



Herbert Warehouse  
The Docks  
Gloucester  
GL1 2EQ

Wednesday, 15 March 2017

## **TO EACH MEMBER OF GLOUCESTER CITY COUNCIL**

Dear Councillor

You are hereby summoned to attend a **MEETING OF THE COUNCIL** of the **CITY OF GLOUCESTER** to be held at the Civic Suite, North Warehouse, The Docks, Gloucester, GL1 2EP on **Thursday, 23rd March 2017 at 7.00 pm** for the purpose of transacting the following business:

### **AGENDA**

1. **APOLOGIES**

To receive any apologies for absence.

2. **MINUTES (Pages 9 - 24)**

To approve as a correct record the minutes of the Council Meeting held on 23<sup>rd</sup> February 2017.

3. **DECLARATIONS OF INTEREST**

To receive from Members, declarations of the existence of any disclosable pecuniary, or non-pecuniary, interests and the nature of those interests in relation to any agenda item. Please see Agenda Notes.

4. **PUBLIC QUESTION TIME (15 MINUTES)**

The opportunity is given to members of the public to put questions to Cabinet Members or Committee Chairs provided that a question does not relate to:

- Matters which are the subject of current or pending legal proceedings or
- Matters relating to employees or former employees of the Council or comments in respect of individual Council Officers.

5. **PETITIONS AND DEPUTATIONS (15 MINUTES)**

A period not exceeding three minutes is allowed for the presentation of a petition or deputation provided that no such petition or deputation is in relation to:

- Matters relating to individual Council Officers, or
- Matters relating to current or pending legal proceedings

6. **ANNOUNCEMENTS**

To receive announcements from:

- a) The Mayor
- b) Leader of the Council
- c) Members of the Cabinet
- d) Chairs of Committees
- e) Head of Paid Service

7. **MEMBERS' QUESTION TIME**

- a) Leader and Cabinet Members' Question Time (30 minutes)

Any member of the Council may ask the Leader of the Council or any Cabinet Member any question without prior notice, upon:

- Any matter relating to the Council's administration
- Any matter relating to any report of the Cabinet appearing on the Council's summons
- A matter coming within their portfolio of responsibilities

Only one supplementary question is allowed per question.

- c) Questions to Chairs of Meetings (15 Minutes)

**ISSUES FOR DECISION BY COUNCIL**

8. **REVIEW OF MEMBERS' ALLOWANCES 2017 (Pages 25 - 44)**

To consider the report of the Chair of the Independent Remuneration Panel concerning the review of Members' Allowances 2017.

9. **DRAFT COUNCIL PLAN 2017-20 (Pages 45 - 60)**

To consider the report of the Leader of the Council and the Cabinet Member for Performance and Resources concerning the draft Council Plan 2017-20 and outlining the timetable for the development of the final Plan.

10. **TREASURY MANAGEMENT STRATEGY (Pages 61 - 88)**

To consider the report of the Cabinet Member for Performance and Resources

seeking approval of the Treasury Management Strategy, the prudential indicators and to note the Treasury activities.

11. **PAY POLICY STATEMENT 2016-17 (Pages 89 - 98)**

To consider the report of the Cabinet Member for Performance and Resources seeking approval of the Council's Pay Policy Statement for 2017/18.

**MOTIONS FROM MEMBERS**

12. **NOTICES OF MOTION**

**(1) PROPOSED BY COUNCILLOR HAIGH**

"This Council recognises that modern slavery and human trafficking is an increasing problem in the UK. Last year there was a total of 3266 recorded victims of modern slavery in the UK, a 40% increase on the year before. Victims came from 102 different countries, with the top 3 being Albania, Vietnam and Nigeria.

Council supports the work of the Gloucestershire Police, the County Council and other agencies in combatting modern slavery and supporting victims.

This Council recognises that we have a role to play in identifying and reporting modern slavery and resolves to:

- a) Encourage staff and members to view the short video from the Anti-Slavery Commissioner "Local Government – Modern Slavery"  
(<https://www.youtube.com/watch?v= Oh6LgyLFxl>)
- b) Write to staff drawing their attention the duty to notify the Home Office of potential victims of Modern Slavery"

**(2) PROPOSED BY COUNCILLOR COOLE**

"Council notes that gambling is an important industry and for many people an enjoyable and harmless part of normal social activity.

Council further notes that for some gambling and gambling addiction is a serious problem, and acknowledges the lack of resources and understanding around this issue. Problem gambling affects up to 600,000 people in the UK, with densely populated urban areas the worst impacted; this incurs a cost to the economy of up to £1.2 billion Council notes that gambling related harm extends not only to the individual affected, but to family, friends and employers. In urban centres problem gambling is more prevalent.

Council acknowledges that an holistic approach is the best way to tackling this sort of addiction and that there can be a co-morbidity with drug and alcohol abuse or mental health problems. Betting shops form part of a vibrant and safe high street but issues such as clustering and lack of support for self exclusion

can worsen gambling harm. Council therefore resolves to extend the Safe and Attractive streets policy to target those affected by problem gambling.

Council resolves to treat gambling addiction as a serious public health issue, and to work closely with the County Council and partners such as the CAB and the Money Advice service to provide the support that people in Gloucester need."

### **(3) PROPOSED BY COUNCILLOR HILTON**

"This council expresses its disappointment that its Growth Deal 3 bid, "Gloucester Railway Station, A Gateway to Economic Growth" failed to secure funding.

This council agrees that further investment in Gloucester Railway Station and its links to both Gloucester Royal Hospital and the city centre are important to Gloucester's regeneration.

It also agrees that major improvements to the subway from Great Western Road to Bruton Way should be part of such a scheme.

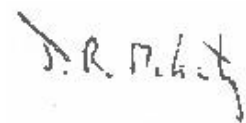
This council asks the cabinet member for regeneration to provide a report to all councillors on why this Growth Deal 3 bid failed and what lessons have been learned.

The report to also recommend a way forward on how the council can secure funding to deliver improvements to Gloucester Railway Station and its subway as suggested in the Growth Deal Bid."

### **13. WRITTEN QUESTIONS TO CABINET MEMBERS**

No written questions have been received.

Yours sincerely



**Jon McGinty**  
**Managing Director**

## NOTES

### Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

<u>Interest</u>	<u>Prescribed description</u>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within the previous 12 months (up to and including the date of notification of the interest) in respect of any expenses incurred by you carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between you, your spouse or civil partner or person with whom you are living as a spouse or civil partner (or a body in which you or they have a beneficial interest) and the Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the Council's area.  For this purpose "land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for you, your spouse, civil partner or person with whom you are living as a spouse or civil partner (alone or jointly with another) to occupy the land or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the Council's area for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge) – (a) the landlord is the Council; and (b) the tenant is a body in which you, your spouse or civil partner or a person you are living with as a spouse or civil partner has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to your knowledge) has a place of business or

- land in the Council's area and
- (b) either –
- i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
  - ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, your spouse or civil partner or person with whom you are living as a spouse or civil partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose, “securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

NOTE: the requirements in respect of the registration and disclosure of Disclosable Pecuniary Interests and withdrawing from participating in respect of any matter where you have a Disclosable Pecuniary Interest apply to your interests and those of your spouse or civil partner or person with whom you are living as a spouse or civil partner where you are aware of their interest.

#### **Access to Information**

Agendas and reports can be viewed on the Gloucester City Council website: [www.gloucester.gov.uk](http://www.gloucester.gov.uk) and are available to view five working days prior to the meeting date.

