official order has been raised electronically, i.e. by telephone or e-mail,, Corporate Directors and the Director for Public Health shall ensure that an official confirmatory order be issued through the City Council's main financial system without undue delay. Such official confirmatory order shall be clearly marked "CONFIRMATION ONLY".

7.3 Where any scheme has a value of £2,000,000 or more:

7.3.1 the Director of Legal and Governance or the Head of Legal and Governance must make a formal contract under seal where the value of any scheme is £2,000,000 or more. The affixing of the seal to such contract must be authorised by hand by the Director of Legal and Governance or the Head of Legal and Governance.

7.3.2 the Head of Legal and Governance (taking into consideration the risks involved) may deem a formal contract under seal to be inappropriate in any particular case (except for schemes involving construction and engineering related work), even where the value of the scheme not involving construction and engineering related work is £2,000,000 or more. In this case, the Corporate Director concerned or the Director for Public Health shall ensure that an official order or a simple contract relating to such scheme is made in such terms that have the prior approval of a Legal Services Manager. For the avoidance of doubt, such official order, as well as such simple contract, must be signed by at least two signing officers.

7.4 Where any scheme has a value of less than £2,000,000:

7.4.1 the Corporate Director concerned or the Director for Public Health must issue an official order or make a simple contract where the value of any scheme is less than £2,000,000. Such official order or such simple contract must be made in such terms that have the prior approval of the Head of Legal and Governance and be signed by at least one authorised officer;

7.4.2 the Head of Legal and Governance (taking into consideration the risks involved) may deem an official order or simple contract inappropriate in any particular case, even where the value of the scheme is less than £2,000,000. In this case, the Corporate Director concerned or the Director for Public Health shall ensure that a formal contract under seal relating to the scheme is made in such terms that have the prior approval of the Head of Legal and Governance and in accordance with paragraph 7.3 of these Contract Procedure Rules;

7.4.3 Corporate Directors and the Director for Public Health may authorise, in writing, other officers to sign official orders or simple contracts or to authorise such orders or contracts electronically in a main financial system on their behalf at a value agreed with the Chief Finance Officer provided Corporate Directors and the Director for Public Health are satisfied that their officers have received relevant financial training as approved by the Chief Finance Officer (see Financial Regulation D.5) and the relevant form has been completed.

Corporate Directors and the Director for Public Health shall supply the names and signatures of signing officers together with the corresponding signing/ authorising limits to the Chief Finance Officer. Corporate Directors and the Director for Public Health shall prepare and keep up-to-date a register of names and signatures of signing officers together with the corresponding signing limits, which shall be made available to the Chief Finance Officer upon request.

7.5 Corporate Directors and the Director for Public Health shall ensure that:

i) no official order be issued or formal contract made for a scheme which will commit the City Council to expenditure unless provision exists to finance that expenditure, except in the event of an emergency;

ii) no official order be issued or formal contract made for work, goods, materials or services for the private use of any person;

iii) only official order forms in a format approved by the Chief Finance Officer be used;

iv) each official order or formal contract indicates clearly the nature and quantity of the work, goods, materials or services, the agreed value or price and provisions for payment, any trade or cash discount or allowance, the time, or times, within which such order or contract is to be performed, together with any reference to a quotation, tender or other arrangement via the selection of the relevant Contract Purchase Agreement (CPA) when raising a purchase order. Reference to the CPA on a purchase order ensures those specific terms apply to the purchase, rather than the Council's standard purchase order terms of agreement;

v) each official order or supplier's form of order used to call-off, draw-down or make other similar arrangements where a formal contract in respect of such requirements is already made (whether such contract be under seal or a simple contract) contains full details of the contract in question, including as a minimum: the date of the contract, the names of the parties to it and a description of the works, supplies or services (as the case may be) which form the subject-matter of the contract;

vi) each official order or formal contract contains adequate and appropriate (and in addition, the applicable requirements of paragraphs 4.11.1 to 4.11.13 inclusive of these Contract Procedure Rules):
- price adjustment provisions;
- anti-collusion provisions;
- anti-corruption provisions; and
- anti-fraud provisions;

vii) each official order or formal contract contains the following clause (or such other similar clause as a Legal Services Manager may decide):
"The City Council shall be entitled to immediately cancel this contract and to recover from the supplier all costs and losses resulting from such cancellation, if the supplier, or any person employed by, or acting on behalf of the supplier (whether with or without the knowledge of the supplier), shall:
(a) have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing, or forbearing to do, or for having done, or refrained from doing any action in relation to the obtaining the execution of this contract, or any other contract with the City Council; or
(b) for showing, or forbearing to show, favour or disfavour to any person in relation to this contract, or any other contract with the City Council; or
(c) *has been convicted of any offence under the Bribery Act 2010; or*
(d) shall have given any fee or reward the receipt of which is an offence under section 117(2) of the Local Government Act 1972.
For the avoidance of doubt, the events under sub-clauses (c) and (d) above shall apply to this contract, or any other contract with the City Council or with any other party, or in respect of any relevant function or activity, as the case may be.";

viii) where applicable, and with the advice of the Head of Legal and Governance, each official order or formal contract for schemes exceeding £10,000 in value contain provisions for (and in addition to the other requirements of this paragraph 7.5 of these Contract Procedure Rules):
- the cancellation of such official order or formal contract;
- the making of retentions; and