For further details and enquiries about this meeting please contact Tanya Davies, 01452 396125, [tanya.davies@gloucester.gov.uk](mailto:tanya.davies@gloucester.gov.uk).

For general enquiries about Gloucester City Council's meetings please contact Democratic Services, 01452 396126, [democratic.services@gloucester.gov.uk](mailto:democratic.services@gloucester.gov.uk).

If you, or someone you know cannot understand English and need help with this information, or if you would like a large print, Braille, or audio version of this information please call 01452 396396.

#### **Recording of meetings**

Please be aware that meetings may be recorded. There is no requirement for those wishing to record proceedings to notify the Council in advance; however, as a courtesy, anyone wishing to do so is advised to make the Mayor aware before the meeting starts.

Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the Public and Press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

### **FIRE / EMERGENCY EVACUATION PROCEDURE**

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions:

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building; gather at the assembly point in the car park and await further instructions;
- Do not re-enter the building until told by a member of staff or the fire brigade that it is safe to do so.

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**COUNCIL**

**MEETING** : Thursday, 23rd February 2017

**PRESENT** : Cllrs. Hampson (Mayor), James, Watkins, Cook, Noakes, D. Norman, Organ, Haigh, Hilton, Gravells, Tracey, Stephens, Lugg, Hanman, Lewis, Morgan, Wilson, Bhaimia, Williams, D. Brown, Dee, Taylor, Patel, Toleman, Pullen, H. Norman, Pearsall, Brazil, J. Brown, Coole, Fearn, Finnegan, Hawthorne, Hyman, Melvin, Ryall and Smith

**Others in Attendance**

Jon McGinty, Managing Director

Jonathan Lund, Corporate Director and Monitoring Officer

Anne Brinkhoff, Corporate Director

Sara Freckleton, Solicitor

Jon Topping, Head of Finance

Tanya Davies, Democratic and Electoral Services Manager

Atika Tarajiya, Democratic and Electoral Services Officer

**APOLOGIES** : Cllrs. Hansdot and Walford

**63. MINUTES**

**RESOLVED:**

63.1 That the minutes of the meeting held on the 6<sup>th</sup> February 2017 approved as a correct record and signed by the Chair, subject to an amendment requested by Councillor Hilton to paragraph 57.11:

63.2 Councillor Hilton noted that the Minister for Local Government Secretary of State had been present at a conference last week and he asked the Leader of the Council why he had missed that opportunity to lobby for the City.

**64. DECLARATIONS OF INTEREST**

64.1 Councillor Fearn declared a personal interest in agenda item 7: Money Plan 2017-22 and Budget Proposals 2017/18 in respect of the Together Gloucester Proposals by virtue of her mother's employment at the City Council.

**COUNCIL**  
**23.02.17**

- 64.2 Councillor Stephens declared disclosable pecuniary interest in agenda item 7: Money Plan 2017-22 and Budget Proposals 2017/18 in respect of advice centres by virtue of his spouse's employment at Gloucester Law Centre.

He explained that he had been granted a dispensation by the Audit and Governance Committee, at their meeting on the 21st February 2017 to participate in the business of the Council in relation to the determination of the Budget, except in circumstances where, by way of a motion or amendment, the matter under consideration referred specifically and predominantly to his disclosable pecuniary interest. He explained that in this instance he would withdraw from the meeting and take no part in the debate or vote on this item.

- 64.3 Councillor James declared a personal interest in agenda item 7: Money Plan 2017-22 and Budget Proposals 2017/18 as Chairman of Marketing Gloucester Limited and advised that in instances where the matter under consideration referred specifically and predominantly to this interest, he would withdraw from the meeting and take no part in the debate or vote on any motion or amendment.

**65. PUBLIC QUESTION TIME (15 MINUTES)**

- 65.1 Mr Gower began by thanking the Cabinet Member for Housing and Planning (Councillor Organ) for meeting with him to discuss issues relating to homelessness following his attendance at a Council on the 6th February 2017.

He reported that as a volunteer working with a charitable organisation that assisted the homeless, he had come across a number of very vulnerable individuals sleeping rough at night. He stated that due to a lack of housing provision they could not be housed in emergency shelter and questioned whether the Cabinet Member believed that more could be done to aid individuals such as this.

- 65.2 The Leader of the Council and Cabinet Member for Regeneration and Economy (Councillor James) advised that Councillor Organ was currently making his way back from a meeting and would arrive shortly. He acknowledged that a great amount of effort was being delivered to tackle the complex issue of homelessness within the City by a variety of organisations. He reported that whilst it was not appropriate to discuss individual cases in a Council meeting, himself or Councillor Organ were happy to meet with Mr Gower to discuss the matter further if this was considered useful.

**66. PETITIONS AND DEPUTATIONS (15 MINUTES)**

- 66.1 Mrs Kay Mills presented a petition of behalf of Gloucester Law Centre and Citizens Advice Bureau (CAB) appealing against the intended cuts to advice centres operating in the City. She reported that these agencies assisted residents with a wide variety of issues relating to housing, health, and employment amongst others and aimed to deliver early intervention to prevent issues such as homelessness from occurring and thereby directly reducing Council expenditure.

She went on further to explain that the advice centres were run by paid staff, who were at risk of losing their jobs and volunteers who worked long hours and who were committed to helping individuals and families in desperate circumstances.

**COUNCIL**  
**23.02.17**

She noted that following closure of the Welfare Rights Service in March 2016 and the significant changes to Legal Aid introduced in 2013, both the Gloucester Law Centre and Citizens Advice Bureau were experiencing higher than ever demand and worked hard to improve the lives of City's residents. She concluded by reporting that the petition had attracted widespread support and garnered a higher response rate than that of the Council's budget consultation within a short space of time. She acknowledged that the City Council were facing significant financial challenges but expressed hope that the proposed funding cuts to the advice centres were reconsidered.

- 66.2 The Cabinet Member for Communities and Neighbourhoods (Councillor Jennie Watkins) thanked Mrs Mills and other representatives from the advice centres for attending the meeting. She proposed to respond to the petition during the debate on the 2017/18 Budget Proposals.

**67. ANNOUNCEMENTS**

**The Mayor**

- 67.1 The Mayor reminded Members of the following events:

24th March 17- Tea party at Gloucester Guildhall in aid of Alabare Christian Care and Support.

26th March 2017- Salvation Army Charity Concert in aid of Longfield Hospice at Home at 150 Eastgate Street.

21st April 2017- Mayor's Charity Ball at Imjin Barracks, Innsworth, for which electronic invites had been sent out to all Councillors.

**68. MONEY PLAN 2017-22 & BUDGET PROPOSALS 2017/18**

- 68.1 Council considered the report of the Leader of the Council and Cabinet Member for Performance and Resources (Councillor Norman) which sought approval for the 2017-22 Money Plan & the 2017/18 Budget Proposals.

Councillor James moved the recommendations set out in the report, thanking The Head of Finance and officers within the Finance team for their contribution in developing the proposals. He requested that the vote on the item be recorded and was supported by a further four members of the Conservative Group.

Councillor James highlighted key areas of the report, advising that maximising on shared service opportunities and the efforts of partners had contributed to significant savings targets. He reported that Council had made representations to the appropriate authority following the proposed revisions to the New Homes Bonus Scheme. He noted the movement to localise business rates but advised that as this income was not guaranteed it had not been included within the base budget.

**COUNCIL**  
**23.02.17**

Referring to the Together Gloucester project, Councillor James thanked officers from across the Council who had come together to develop the proposal that were currently out for consultation. He reported that it was the aim of the organisation to reduce the number of compulsory redundancies, noting that 30 posts within the Council were currently vacant. He stated that following the implementation of the proposals, the organisation would be required to adapt and work flexibly to meet the Council's priorities and warned that the organisation could not expect to continue to operate and carry out all the functions it had done so previously.

Councillor James acknowledged the difficult decisions taken in relation to the voluntary and grants sector, encouraging these groups to embrace new ways of working and accessing alternative funding streams such as the Gloucester Lottery.

Councillor James reported that the proposals intended to raise the charges for the garden waste collection service and car parking within the City Centre. He noted that this was the first increase in the garden waste collection since the scheme's inception in 2011 and the car parking tariff would continue to remain below the rates set by the Labour administration in 2004. He went on further to report that the proposals included a rise in Council Tax by £5.00 a year for a band D property, which represented a 2.7% increase.

Concluding with a summary on the proposals of finances related to capital programmes, Councillor James explained that projects such as the Bus Station, Black Dog Way and Barbican Car Parks were funded jointly through City Council and central government financing and expressed hope that support from central government would continue. He noted the increase in ear-marked reserves and stressed the importance of taking financially prudent and potentially difficult decisions within the challenging economic environment.

- 68.2 Councillor Norman seconded the motion, reporting that the Local Government Finance Settlement grant faced unprecedented reduction in formula grant. He reported that the £255,000 increase following the pension triennial actuarial valuation and the 1% pay award together contributed to an additional £400,000 budgetary pressure when taking into account market inflation.

Councillor Norman stressed the importance of embodying change including alternative options for interaction with clients, stating that his portfolio of services would be leading on channel shift strategy and implementation.

Councillor Norman welcomed the responses received as part of the budget consultation which identified services that were most valued by residents of the City. He confirmed that business rates growth had not been included within the base budget, due to the future uncertainties regarding this income stream. He stated that whilst the proposals contained difficult decisions, the administration had developed a measured budget that would help the Council accommodate the changing nature of local government.

- 68.3 Councillor Haigh reported that the outlook for local government continued to remain bleak, as the austerity programme began by Conservative administration continued to be pushed forward. She argued that investment in public services promoted local economies and assisted those most in need.

**COUNCIL**  
**23.02.17**

Referring to the Together Gloucester proposals, she explained that the Labour Group opposed the project in principle but had submitted detailed amendments as part of the consultation process. She argued that the proposals were very vague and provided little detail on how the organisation were expected to change and which aspect of work would no longer be carried out.

She went on further to say that alternative methods of communication were inaccessible to current users of the service and were unlikely to be implemented within the required timescale. She stated that the Together Gloucester project lacked innovation and expressed disappointment that opportunities to promote shared service working arrangements had not been explored further, despite a memorandum of understanding with Gloucestershire County Council being in place. Councillor Haigh noting the additional budget pressures in 2019 and beyond, questioned where savings were expected to be made. She concluded by reporting that the Labour Group intended to present a series of amendments as an alternative to the budget proposals put forward by the administration.

- 68.4 Councillor Hilton expressed his disappointment at the budget proposals, stating that the programme of perpetual austerity contributed to the continual diminishing of services. He noted that staff were anxious of the intended 60 job losses and the loss of specialisms. He expressed concern that officers would be unable to complete projects due to high workload levels. Commenting on the Leader of the Council's meeting with the Minister of Local Government on the final budget settlement, he remarked that this should have taken place before the settlement was announced to exert real influence.

Noting the reduction in the funding to advice centres, increase in garden waste charges and the loss of working hours as a result of the job losses, he questioned whether the Council had appropriate resources to deliver the services residents required.

- 68.5 Councillor Haigh, seconded by Councillor Pullen proposed the following amendment:

“Council notes the Budget proposals and reports before it. Council further notes that this Authority has been subjected to the 7th greatest cut of any District Council in England. This Council agrees that these cuts are excessive and that the further reduction in funding projected in the money plan will risk the viability of the Council.

Council notes that £354k that we had originally expected to receive in New Home Bonus has been taken from us and given to the County Council for social care. Council notes that the gap in funding for social care in the County is in excess of £10m and that this measure is unfair and will not solve the crisis. This Council believes that the Government should have found new money for this but that it has chosen to damage service to residents.

Council notes that £1m of the savings required are made within a ‘transformation’ project, Together Gloucester. These savings are assumed and the reorganisation itself is the purview of the Managing Director. Council is concerned that front line

**COUNCIL**  
**23.02.17**

services will be damaged and that the work of the Council in making our City a safe, healthy and growing place will be damaged.

Nonetheless, in the face of these cuts Council agrees that we should prioritise the things we and our residents value and depend on. Council therefore resolves to amend the budget in the following ways:

1. Move the Tourist Information Centre to the Museum of Gloucester – saving £25K
2. End the management agreement with Marketing Gloucester and bring the service in house making an additional saving of £59k
3. Reduce the size of the Cabinet by 2, saving £20k
4. Stipulate that £46K of the surplus from the Business rates pool be allocated to the Voluntary Sector grants budget.
5. Delete the saving for replacement wheelie bins cost £5k and reinstate the free replacement service.
6. Delete the savings in the Voluntary Sector Grants budget – cost £145k

These measures sit within the money plan as proposed by the administration and have no financial impact on residents.”

- 68.6 Councillor Haigh reported that the alternative budget proposals put forward by the Labour Group aimed to develop a more measured budget that removed damaging cuts to essential services and which did not have negative cost implications for the Money Plan 2017-2022, referred to in appendix 1 of the report.

She explained that relocating the Tourist Information Centre (TIC) to the Museum of Gloucester would not only drive footfall to the venue but additionally reduce overheads, noting that the original intention to move the TIC to 26 Westgate Street had been superseded by the relocation of the Gloucester Antiques Centre to this location, which was now trading successfully.

Referring to the Marketing Gloucester Limited (MGL), Councillor Haigh commented that bringing this function in-house would resolve long standing governance issues, save management fee costs and combine regeneration, tourism and culture into one holistic service. She went on further to explain that a reduction in the Cabinet Members would mirror the reducing size of the organisation.

Councillor Haigh noted the 46K surplus generated from the Business Rates pool and proposed that this income be allocated the voluntary sector grants budget to support those most vulnerable. She remarked that the replacement waste container charge was cumbersome and resulted in very little savings and encouraged Members to support its deletion from the proposals.

- 68.7 Councillor Pullen expressed concern that funding for voluntary sector grants was being substituted by the Gloucester Lottery, noting that the Cabinet Member for Communities and Neighbourhoods (Councillor Jennie Watkins) had provided assurance that this would not be the case. He supported Councillor Haigh’s comment on the advice centres, stating that the Gloucester Law Centre and Citizens Advice Bureau saved approximately 300 families from eviction and thereby saving the Council significant social and housing related costs.