- the deduction of liquidated and ascertained damages in the event of the supplier's non-compliance by the due or any extended completion date for a scheme;

Where the City Council has a right to liquidated and ascertained damages, such right must be enforced by deductions from monies owing to the supplier. Any deduction of liquidated and ascertained damages shall be made in accordance with a certificate or instruction issued by Corporate Directors, the Director for Public Health or authorised issuing officers;

ix) the proposed terms and conditions that are to apply to each official order or formal contract are adequate and appropriate and where necessary, be referred to a Legal Services Manager for consideration of the City Council's legal liability before proceeding with or entering into such official order or formal contract;

x) where the terms of any official order or a formal contract are changed, such amendment(s) be initialled by Corporate Directors, the Director for Public Health or authorised signing officers. In addition, the copy of an official order so changed and held by the issuing City Council department, be amended accordingly;

xi) as soon as possible after any official order has been made, a register be kept of such orders made; and

xii) a scanned copy of every executed formal contract is sent to the Senior Procurement Manager for storing on the City Council's e-tendering system, together with an electronic record of the names of the City Council and supplier contacts relevant to each such contract.

7.6 Transparency obligations

7.6.1 Corporate Directors and the Director for Public Health shall ensure that as soon as possible after any formal contract has been made, the Chief Finance Officer and Head of Procurement or nominated representative are notified and a register be kept of such contracts made.

7.6.2 All formal contracts must be notified to the Procurement Team and recorded on the Council's Contracts Register.

7.6.3 The award of all contracts of value exceeding the relevant UK procurement threshold for the time being in force, must within a reasonable time, be published nationally in accordance with the requirements of the of the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 or the Concessions Contracts Regulations 2016. This obligation applies to contracts awarded regardless of whether they fall within the EU procurement regime or are of a value likely to exceed the relevant EU threshold figure for the time being in force.

7.7 An official order or formal contract relating to any scheme may be extended to include further requirements relating to the scope of that scheme provided that any such variation complies with the requirements of the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concessions Contracts Regulations

2016 and any re-enactment(s) of them, Best Value continues to be secured for the City Council and is made in consultation with the Head of Procurement or nominated representative.

7.8 Corporate Directors and the Director for Public Health shall ensure that any contingency allowance incorporated into an official order or formal contract does not exceed 10% of the estimated cost of a scheme.

7.9 Corporate Directors and the Director for Public Health shall ensure that variations to the scope of construction and engineering related work provided for by an official order or formal contract be authorised in accordance with the terms of such official order or formal contract, provided provision exists to finance that expenditure, except in the event of an emergency. Such authorisation shall be given in writing and shall state the agreed price of each variation or the agreed basis on which the cost of such variation is to be calculated. In urgent cases, verbal authorisation(s) may be given, but this must be confirmed in writing within 7 days, or in accordance with the appropriate term(s) of the official order or formal contract.

7.10 Provision of Works, Supplies or Services by the City Council to Other Organisations

7.10.1 The Head of Legal and Governance must be consulted where it is contemplated that any works, supplies or services will be provided to organisations other than the City Council whether on such organisation's terms and conditions or those of the City Council.

8 Supplier Performance

8.1 Corporate Directors and the Director for Public Health shall ensure that each official order or formal contract for works, supplies or services contains adequate and appropriate provisions for supervising and monitoring supplier performance including the quality and standard of such works, supplies or services.

8.2 During the performance of an official order or formal contract for works, supplies or services, Corporate Directors and the Director for Public Health shall ensure that supplier performance, compliance with specification, expenditure, progress, risk and user satisfaction are monitored and also, where necessary, ensure that adequate and appropriate actions are taken to rectify and overcome any short-comings.

8.3 Corporate Directors and the Director for Public Health shall ensure that claims received from suppliers of works, supplies or services in respect of matters not clearly in accordance with the terms of the official order or formal contract, or from other external organisations, be referred to the Head of Legal and Governance for consideration of the City Council's legal liability as soon as they are notified to the City Council.

8.4 Corporate Directors and the Director for Public Health shall ensure that claims made against suppliers of works, supplies or services or other external organisations be referred to the Head of Legal and Governance for consideration of the City Council's legal liability as soon as they become reasonably apparent.

8.5 Corporate Directors and the Director for Public Health shall ensure that where suppliers are required to provide guarantees then such guarantees are adequate and appropriate and underwritten by an insurance company or similar financial institution.