**COUNCIL**  
**23.02.17**

- 68.8 Councillor James did not accept the amendment.
- 68.9 Referring to parts 1 and 2 of the amendment, the Cabinet Member for Culture and Leisure (Councillor Noakes) reported that the Together Gloucester project would transform Council services, including the Museums and TIC Service. She welcomed the successes of MGL, including the SOMAC Festival, Tall Ships Festival and Beatrix Potter Trail. She noted that the City had seen a substantial increase in visitor numbers in the summer of 2015 and South West Research had provided independent data that demonstrated this increase. She stated that reduction in the MGL funding grant would mean that the company would be required creatively to attract external sponsorship.
- 68.10 Councillor Fearn expressed disappointment with the intended cuts to the advice centres. She welcomed the support and assistance that the advice centres provided to those in need and in particular to those individuals with high levels of personal debt. She reported that the Citizens Advice Bureau had successfully managed to write off approximately £4 million of their customers' debt. She conveyed concern that halving the funding for these centres would force a reduction in operational hours.
- 68.11 Councillor James advised that the administration was unable to accept the amendments as they all required detailed consideration and impact analysis. He noted that costs associated with relocation of the TIC had not been included within the figures presented by the Labour Group and reported that the size of the City Council's Cabinet was comparable to many other local authorities of a similar size. Referring to growth related to the Business Rates Pool, Councillor James advised that partners within the pool had agreed to earmark any surplus for regeneration purposes and noted that any alternative uses of these funds would need to be agreed by all partners within the pool. He went on further to say that the replacement charge for waste containers was intended as a deterrent to individuals who abused the current system and stated that when developing the budget proposals it was only fair that all areas of the Council were considered and contributed towards the savings target.
- 68.12 Councillor Hilton stated his opposition to the amendment. He explained that whilst he was in favour of the deletion of the budget cuts to the voluntary and community sector and the replacement waste container charge, he was unable to accept the others, as they required more detailed analysis and consideration of long term impact.
- 68.13 Councillor Watkins expressed support for the advice centres operating in the City and pledged continual support for users of the service. She commented that the voluntary and grants sector had been sheltered from budget reductions in previous years but acknowledged that this could not continue and that all areas of the Council were required to contribute to the savings target. She noted that responses from the budget consultation had ranked community development (including grant support) as one of the least important areas of the Council, remarking that the Council had a duty to all residents to ensure taxpayers' money was being spent wisely.

**COUNCIL**  
**23.02.17**

- 68.14 Councillor Coole encouraged Members to reject the proposals, reporting that the voluntary and grants sector had experienced significant and consistent funding cuts over previous years. He queried whether it was fair to expect the City's most vulnerable and in need residents to experience the impact of the cuts.
- 68.15 Councillor Cook advised Members that the charge for replacement waste containers was to encourage residents to take responsibility for the containers and deter individuals from damaging these at the Council's expense.
- 68.16 Councillor Lugg expressed scepticism at the effectiveness of the policy, stating that it was unlikely that residents intentionally damaged their containers.
- 68.17 Councillor Haigh, with support from four members of the Labour Group, requested a recorded vote, the results of which were as follows:

<b>For</b>	<b>Against</b>	<b>Abstaining</b>
Hampson	James	Hilton
Haigh	Watkins	Wilson
Lugg	Cook	D. Brown
Bhaimia	Noakes	Brazil
Pullen	D. Norman	J. Brown
Coole	Organ	Hyman
Fearn	Gravells	Ryall
Smith	Tracey	
	Hanman	
	Lewis	
	Morgan	
	Williams	
	Dee	
	Taylor	
	Patel	
	Toleman	
	H. Norman	
	Pearsall	
	Finnegan	
	Hawthorne	
	Melvin	
<b>(8)</b>	<b>(21)</b>	<b>(7)</b>

68.18 The amendment was lost.

68.19 Councillor Haigh, seconded by Councillor Fearn proposed the following amendment:

“This Council resolves to move the Tourist Information Centre to the Museum of Gloucester – saving £25K and to adjust the money plan accordingly.”



**COUNCIL**  
**23.02.17**

- 68.20 Councillor Haigh commented that the relocation of the award winning Tourist Information Centre (TIC) to the City Museum would raise footfall at the City Museum and reduce operating costs. She noted that the City Museum was in close proximity to the gate streets and within walking distance to the bus and train stations.
- 68.21 Councillor Fearn advised Members that she had previously worked at the TIC and stated that most users of the service specifically located the venue and were likely to continue to seek out the venue were relocated elsewhere.
- 68.22 Councillor James did not accept the amendment.
- 68.23 The amendment was put to the vote and was lost.
- 68.24 Councillor Stephens, seconded by Councillor Pullen proposed the following amendment:
- “This Council resolves to end the management agreement with Marketing Gloucester and bring the service in house making an additional saving of £59k and to adjust the money plan accordingly.”
- 68.25 Councillor Stephens stated that an audit of Marketing Gloucester Limited (MGL) had resulted in the lowest assurance level that could be provided and had been unable to evidence value for money. He reported that a further follow up audit of MGL was scheduled for March 2017 and queried how a decision of the funding on MGL could be determined without the results of the follow up audit being available.
- 68.26 Councillor Watkins did not accept the amendment.
- 68.27 Councillor Wilson expressed sympathy with Councillor Stephens’ comments, noting that during his time as Chair of the Audit and Governance Committee he had requested an audit of MGL due to concerns regarding governance arrangements. He explained that he was unwilling to support such an amendment until the results of the follow up audit had been considered.
- 68.28 Councillor Patel noted that MGL had helped to increase visitors to the City and worked hard to increase the City’s cultural offer.
- 68.29 Councillor Williams welcomed the key role that that MGL had played in the relocation of the Gloucester Antiques Centre from the Quays to 26 Westgate Street.
- 68.30 Councillor Pullen explained that no amendment to the events budget was being considered, acknowledging that events staff employed by MGL were extremely talented and could be potentially be employed directly by the City Council.
- 68.31 The amendment was put to the vote and was lost.
- 68.32 Councillor Smith, seconded by Councillor Lugg, proposed the following amendment:

**COUNCIL**  
**23.02.17**

“That this Council resolves to reduce the size of the Cabinet by 2, saving £20K and to adjust the money plan accordingly.”

68.33 Councillor Smith noted that the Together Gloucester restructure proposed four Heads of Service and reported that reducing the size of the Council’s Cabinet would demonstrate the administration’s support of the staff and contribute to the savings target.

68.34 Councillor James did not accept the amendment.

68.35 The amendment was put to the vote and was lost.

68.36 Councillor Haigh, seconded by Councillor Coole, proposed the following amendment:

“This Council resolves to stipulate that £46K of the surplus from the Business rates pool be allocated to the Voluntary Sector grants budget and to adjust the money plan accordingly.”

68.37 The amendment was put to the vote and was lost.

68.38 Councillor Lugg, seconded by Councillor Coole, proposed the following amendment:

“This Council resolves to delete the saving for replacement wheelie bins cost £5k and reinstate the free replacement service and to adjust the money plan accordingly.”

68.39 Councillor Lugg remarked that the charge was likely to increase the administrative strain on officers within the Council and increase the likelihood in fly tipping and thereby overall costs to the Council.

68.40 Councillor James did not accept the amendment.

68.41 The amendment was put to the vote and was lost.

68.42 Councillor Pullen, seconded by Councillor Fearn, proposed the following amendment:

“This Council resolve to stipulate that £90k of the surplus from the business rates pool and £55K from the General Fund Balance be allocated to Voluntary sector grants, deleting savings to the advice services and the rest to the grants funding at a cost of £145k and to adjust the money plan accordingly.”

68.43 The amendment was put to the vote and was lost.

68.44 Councillor Wilson, seconded by Councillor Hilton, proposed the following amendments:

“

“1. That the annual Garden Waste Charge which currently stands at £36 per year be frozen at this rate for 2017/2018 and

**COUNCIL**  
**23.02.17**

2. Payments to both the Gloucester Citizens Advice Bureau and Gloucester Law Centre under the current SLAs to remain unchanged from the payments made in 2016/2017.

These amendments will be financed by reducing the proposed increase of £174k to the general fund in 2017/2018.”

- 68.45 Councillor Wilson accepted the challenging financial situation commenting that the garden waste scheme was advertised as being cost neutral at its inception. He expressed concern at the cuts proposed to the voluntary and grants sector noting the additional strain that would place on these services. He explained the general fund balance reserves proposed in the Money Plan were above those that were considered prudent and this surplus could be utilised to fund the proposals outlined in the amendment. He commented that it was still the intention to retain general fund reserves and continue to keep these at the level they were currently operating.
- 68.46 Councillor James did not accept the amendment.
- 68.47 Councillor Cook reported that there had been no increase in the costs of the garden waste scheme since its inception and continued to represent excellent value for money. He explained that the income generated would be re-invested into the street cleansing service.
- 68.48 Councillor Watkins noted concerns raised by Councillor Wilson regarding the voluntary and grants sector and reported that the City Council were continuing to engage in discussions regarding suitable alternative locations for these services as a commitment of ongoing support.
- 68.49 Councillor Hilton commented that the amendment represented an affordable and sustainable budget. He reported that the City Council were proposing general fund balance reserves above those that were required.
- 68.50 Councillor James commented that due to uncertainties regarding the future of the New Homes Bonus Scheme, it was prudent to retain General Fund reserves to guard against any further reduction in formula grant.
- 68.51 The following amendment was put to the vote and names recorded at the request of Councillor Wilson and supported by a further four members of the Liberal Democrat Group:  
“That the annual Garden Waste Charge which currently stands at £36 per year be frozen at this rate for 2017/2018.”

**For**  
Hampson  
Haigh  
Hilton  
Stephens  
Lugg  
Wilson

**Against**  
James  
Watkins  
Cook  
Noakes  
D. Norman  
Organ

**COUNCIL  
23.02.17**

Bhaimia  
D. Brown  
Pullen  
Brazil  
J. Brown  
Coole  
Fearn  
Hyman  
Ryall  
Smith

**(16)**

Gravells  
Tracey  
Hanman  
Lewis  
Morgan  
Williams  
Dee  
Taylor  
Patel  
Toleman  
H. Norman  
Pearsall  
Finnegan  
Hawthorne  
Melvin

**(21)**

68.51 The amendment was lost.

68.52 The following amendment was put to the vote and names recorded at the request of Councillor Wilson and supported by a further four members of the Liberal Democrat Group:

“Payments to both the Gloucester Citizens Advice Bureau and Gloucester Law Centre under the current SLAs to remain unchanged from the payments made in 2016/2017.”

**For**

Hampson  
Haigh  
Hilton  
Lugg  
Wilson  
Bhaimia  
D. Brown  
Pullen  
Brazil  
J. Brown  
Coole  
Fearn  
Hyman  
Ryall  
Smith

**(15)**

**Against**

James  
Watkins  
Cook  
Noakes  
D. Norman  
Organ  
Gravells  
Tracey  
Hanman  
Lewis  
Morgan  
Williams  
Dee  
Taylor  
Patel  
Toleman  
H. Norman  
Pearsall  
Brazil  
Finnegan  
Hawthorne

**(21)**

**COUNCIL**  
**23.02.17**

68.53 The amendment was lost.

68.54 Councillor Watkins noted the opposition to the proposed funding reduction to the voluntary and grants sector. She emphasised her continued support commenting that she had utilised services they offered at various times in her life. She advised that she would be requesting Councillor Hilton to write to the Leader of Cheltenham Borough Council to confirm their funding arrangements with advice centres such as Citizens Advice Bureau.

68.55 Councillor Haigh expressed concern regarding the size of the workforce following the Together Gloucester organisational change. She noted there were many uncertainties regarding the expected changes that both Members and residents were expected to make.

68.56 Councillor Stephens reported that the significant reduction in local government funding and the proposed annual increase in council tax meant that residents were having to pay more for fewer services. He encouraged the Council to set up its own housing development company as a means of generating income.

68.57 Councillor Coole noted the lack of Member involvement and public consultation in developing the Together Gloucester proposals. He reported that himself and Councillor Haigh had undertaken some informal consultation with visitors at Herbert Warehouse reception. He explained that the data they had collated had demonstrated that 91% of respondents preferred to face to face contact and 54% of respondents were opposed to an appointment only system. He stated there no credible alternatives currently available for members of the public to engage with the Council.

68.58 Councillor Pullen expressed concern that the organisation would be unable to retain or recruit staff with the relevant experience and skills in the future. He stated that the Council employed many skilled officers who would lose their professionalisms and were expected to become multi-skilled.

68.59 Councillor Organ acknowledged the variety of professional and skilled officers the Council employed and advised that the organisational restructure provided the opportunity for staff to continue and learn and develop their skill base.

67.60 Councillor James explained that the Together Gloucester project provided an opportunity for the organisation to transform its services in order to adapt to the changing nature of local government. He advised that the Council were currently courting interest in the Docks Warehouses and would bring a report to Cabinet when appropriate.

67.61 The motion was put to a recorded vote and was carried. The results were as follows:

<b>For</b>	<b>Against</b>
James	Hampson
Watkins	Haigh
Cook	Hilton
Noakes	Stephens
D. Norman	Lugg

**COUNCIL  
23.02.17**

Organ	Wilson
Gravells	Bhaimia
Tracey	D. Brown
Hanman	Pullen
Lewis	Brazil
Morgan	J. Brown
Williams	Coole
Dee	Fearn
Taylor	Hyman
Patel	Ryall
Toleman	Smith
H. Norman	
Pearsall	
Finnegan	
Hawthorne	
Melvin	
<b>(21)</b>	<b>(16)</b>

**67.59 RESOLVED:**

1. That the proposals for the 2017/18 budget included in this report be approved.
2. That the implementation of the target budget reductions set in the Money plan 2017/2022 be approved.
3. That it be noted that consultation has been undertaken on budget savings proposals to achieve the level of savings required in 2017/18.

**69. COUNCIL TAX SETTING 2017/18**

- 69.1 Council considered the report of the Leader of the Council recommending passing the resolution as set out in the Appendix 1 of the report relating to the setting of Council Tax.
- 69.2 Councillor James moved the recommendations as laid out in the report. In accordance with Part 4 Rule 18.05 of the Constitution and at the request of Councillors James, Watkins, D. Norman, Organ and Noakes, names were recorded as follows:

<b>For</b>	<b>Abstaining</b>
James	Hampson
Watkins	Haigh
Cook	Stephens
Noakes	Lugg
D. Norman	Bhaimia
Organ	Pullen
Hilton	Coole
Gravells	Fearn
Tracey	Smith
Hanman	

**COUNCIL  
23.02.17**

Lewis  
Morgan  
Wilson  
Williams  
D. Brown  
Dee  
Taylor  
Patel  
Toleman  
H. Norman  
Pearsall  
Brazil  
J. Brown  
Finnegan  
Hawthorne  
Hyman  
Melvin  
Ryall

**(28)**

**(9)**

69.3 The motion was carried.

69.4 **RESOLVED:** That the Council pass the statutory resolutions as set out in Appendix 1 to the report.