9 Payments

9.1 Corporate Directors and the Director for Public Health shall ensure that payments to suppliers for works, supplies or services are certified and made in accordance with:

9.1.1 the appropriate term(s) of the official order or formal contract; and

9.1.2 Corporate Financial Procedures D.60 and D.67.

10 Performance Security Arrangements

10.1 Corporate Directors and the Director for Public Health shall ensure that procurement exercises allow for the obtaining of security for the due performance of all schemes (whether they be schemes involving supplies or services or involving construction and engineering related work) between the City Council and any external organisation where the value of such scheme is estimated to be £2,000,000 or more. Such security may be by way of performance bonding, parent company/third party guarantees, deposit of money as security or other means considered appropriate by the Head of Legal and Governance. The Head of Legal and Governance may decide that such security is not required for the procurement, in which case the following requirements shall not apply.

10.2 Each external organisation invited to submit a tender in respect of a scheme having a value estimated to be £2,000,000 or more must be required to make its own security arrangements and allow for the cost of such provision in its tender. Corporate Directors and the Director for Public Health shall ensure that:

10.2.1 the need for such allowance is made clear in the tender documents;

10.2.2 in conjunction with a Legal Services Manager, that the terms of such security arrangements are adequate and appropriate; and

10.2.3 the scheme must not commence until a decision has been made by a Legal Services Manager as to whether such security arrangements should be put into effect.

10.3 For the purpose of this Contract Procedure Rule 10, the estimated value of a scheme shall be the higher value of either:

10.3.1 the value of any official order to be issued to or formal contract to be made with the external organisation; or

10.3.2 the value of a series of official orders to be issued to or formal contracts to be made with the same external organisation where such official orders or formal contracts relate to the same scheme; or

10.3.3 the aggregate value of call-offs, draw-downs or other similar arrangements to be made against:

10.3.3.1 any official order to be issued to or formal contract to be made with the external organisation; or

10.3.3.2 a series of official orders to be issued to or formal contracts to be made with the same external organisation where such official orders or formal contracts relate to the same scheme.

10.4 Nothing in these Contract Procedure Rules shall prevent security arrangements in accordance with this Contract Procedure Rule 10 being put in place where the value of a scheme is estimated to be under £2,000,000 and the Corporate Director or the Director for Public Health in consultation with a Legal Services Manager determines that the subject-matter of such scheme justifies the need for such security arrangements.

11 Insurances

11.1 Corporate Directors and the Director for Public Health shall ensure that there is adequate and appropriate insurance cover in force during the continuance of a scheme for both the City Council and its suppliers in conjunction with the City Council's insurance officers.

12 Consultants

12.1 Where a supplier is providing consultancy services to the City Council (e.g. professional, technical, IT and managerial), Corporate Directors and the Director for Public Health shall ensure that the relevant provisions of these Contract Procedure Rules are followed and included in the terms of such supplier's appointment.

12.2 Corporate Directors and the Director for Public Health shall ensure that the taxation procedures set out within CFP D.115 – D.128 are followed in the employment of consultants and a Use of Consultants Approval Form is completed.

12.3 Corporate Directors and the Director for Public Health shall ensure compliance with the requirements of the Audit Commission's Checklist for commissioning and managing consultants the principles of which have been adopted by the City Council.

13 Records

13.1 Corporate Directors and the Director for Public Health shall ensure that the records required by these Contract Procedure Rules are kept and securely retained.

13.2 For the purpose of these Contract Procedure Rules, Corporate Directors and the Director for Public Health shall ensure that the relevant documentation set-out in the City Council's Retention and Disposal Schedule is securely kept and retained for at least the periods stated in such schedule.

14 Audit Examination

14.1 The authority of the City Council's Internal Audit is outlined in the City Council's Financial Regulation C.9 and further detail is outlined in CFP C.24 – C.35.

14.1.1 Before the final payment is certified in respect of any scheme for construction and engineering related work, such scheme and all documentation associated with it may be examined by the City Council's Internal Audit. All such documentation shall be provided to the City Council's Internal Audit within the time-scale for the ascertainment of the final payment set out in the contractual provisions relating to an official order or formal contract in respect of any scheme for construction and engineering related work.

14.1.2 Corporate Directors and the Director for Public Health shall ensure that a copy of the final payment certificate in respect of any scheme for construction and engineering related work is provided to the City Council's Internal Audit at the time it is issued.

14.1.3 The City Council's Internal Audit may, at any time, examine any scheme and all associated documentation for works, supplies or services.

14.1.4 Where applicable, Corporate Directors and the Director for Public Health shall ensure that each supplier invited to provide a quotation or submit a tender for any scheme be notified at quotation or tender preparation stage that such scheme and all documentation associated with it may be examined by the City Council's Internal Audit.

Appendix B – Amendment to Part 6, Councillors' and Co-opted Members' Codes of Conduct

Following a review of Ethical Standards in Local Government, the Committee for Standards in Public Life (CSPL) published a number of good practice recommendations for local authorities. The Standards Committee considered these recommendations in October 2019. The Committee recommends adding the following text to the Councillors' and Co-opted Members' Codes of Conduct to Council in order to bring procedures and practice in Nottingham in line with the CSPL's recommendations.