**70. NOTICES OF MOTION**

No Notices of Motion had been received.

**Time of commencement: 6.00 pm hours**

**Time of conclusion: 9.25 pm hours**

**Chair**

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<b>Meeting:</b>	General Purposes Committee Council	Date: 14 March 2017 23 March 2017
<b>Subject:</b>	Review of Members' Allowances 2017	
<b>Report Of:</b>	Chair of the Independent Remuneration Panel	
<b>Wards Affected:</b>	All	
<b>Key Decision:</b>	No	Budget/Policy Framework: No
<b>Contact Officer:</b>	Tanya Davies, Democratic & Electoral Services Manager	
	Email: tanya.davies@gloucester.gov.uk	Tel: 39-6125
<b>Appendices:</b>	1. Proposed Members' Allowances Scheme 2017-18 2. Green Travel Policy 3. Draft Minutes of the General Purposes Committee, 14 March 2017 (to follow)	

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

1.1 To report the recommendations of the Independent Remuneration Panel (IRP) with regard to the Council's Members' Allowances Scheme and to seek a decision on an appropriate scheme for the payment of allowances in 2017-18.

### 2.0 Recommendations

2.1 General Purposes Committee is asked to **RESOLVE TO RECOMMEND** to Council that

- (1) A Special Responsibility Allowance of 0.3 x the Basic Allowance be introduced for the Chair of General Purposes Committee with effect from 1 April 2017.
- (2) The Council's Green Travel Policy be incorporated into the Scheme of Members' Allowances 2017-18 and be applicable to Members from the date of implementation of the Policy.
- (3) The Scheme of Members' Allowances set out in Appendix 1 be approved for 2017-18.

2.2 Council is asked to **RESOLVE** that

- (1) A Special Responsibility Allowance of 0.3 x the Basic Allowance be introduced for the Chair of General Purposes Committee with effect from 1 April 2017.
- (2) The Council's Green Travel Policy be incorporated into the Scheme of Members' Allowances 2017-18 and be applicable to Members from the date of implementation of the Policy.
- (3) The Scheme of Members' Allowances set out in Appendix 1 be approved for 2017-18.

### **3.0 Background and Key Issues**

- 3.1 The allowance scheme at the Council is based on a multiplier system. The Special Responsibility Allowances (SRAs) are a multiple of the Basic Allowance (BA), which is currently £5,656 (and will increase by 1% to £5,713 from 1 April 2017 as a result of indexation to the Local Government staff pay award), and only one SRA is paid. The format of the scheme was adopted in 2015 with the aim of ensuring that the Council had in place a simple and transparent scheme that was easily understood by Members and members of the public. It is also in line with best practice and government guidance. The established approach at Gloucester City is to hold a detailed review of allowances every four years and a minor review in the intervening years.
- 3.2 In order to revise or maintain its Members' Allowances Scheme, the Council is required to have regard to the recommendations of the IRP. The statutory term of the Council's previous IRP came to an end in February 2015 and Group Leaders agreed to refresh the Panel and seek to appoint on a voluntary basis. The option of sharing an IRP with Gloucestershire County Council was explored and the County Council's Panel oversaw the 2016 minor review; however, it was subsequently decided that the City Council would recruit its own dedicated IRP. The vacancies were advertised and three individuals were subsequently appointed by the Corporate Director in January 2017 under the authority delegated by Council on 1 December 2016. The role continues to be advertised at the request of Council in order to allow, where possible, the IRP's make-up to reflect the diverse nature of the City's communities.
- 3.3 The Council's IRP currently consists of Mr Peter Jones (Chair), Mr Stewart Dove and Mr John Smith.
- 3.4 In line with the established process, this year a minor review of the scheme was due. The new IRP were mindful that all out elections took place for the first time in 2016 and that, at the same time, the number of Members increased from 36 to 39 following an electoral boundary review meaning that the new Council had been in place for less than a year. On that basis the IRP asked all Members if there were any areas of the scheme that required attention and invited to submit any other comments they had about the scheme or its operation. Separately, at the request of Council following changes to the Council's Constitution, the IRP met with the Chair of the newly created General Purposes Committee (GPC) to gather evidence to enable them to consider whether to recommend that an SRA be payable for that role.
- 3.5 18 out of 39 Members responded to the questionnaire, which represents a response rate of 46%. The IRP would like to thank those Members who took the time to respond and also to take the opportunity to strongly encourage all Members to respond to the questionnaire in future years as the responses have a significant influence on the proposals and it is important that all Members have a say in their allowances.
- 3.6 Of those Members who responded to the survey, 83% indicated that they were happy with the scheme or had no comments. However, when the IRP took into account the number of non-respondents, the percentage of all Members with no comments was 92%.
- 3.7 Three points were raised, each by one Member, and these are considered below.

## Findings of the Panel

- 3.8 One Member raised the issue of payment for Members who sit on outside bodies, particularly pointing to those which meet in the day time. The IRP noted that this matter had been raised in the past and ultimately agreed with previous Panel's that Outside Body duties were part of the role of an ordinary Councillor and that to attempt to differentiate between the level or responsibility and workload for different Outside Bodies would not only be difficult, but would set a precedent for a complicated Scheme.
- 3.9 One Member suggested that allowances should be raised annually in line with inflation. The IRP noted that the Scheme had been linked to the Local Government staff pay award for some time and that, during the detailed review in 2015, Members indicated that they were generally happy to continue that approach. It was further noted that the current indexation of allowances was easy to administer. The IRP did not consider that it was necessary to change the indexation mechanism for allowances at the present time and noted that a 1% increase would be applied to allowances from 1 April 2017 to reflect the increase awarded to staff.
- 3.10 One Member made a case that the SRA for the Chair of the Overview and Scrutiny Committee should be increased in view of the level of responsibility and workload. While the IRP take on board the arguments put forward, they consider that, given that the role is already in receipt of an SRA, 10 months is not long enough to determine whether the role has changed so significantly that it warrants a higher SRA. Additionally, it would not be prudent to revise one SRA in isolation without giving due consideration to the other roles in receipt of the same level of SRA and such an exercise would be more suitable as a part of the next detailed review of the Scheme. Therefore, the IRP is not recommending any changes to existing SRAs at the present time.
- 3.11 The Council had asked the IRP to consider amending the 2016/17 Scheme of Allowances to introduce an SRA for the Chair of GPC and for that SRA to be backdated to 23 May 2016. The IRP would like to thank the Chair of GPC for meeting with them and providing an essential insight into the purpose of this new committee and the role of Chair. The IRP considered the comments made in respect of the workload of the committee, which both the post holder and the IRP agreed was considerably lighter than that of other committees of the Council, due in part to the fact that it was a newly created committee. The IRP considered that it was not unreasonable for a new committee's workload to be light from the outset as its remit became fully established. In light of this, the IRP felt that there was limited evidence to justify any adjustment to the 2016/17 Scheme.
- 3.12 In view of the evidence provided by the Chair of GPC that the committee is now fully established and understood within the Council, the IRP does not hesitate in recommending that a new SRA forms part of the 2017/18 Scheme which comes into effect from 1 April 2017. The IRP agreed that an SRA of 0.3 x the Basic Allowance would appropriately reflect the additional duties and responsibilities of the role.

**Recommendation: A Special Responsibility Allowance of 0.3 x the Basic Allowance be introduced for the Chair of General Purposes Committee with effect from 1 April 2017.**

## **Green Travel Policy**

- 3.13 The IRP were made aware that the Council was considering the introduction of a Green Travel Policy for staff and that a report would be considered by the Cabinet on 8 March 2017. The report recommends that the IRP be asked to consider incorporating the Green Travel Policy in to the Scheme of Members' Allowances for 2017-18 so that upon implementation of the Policy, it will immediately apply to Members.
- 3.14 Allowances for travel costs incurred by Members are governed by the Scheme of Members' Allowances and the Scheme currently states that, where Members incur travel costs in the undertaking of Approved Duties under the Scheme, they be reimbursed at the same rate as for staff and the Scheme states the current rates. The Scheme makes no suggestions about recommended methods of travel, except to say that rail travel must be booked in advance through the Democratic and Electoral Services Team; claims for mileage are submitted after journeys have been undertaken.
- 3.15 The IRP understands that the purpose of the Green Travel Policy is to ensure that, other than by exception in special circumstances, staff travel in the most cost effective and environmentally sustainable manner as identified by an online travel booking system, by stipulating that any travel costs incurred will only be reimbursed if the Policy is adhered to. In practical terms it is proposed that travel arrangements for Members be made via the Democratic and Electoral Services Team, or, in the case of Cabinet Members, the Corporate Support Team.
- 3.16 The IRP considers that the Council would secure even more financial and environmental benefits if the Policy applied to Members and therefore recommends that the Policy be incorporated into the Scheme of Members Allowances 2017-18 and be applicable to Members from the date of implementation of the Policy.

**Recommendation: That the Council's Green Travel Policy be incorporated into the Scheme of Members' Allowances 2017-18 and be applicable to Members from the date of implementation of the Policy.**

## **Parish Councillor Allowances**

- 3.17 The Panel acts as the Parish Members' Allowances Panel for Quedgeley Parish Council (QPC), making recommendations to the Parish Council as it does to the City Council. QPC must have regard to the Panel's recommendations, but are ultimately entitled to agree their own scheme.
- 3.18 QPC did not adopt an increase in 2015 when the Council increased its Basic Allowance. It subsequently approved a 2.2% increase in 2016 resulting in Members of QPC being paid £402.41 (7.1% of the City Council Basic Allowance) and the Chair of QPC being paid £804.82 (14.2% of the City Council Basic Allowance).
- 3.19 The IRP did not specifically consider changes to the allowances scheme for Quedgeley Parish Councillors as part of the minor review.

## **4.0 Alternative Options Considered**

- 4.1 The Council is required to set a Scheme of Allowances each year, and in approving a Scheme Members must have regard to the recommendations of the IRP.

## **5.0 Reasons for Recommendations**

5.1 When agreeing a Members' Allowances Scheme, the Council is required to have regard to the recommendations of the IRP. The recommendations in this report represent the views of the Council's appointed IRP in light of the evidence reviewed.

## **6.0 Future Work and Conclusions**

6.1 Should the Panel's recommendations be agreed by the Council, the Scheme set out in Appendix 1 will apply for one year with effect from 1<sup>st</sup> April 2017.

## **7.0 Financial Implications**

7.1 Based on the appointments made at Annual Council in May 2016 the actual cost of the scheme from 1 April 2017 is estimated to be £323,070 plus an additional £1,714 for the SRA for the Chair of General Purposes Committee, but is subject to variation following appointments at Annual Council in May 2017. This does not include any travelling, subsistence or carers' costs.

7.3 The estimated costs were provided for in the 2017-22 Money Plan approved by Council in February 2017, which included provision for the increase in line with any staff pay award. The cost of the additional SRA will be met from agreed budgets.

(Financial Services have been consulted in the preparation this report.)

## **8.0 Legal Implications**

8.1 The City Council is required to maintain an independent panel which makes recommendations to Council on the matter of Members' allowances. It is good practice to conduct an annual review.

(One Legal have been consulted in the preparation this report.)

## **9.0 Risk & Opportunity Management Implications**

9.1 The Panel are satisfied that their recommendations do not present any risk to the Council.

## **10.0 People Impact Assessment (PIA):**

10.1 The Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **11.0 Other Corporate Implications**

### Community Safety

11.1 There are no community safety implications arising directly from this report.

### Sustainability

- 11.2 Application of the Green Travel Policy to Members will bring additional environmental benefits by ensuring that Members travel in the most environmentally sustainable manner.

### Staffing & Trade Union

- 11.3 There are no staffing or trade union implications arising directly from this report.

**Background Documents:** None

# GLOUCESTER CITY COUNCIL

## MEMBERS' ALLOWANCES SCHEME

The Gloucester City Council, in exercise of the powers conferred by the Local Authorities (Members' Allowances) Regulations 2003, hereby makes the following Scheme:

### 1. Citation

- 1.1 This scheme may be cited as the Gloucester City Council Members' Allowances Scheme and shall have effect on and from 1 April 2017 until the scheme is amended or a new scheme is adopted.

### 2. Interpretation

- 2.1 In this Scheme,

'the Council' means the Gloucester City Council;

'Councillor' means a Member of Gloucester City Council who is a Councillor.

'co-opted member' means a member of a committee or sub-committee of the Council who is not a member of the authority.

'year' means a period beginning 1 April and ending on 31 March.

### 3. Basic Allowance

- 3.1 Subject to paragraphs 9 and 10, for each year a Basic Allowance of £5,713.00<sup>1</sup> shall be paid to each Councillor.

- 3.2 All incidental costs incurred by a Councillor in the performance of their duties are to be covered by the Basic Allowance unless they are claimable elsewhere under this Scheme. This includes, but is not limited to, stationery and other office supplies, printer cartridges and any telephone costs incurred from the use of a private telephone.

- 3.3 The printing of business cards and headed paper are excluded from paragraph 3.2 above and will be provided on request.

- 3.4 The Council will offer and provide Councillors with the necessary IT equipment required to perform the role. The details of this provision are the subject of a separate policy.

### 4. Special Responsibility Allowances

- 4.1 For each year a Special Responsibility Allowance shall be paid to those Councillors who hold the special responsibilities in relation to the Council that are specified in Schedule 1 to this Scheme.

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<sup>1</sup> From 1<sup>st</sup> April 2017 a 1% increase is applied to the Basic Allowance in line with the Local Government Pay Award taking Basic Allowance from £5,656 to £5,713.00

- 4.2 Subject to paragraphs 10 and 15, the amount of each such allowance shall be the amount specified against that special responsibility in that Schedule.
- 4.3 Where a Councillor holds more than one position of responsibility, only one Special Responsibility Allowance shall be paid, such an allowance being the higher or the highest of the relevant allowances.

## **5. Attendance at meetings**

- 5.1 If a Councillor does not attend at least two-thirds of the total number of scheduled meetings of the Council, or of the Cabinet, or of Committees of which he/she is a Member, the Councillor concerned should be invited to pay back an appropriate percentage of his/her Basic Allowance up to a maximum of 25% of the Basic Allowance.
- 5.2 If a Member is absent from Council business for more than one continuous month (other than on illness grounds) the Member concerned should be invited to pay back a sum equivalent to the amount of Basic and Special Responsibility Allowances paid for any single period of absence which exceeds one month.
- 5.3 For periods of long term absences due to illness the Council should review its position on a case by case basis.
- 5.4 Paragraph 5.1 does not apply to the Mayor or Sheriff/Deputy Mayor holding Civic Office during the year in question.