3. General Conduct

You must:

…

3.2 respect others and not bully or harass any person.

Note:

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour; or an abuse or misuse of power in a way that intends to undermine, humiliate, criticise unfairly or injure someone.

Harassment may be characterised as unwanted conduct which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for an individual.

These definitions are not exhaustive and any forms of bullying or harassment are prohibited by this Code

…

3.11 comply with any formal investigations into complaints made about your conduct;

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Appendix C - Companies Governance Executive Sub Committee

Terms of Reference:

Purpose

To approve and oversee the Council's strategic objectives across the Nottingham City Council group of companies and to support the development of the Group in line with the Council's regulations and ambitions.

Responsibilities

- To give direction to the Authority on the vision and ambition of the Council with reference to its commercial activities;

- To review the implementation of the Council’s commercial approach including its group companies in relation to the development of the companies and the group;

- To evaluate the impact of group companies and commercial activities on the achievement of the Council's strategic objectives;

- To approve group company structure proposals and other formal structures to protect the legal and commercial interests of the Council as shareholder, as identified for review in the annual work programme, and occasional urgent decisions not included in the work programme;

- To review, by exception, outcomes achieved and delivery against the Nottingham City Council company governance principles and approve measures taken to enable any deficiencies identified to be remedied;

- To take Key Decisions within its remit where appropriate.

Accountability

The Sub-Committee is accountable to Executive Board.

Frequency

The Sub-Committee will normally meet 6 times a year or at such other frequency as shall be determined.

Composition

Its membership comprises the Leader of the Council (who will act as chair), the Portfolio Holder with responsibility for finance and 3 other Executive Councillors.

Standing invitations with speaking, but not voting, rights are made to the Chief Executive, the Monitoring Officer, the Strategic Director of Finance and representatives of the group companies. The Sub-Committee may invite any person it considers able to support its work to participate on a non-voting basis, either generally or in relation to specific strategies, projects and/or initiatives.

The quorum for this Committee has been fixed at 3.

Membership:

- Councillor David Mellen (Chair)
- Councillor Sally Longford (Vice Chair)
- Councillor Sam Webster
- Councillor Adele Williams
- Councillor Linda Woodings

City Council – 9 March 2020

Report of the Chair of Appointments and Conditions of Service Committee

Pay Policy Statement 2020 to 2021

1 Summary

1.1 This report introduces the Council's Pay Policy Statement for 2020 to 2021 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 2020 to 2021.

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 bonuses, termination payments, and transparency.

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

5.5 The pay multiple of the average Chief Officer's pay including guaranteed payments (£83,324) to that of the non-chief officer average earner including guaranteed payments (£25,578) including guaranteed payments[1] is 1:3. The relationship between the Chief Executive's pay (£169,810) to that of the Council's non-chief officer average earner excluding allowances (£25,490) 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 2019 to 31 October 2019 was £15,935. These related to claims for travel, additional responsibilities and Market Supplements and Pay Protection.

5.7 As at 31 October 2019, there were no chief officers in receipt of bonus payments, performance related pay and other pay enhancements (overtime, weekend, evening, night working, etc). There was a two-year Chief Officer Pay award of 2% for the years commencing 1 April 2018 and 1 April 2019 respectively.

5.9 Similarly there was a 2% pay award covering the same period for Chief Executive Pay effective from 1 April 2018.

5.10 The pay gap between the Chief Executive and lowest paid employee has increased over the last two years (2018-19 and 2019-20) this would be expected with a 2% increase across the board. There was a weighted settlement for the lowest paid employees of between 3.734% and 9.191% in 2018/19 and 2019/20, but this was limited to the first few spinal points and the bulk of the workforce received the 2% pay increase.

5.11 The Council introduced a new pay model and terms and conditions for SLMG colleagues with effect from 1 October 2018, which are referred to within the Pay Policy Statement.

6 Finance comments (including implications and value for money)

6.1 The average and median pay figures included in the report are based on seven months' data for 2019/20 up to 31 October 2019, extrapolated up to represent an annual figure.

7 Legal and procurement 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.

7.2 The statement must also state:

[1] Includes basic FTE salary, pension – employer contribution on FTE basic pay, salary protection, market supplements, allowances and enhancements paid between 01/04/2018 to 31/10/2018

- 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 2020 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 Dave Liversidge
Chair of the Appointments and Conditions of Service Committee

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CHIEF OFFICERS STRUCTURE CHART

22/10/2019

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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.

Appendix 3
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 approve any proposals for significant restructuring of the Council’s management structure;

k) to approve any proposals from the Chief Executive for changes to salary levels (including ranges of salaries) for Corporate Directors and the Deputy Chief Executive;

l) to consider any grievances relating to or raised by the Chief Executive. Members involved in considering these will not be able to participate in any further consideration of the matter at other committees.

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 8 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.

Where practical, members of this committee should not also be members of Audit Committee, Investigating and Disciplinary Committee, or Appeals Committee.

Pay Scales

Local Government Scheme				
Tier	Grade	Level	Salary (Apr 19)	Hourly Rate
6	A	1	£17,364	£9.00
		2	£17,460	£9.05
	B	1	£17,711	£9.18
		2	£18,065	£9.36
	C	1	£18,426	£9.55
		2	£18,795	£9.74
	D	1	£19,171	£9.94
		2	£19,945	£10.34
	E	1	£21,589	£11.19
		2	£22,911	£11.88
	F	1	£25,295	£13.11
		2	£26,999	£13.99
5	G	1	£28,785	£14.92
		2	£30,507	£15.81
	H	1	£32,878	£17.04
		2	£34,788	£18.03
	I	1	£37,849	£19.62
		2	£39,782	£20.62
4	J	1	£42,683	£22.12
		2	£44,632	£23.13
	K	1	£47,540	£24.63
		2	£49,482	£25.65

SLMG					
Tier	Grade	Salary		Hourly Rate	
		Level 1	Level 2	Level 1	Level 2
3	SLMG5	£51,963	£53,478	26.93	27.72
	SLMG4	£54,996	£58,504	28.51	30.32
	SLMG3	£62,016	£67,144	32.14	34.80
2	SLMG2	£72,276	£78,298	37.46	40.58
	SLMG1	£84,324	£90,344	43.71	46.83

Strategic Director					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	SDIR	£100,676	£111,385	52.18	57.73

Corporate Director					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	CDIR	£127,357	£148,583	66.01	77.01

Chief Executive					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	CX	£165,000	£185,000	85.52	95.89

Updated: 26 March 2019

PAY POLICY

Table of Contents

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 (2-4), (6) 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 uses the Greater London Provincial Council (GLPC) system as its method to value all jobs covered by the Green Book, and a bespoke system to evaluate SLMG jobs below the level of Strategic Director. Both systems measure all jobs on a systematic basis against a set number of factors. All relevant jobs are evaluated under these systems, 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	SLMG5	Level 1	Level 2
3	SLMG4	Level 1	Level 2
3	SLMG3	Level 1	Level 2
2	SLMG2	Level 1	Level 2
2	SLMG1	Level 1	Level 2

3.3 All grades A – K are assigned to one of three tiers: 4, 5 or 6. SLMG grades are assigned to Tiers 2 and 3, and Tier 1 is reserved for Strategic Directors, Corporate Directors and the Chief Executive.

3.4 Each grade (A – SLMG1) 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. Progression to Level 2 will be subject to successful completion of a six-month probationary period for new starters or six month pay review period for existing employees. GLPC colleagues will progress on their one-year anniversary in their job and SLMG colleagues will progress on their two-year anniversary.

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) appointment to same grade (probation not completed)	Level 1	The remainder of the probationary 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

4. <u>Pay Levels – terms of use</u>

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

7. <u>Overtime and Allowances</u>

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

7.2 **<u>Overtime</u>**

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	• 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	• 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 **<u>Public Holidays</u>**

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 **<u>Night working</u>**

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 OD**

The HR and OD 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 OD colleague for advice.

Appendix 1 – Pay Scales

Pay Scales - From 1 April 2019

Local Government Scheme				
Tier	Grade	Level	Salary (Apr 19)	Hourly Rate
6	A	1	£17,364	£9.00
		2	£17,460	£9.05
	B	1	£17,711	£9.18
		2	£18,065	£9.36
	C	1	£18,426	£9.55
		2	£18,795	£9.74
	D	1	£19,171	£9.94
		2	£19,945	£10.34
	E	1	£21,589	£11.19
		2	£22,911	£11.88
	F	1	£25,295	£13.11
		2	£26,999	£13.99
5	G	1	£28,785	£14.92
		2	£30,507	£15.81
	H	1	£32,878	£17.04
		2	£34,788	£18.03
	I	1	£37,849	£19.62
		2	£39,782	£20.62
4	J	1	£42,683	£22.12
		2	£44,632	£23.13
	K	1	£47,540	£24.63
		2	£49,482	£25.65

SLMG					
Tier	Grade	Salary		Hourly Rate	
		Level 1	Level 2	Level 1	Level 2
3	SLMG5	£51,963	£53,478	26.93	27.72
	SLMG4	£54,996	£58,504	28.51	30.32
	SLMG3	£62,016	£67,144	32.14	34.80
2	SLMG2	£72,276	£78,298	37.46	40.58
	SLMG1	£84,324	£90,344	43.71	46.83

Strategic Director					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	SDIR	£100,676	£111,385	52.18	57.73

Corporate Director					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	CDIR	£127,357	£148,583	66.01	77.01

Chief Executive					
Tier	Grade	Salary		Hourly Rate	
		Min	Max	Min	Max
1	CX	£165,000	£185,000	85.52	95.89

Updated: 26 March 2019

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 OD.

The current agreed variations are:

Department	Title	Details	Review date
Commercial & Operations	Plant Operations Engineer	To pay a market supplement of £2,866 per annum regardless of salary level. Rationale based on retention as benchmarking against similar roles in the external market shows that comparable roles can attract in excess of £44,000 pa.	August 2020
	Head of Building Services & Integrated Facilities Management	To pay a ceiling rate of £70,500.	30/11/2020
	Project Director, Nottingham Castle	To pay a market supplement of £7,850 per annum	31/03/2020
	Assistant Activity Leader	To uplift hourly wage as follows: Level 1 GLPC – B £9.18 with market Supplement (£10.00) Level 2 GLPC – B £9.36 with market supplement (£10.20)	31/03/2020
	Public Realm Operatives Level 3 – Driver Labourer	To pay a ceiling amount of £21,845	30/11/2020
	HGV Fitters & Workshop Controllers	To pay the following supplement: L1 – £2,926 L2 - £1,222	31/03/2020
	Group Fitness Instructor / Aerobics Instructor	To Pay: Level 1 GLPC – D £19,171 with market Supplement. Level 2 GLPC – D £19,945 with market	31/03/2020

		supplement. Supplement only to be paid for hours spent delivering classes.	
	Head Activity Leader & School Swimming Instructor	To pay: Level 1 GLPC – D £19,171 with market Supplement. Level 2 GLPC – D £19,945 with market supplement	31/03/2020
	Venue Director, Theatre Royal and Royal Concert Hall	To pay a ceiling amount of £65,862	01/05/2020
	Head of Sport, Community & Leisure Centres	To pay a ceiling of £76,119	30/06/2020
	Head Of Energy Services		
Children Adults	Emergency Duty Team	To apply a 20% plussage on all hours in compensation of all unsocial shift patterns worked.	31/08/2020
	Social Workers - Whole Life Disability	To pay a market supplement to Level 2 and Level 3 Social Worker posts within Children's' Services to increase salaries. Level 2 SW (grade G): ceiling £32,865. Level 3 SW (grade H): ceiling £35,828.	31/03/2020
	Social Workers – Children's Integrated Services	To pay a market supplement to Level 2 and Level 3 Social Worker posts within Children's' Services to increase salaries. Level 2 SW (grade G): ceiling £32,865. Level 3 SW (grade H): ceiling £35,828.	31/03/2020
	Youth Justice Practice Specialist/ Case Manager - YOT	To pay an annual supplement of £1947.24 (pro rata for part time colleagues).	01/04/2020
	Children's Residential	To pay a 10% uplift on	31/03/2020

	Social Care Worker	pay.	
	Social Workers Level 2 and Level 3 - Fostering Teams	To pay a ceiling amount of: G: £31000 H: £35000	31/05/2020
Strategy & Resources	Occupational Health Advisor	To pay an annual market supplement of £3,000.	30/04/2020
	Equality Diversity And Inclusion Lead	To pay an annual supplement of £ £1942	30/04/2020
Development & Growth	Principal Estates Surveyor / Principal Strategic Prop Surveyor	To pay a ceiling amount of £42,683 (pro rata for part time colleagues)	30/06/2020
	Senior Estates Surveyor	To pay a ceiling amount of £37,849.	30/06/2020
	Programme Manager - Specialist - Major Projects	To pay a ceiling amount of £55,864	28/02/2020
	Head of Corporate Portfolio and Investment	To pay £5,000 per annum in addition to basic salary (pro rata for part time colleagues)	31/08/2020
	Head of Traffic	To pay ceiling amount to £75,000	01/05/2020
	Building Control Officer	To pay a ceiling amount of £36,788 (pro rata for part time colleagues)	30/06/2020
	Property Development Manager		31/07/2020
	Corporate Portfolio And Investment Manager	To pay a ceiling amount of £51,982	31/07/2020

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Organisation	Nottingham City Council

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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)
19/07/18	3	Gail Keen	Update of Appendix 2 (Central Panel 19/7/18)
13/12/2019	4	Elaine Harrison	Refreshed Appendix 2: Market Supplements, and updated the pay scales and HR references.

Terms and Conditions (as at 31 October 2018)	Chief Executive	Other Chief Officers	LGS Employee
Basic Pay[1]	✓Contractual Current pay £166,480 Range £165,000 - £185,000	✓Contractual Range £50,944-£150,512	✓Contractual Range £16,394-£48,512
Performance Related Pay	x	x	x
Incremental progression (one pay increase available after one year in grade, conditional on successful completion of six month review period)	x	✓	✓
Annual cost of living increase (nationally negotiated. Pay award of 2% applied to LGS, Chief Officer and CEX from 1 April 2018 award of 2%. Those on SCP 6-17 received an increase of between 9.19 – 3.73%)	✓	✓	✓
Market Supplement Payment (Restricted - based on business case requiring evidence. Approval by Pay Governance Board. Reviewed every 12-24 months)	✓ but not in receipt of payment and historically never offered to the Chief Executive	✓ as at 31 Oct 2018 two Chief Officers were in receipt of payment	✓ 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
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 18, two Chief Officers were in receipt of payments totalling £8,483.	✓
Monitoring Officer Payment (statutory duty)	x	x incorporated into one Corporate Director role	x

[1] See Appendix 4 for pay bandings

Returning/Counting Officer Payment (to run elections)[2] 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)[3]	✓	✓	✓
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)[4]	✓	✓ As at 31 Oct 2017, 2 Chief Officers were in receipt of payments totalling £35.33 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	✓
Reimbursement of reasonable expenditure (limits apply equally to all groups and receipts must be provided)[5]	✓	✓ As at 31 Oct 17, one Chief Officer was in receipt of payments totalling £126	✓
Sickness Pay entitlement linked to length of service – applied equally to all groups	✓ Contractual	✓ Contractual	✓ Contractual
Notice Period	✓ Contractual 3 months	✓ Contractual 3 months	✓ Contractual 1-2 months
Payment of Membership Fees	x	x	x

[2] This is a bulk payment made to a nominated chief officer to fulfil the duties of running National Referendum, Local, European or Parliamentary elections.
[3] This is covered in the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (DCR) Policy. See Appendix 7
[4] See Appendix 9 for details of the Council's Business Travel Scheme
[5] See Appendix 10 for details of the Council's policy on Reimbursement of Expenditure

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[6]	✓	✓	✓
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	✓	✓	✓

[6] 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 above[2] 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.

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Approval date	6/4/17
Review date	
Author	Sheena Yadav-Staples
Organisation	Nottingham City Council

Document history

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04.04.16	1	Della Sewell	Statutory change
06.06.17	2	Sheena Yadav-Staples	Statutory change to limit to a week's pay.

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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 level[1] 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 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 obtained from Insurance & Risk.

11. SLMG employees

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

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28.02.2017	3	Sheena Yadav-Staples	Inserted para 7.4-7.6 to include carplus scheme.
June 2018	4	E Harrison	Updated links

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 necessities 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 Development and Change pages on the intranet.

Nottingham City Council

Pay Policy Statement 2020-2021

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

Nottingham City Council

CONTENTS

Introduction from the Leader of Nottingham City Council, David Mellen

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.

The Council remains committed to paying a reasonable wage to our lowest paid employees and work was undertaken to ensure our pay structure aligned with the new National Joint Council pay spine introduced in April 2019; this uplifted our lowest hourly rate to £9.00, (which was, at the time, equal to the Real Living Wage).

The Council strives to maintain a fair pay ratio between its highest and lowest paid employees. A two year pay award of 2% in both 2018 and 2019 has been applied to Chief Executive's pay, but Nottingham still has one of the lowest Chief Executive pay in comparison with other Core Cities Councils, and one of the lowest ratio of highest to lowest earners, at 1:7

Discussions on the 2020 National pay award are currently on-going and once the outcome is known, the Council will review the minimum rate paid to its employees against the new rate recommended by the Living Wage Foundation announced in November 2019 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 are becoming more challenging as we try to maintain service provision and continue to keep citizens at the heart against a background of continuing government cuts.

D. Mellen

David Mellen
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 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. These proposals are still yet to become law, so we continue to await their implementation.

The Council continues to work hard to preserve jobs and frontline services and provide fair pay to our colleagues despite the ongoing budget cuts. Our pay structures have been designed to better fit our future challenges whilst still enabling us to attract, retain and motivate our colleagues.

The new pay structure has, following several years of increment freezes, reintroduced an element of pay progression for Council colleagues, and has embedded very successfully following its implementation on 1 April 2017.

Unfortunately, Government cuts to Council funding continues to impact on Nottingham City Council which has meant 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.

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 2019/20 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 2020/21.

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 and resulted in a more streamlined Chief Officer structure within the Council..

2 DEFINITIONS AND SCOPE

2.1 *Definition of Chief Officer*

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 2019.

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 a £17,364 basic salary.

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

2.3 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.

2.4 *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 and has eleven members, with one place 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 procedures, 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 2019, 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 £169,810 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 2019 and 31 October 2019 are listed in the table below:

Pay Element	**Total for Chief Officers***
Total year to date additional payments (1 April 2019 to 30 September 2019) Additional payments include: Car mileage, allowances for additional responsibilities, general expenses (e.g. subsistence, parking etc), and travel expenses.	£15,935

* as defined by the Local Government and Housing Act 1989

This has increased from last year, when the total additional payments were £12,980; this is due an overall increase in payments, as shown in Appendix 1, and changes to reporting lines. The table below outlines the types of payments made:

Payment Element	Amount
Additional Responsibility	£3,708
Market Supplement	£5,755
Pay Protection PTC	£4,910
Standby Sessions	£1,561
Total	**£15,935**

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 retains any fee paid to them from these funds.

5.3 There is a scheduled Parliamentary election during 2019-2020 so the Chief Executive will receive an additional fee during this financial year, but as outlined in para 5.2, this will be an independent payment and 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 the local election which occurred during this financial year.

6 MONITORING OFFICER'S FEE

6.1 The Monitoring Officer has the specific duty to ensure Nottingham City Council, its officers, and its elected Councillors maintain the highest standards in all they do. The Monitoring Officer's 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 Councilors' 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 responsibility falls within the remit of the Director of Legal and Governance and is paid accordingly at SDIR salary banding, which is an all-inclusive salary.

7 PAY RELATIONSHIPS

<u>Without Allowances</u>

7.1 The relationship between the Chief Executive’s basic pay (£169,810) to that of the Council’s non Chief Officer[1] average earner, excluding allowances (£25,490) is a pay multiple of 1:7.

7.2 The pay multiple of the Chief Executive’s basic pay (£166,810) to that of the Council’s non Chief Officer median earner excluding allowances (£21,589) is 1:8.

<u>With Guaranteed Payments</u>[2]

7.3 The relationship between the average Chief Officer’s pay including guaranteed payments (£83,324) and to that of the Council’s non Chief Officer average earner including guaranteed payments (£25,455) is 1:3.

7.4 The relationship between the median pay of Chief Officers including guaranteed payments (£83,117) and to that of the Council’s non Chief Officer median earner including guaranteed payments (£21,680) is 1:4.

7.5 The relationship between the average Chief Officer’s pay excluding guaranteed payments (£83,324) and that of the Council’s (non-Chief Officer) average earner excluding guaranteed payments (£25,490) is 1.3.

7.6 The relationship between the median Chief Officer’s pay excluding guaranteed payments (£83,117) and that of the Council’s (non-Chief Officer) median earner excluding guaranteed payments (£25,490) is 1.3.

8 THE COUNCIL’S STATEMENT ON PAY AND CONDITIONS FOR CHIEF OFFICERS FOR 2019/20

The section sets out the Council’s approach to determining pay and conditions for Chief Officers for 2019/20.

8.1 *<u>Remuneration of Chief Officers on recruitment</u>*

The basic all-inclusive pay for 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.

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

8.2 *<u>The level and elements of remuneration for each Chief Officer</u>*

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 Customer for approval in accordance with section 8 of the Council’s Pay Policy.

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[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 01/04/2019 to 31/10/2019.

8.3 *Increases and additions to remuneration for each Chief Officer*

A two-point progression was implemented as part the SLMG pay review implemented on the 1st October 2018. Annual pay awards are negotiated nationally with the trade unions. There was a two year pay award of 2% per year for Chief Officers and the Chief Executive from 1 April 2018.

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 the 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 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 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, anyone can access their pension benefits from age 55 when they leave employment. The Council does not operate a default retirement age whereby employees are dismissed at age 65.

- Early Retirement – Under pension regulations anyone can access their pension benefits from age 55 when they leave employment, however, as regards choosing to waive an actuarial reduction the current discretions state "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 or partially unreduced benefits but subject to the City Council paying the pensions strain (capital) cost to the Pensions Fund. 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".

- Flexible Retirement – Officers of the Council 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 Officers in the SLMG pay profile would need to be approved by ACOS.

- The Council has the power to grant additional pension to Officers in the SLMG pay profile 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 an implementation date is not currently known. This has the potential to reduce both redundancy dismissal and efficiency pension benefits where the 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 Customer 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). The Government's compulsory National Living Wage (as introduced in April 2016) is currently an hourly rate of £8.21.

In April 2019. the National Joint Council for Local Government Services pay award raised it's the lowest rate to £9.00 per hour and this was in line with the National Voluntary Living Wage (now known as the Real Living Wage). The Living Wage Foundation annually reviews it rates in November and has recommended a new rate of £9.30; we are waiting to see if the NJC matches this in its pay settlement for April 2020, discussions around which are currently on-going. In the event that the rate is not matched, the Council will need to consider and determine whether a supplement will be paid in light of the ruling party's commitment to maintain a fair day's pay for a fair day's work.

The pay award settlement for 2019 required a reconsolidation of the pay spine at to bring it in line with the revision to the National Pay Spine. As a result, the Council introduced a new locally agreed A2 pay point to maintain a reasonable pay differential within the NCC Grade A pay profile.

8.13 *Local Government National Pay Award*

At the time of writing this report, a National Pay award offer for LGS employees is in place for the period April 2018 – 31 March 2020. In year one LGS employees below SCP 20 (NCC Grade D and below) received an increase of between 3.734% and 9.191% creating a new bottom SCP of £8.50 per hour. LGS employees on or above SCP 20 (NCC Grade E and above), received a 2.0% pay increase.

8.14 In year two, the pay award proposal increased the bottom SCP to £9.00 per hour. Revisions were made to the existing NJC pay spine to rationalise the consequent compacting of differentials.

8.15 Discussions around the 2020 pay award settlement are still on going at this current time.

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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