## **6. Attendance Allowances**

- 6.1 No attendance allowance shall be payable.

## **7. Pensions**

- 7.1 Councillors are not eligible to join the Local Government Pension Scheme.

## **8. Travel, Subsistence and Dependants' Carers Allowances**

- 8.1 Travel, Subsistence and Dependants' Carers Allowances shall be paid to Councillors in accordance with Schedule 2 to this Scheme.

## **9. Renunciation**

- 9.1 A Councillor may, by notice in writing given to the Democratic and Electoral Services Manager elect to forego any part of his/her entitlement to an allowance under this Scheme.

## **10. Part Year Entitlements**

- 10.1 If the Term of Office or duties undertaken by a Councillor begin or end part way through a financial year, or amendment of the Scheme during the financial year changes the amount to which a Councillor is entitled, then calculation of the allowance payable shall be on a pro-rata basis having regard to the proportion that the Term of Office, period of duty or relevant



periods of the Scheme bear to the month in the financial year in which they occur based on the number of days in that month.

## **11. Withholding of allowances**

11.1 Where payment of any allowance is due or has already been made in respect of any period during which the member concerned is

(a) suspended or partially suspended from his/her responsibilities or duties as a member of the authority in accordance with Part III of the Local Government Act 2000, or regulations made under that Part; or

(b) ceases to be a member of the authority; or

(c) is in any other way not entitled to receive the allowance in respect of that period, the authority may withhold the payment of an allowance for that period or, as the case may be, require that such part of the allowance already paid as relates to any such period be repaid to the authority.

## **12. Overpayment**

12.1 If a Councillor is paid any allowance under this scheme with respect to any period and it subsequently becomes apparent that the Councillor was not entitled to that payment for that period for any reason then the Council may recover the overpayment from that Councillor.

## **13. Annual Adjustment of Allowances**

13.1 This scheme makes provision for an annual adjustment of allowances indexed to the Local Government staff pay award.

## **14. Co-optees**

14.1 Co-opted members will not receive an allowance but will be fully reimbursed for any travel expenses incurred in attending meetings.

## **15. Membership of more than one authority**

15.1 Where a Councillor is also a member of another authority that Councillor shall ensure that he/she does not receive allowances from more than one authority in respect of the same duties.

## **16. Claims and Payments**

16.1 Payments shall normally be made by bank transfer:

(a) in respect of Basic and Special Responsibility Allowances, subject to paragraph 15.2, in instalments of 1/12<sup>th</sup> of the amounts specified in this Scheme on the 27<sup>th</sup> day of each month (or the last working day before that day if it is not a working day) and for which Councillors will not be required to submit a claim.

(b) in respect of Travel, Subsistence and Dependents' Carers allowances, on the 27<sup>th</sup> day of each month (or the last working day before that day if it is

not a working day) where the claim is received by the Democratic and Electoral Services Manager by not later than the 1<sup>st</sup> day of that month.

- 16.2 Where a payment of 1/12<sup>th</sup> of the amount specified in this Scheme in respect of a Basic or Special Responsibility Allowance would result in the Councillor receiving more or less than the amount to which, by virtue of paragraph 10, he or she is entitled, the payment shall be restricted to such amount as will ensure that no more or less is paid than the amount to which he or she is entitled.
- 16.3 Claims for Travel, Subsistence and Dependents' Carers allowances must be submitted on the appropriate form within six months of the date in respect of which the claim is being made. The payment of any claims not meeting this deadline will be at the discretion of the Head of Paid Service.

**SCHEDULE 1**  
**Special Responsibility Allowances**

The following are specified as the special responsibilities in respect of which Special Responsibility Allowances are payable, and the amounts of those allowances:

<b>Responsibility</b>	<b>Multiplier of BA</b>	<b>SRA £pa</b>
Leader of the Council	3.5	19,996
Deputy Leader of the Council	2.25	12,854
<b><i>Cabinet Members</i></b>		
Communities and Neighbourhoods	1.75	9,998
Culture and Leisure	1.75	9,998
Environment	1.75	9,998
Housing and Planning	1.75	9,998
Performance and Resources	1.75	9,998
Regeneration and Economy	1.75	9,998
<b><i>Chairs of Committees</i></b>		
Planning Committee	0.8	4,570
Audit and Governance Committee	0.5	2,857
Licensing and Enforcement Committee	0.5	2,857
Overview and Scrutiny Committee	0.5	2,857
General Purposes Committee	0.3	1,714
<b><i>Deputy Chairs of Committees</i></b>		
Planning Committee	0.2	1,143
<b><i>Other positions of additional responsibility</i></b>		
Minority Group Leader	1	5,713
Minority Group Deputy Leader	0.25	1,428
Mayor	0.6	3,423
Sheriff and Deputy Mayor	0.2	1,143

**Notes:**

1. Where a Councillor holds more than one position of responsibility, only one Special Responsibility Allowance shall be paid, such an allowance being the higher or the highest of the relevant allowances.
2. A maximum of two Minority Group Leaders and two Minority Group Deputy Leaders are payable under the Scheme. An amendment to the Scheme may be required in the event of there being more than two Minority Groups.

## **SCHEDULE 2**

### **Approved Duties**

The following are deemed to be approved duties for the purposes of claiming travel, subsistence and dependants' carers allowances. Travel and subsistence expenses will only be paid where the duties necessitate travel beyond the Gloucester City Council boundaries and where the Council's Green Travel Policy has been adhered to<sup>2</sup>:

- (a) Attendance, by right of membership or express invitation, at meetings of the Council, Cabinet, Committees, Sub-Committees, Working Groups, Panels and Task and Finish Groups.
- (b) Attendance, by right of membership or express invitation, at meetings of any joint Committees, Sub-Committees, Working Groups, Panels, Steering Groups to which the Council has appointed.
- (c) Attendance, by right of appointment, at meetings of approved Outside Bodies.
- (d) Attendance at Member training courses facilitated by the Council.
- (e) Attendance at a meeting of any association of authorities of which the authority is a member;
- (f) Attendance at meetings, Member training courses, conferences or any other events facilitated by external bodies, provided that authorisation has been given in advance and in writing by the Head of Paid Service, in consultation with the relevant Political Group Leader, where appropriate.

Payments in respect of the above approved duties shall be paid in accordance with the following rates:

#### **A. Travel and Subsistence Allowance**

Claims for travel and subsistence allowances must be submitted to the Democratic and Electoral Services Manager either electronically or in writing on Expenses Claim Form EC5.

##### **(a) Travel Allowances**

Members intending to travel for attendance at approved duties must inform the Democratic and Electoral Services Manager (or the Corporate Support Team in the case of Cabinet Members), who will implement the Council's Green Travel Policy, identifying the most sustainable and cost effective means of travel and making the arrangements on behalf of Members. Travel allowances will only be paid to Members undertaking travel in accordance with the Green Travel Policy and the rates at which those allowances will be paid is set out below<sup>2</sup>.

##### ***Mileage allowances***

Motor mileage within the City boundaries is deemed to be covered within the Basic Allowance. Motor mileage for attendance at approved duties, as defined above, is

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<sup>2</sup> The Green Travel Policy will apply from the date of implementation of the Policy. Prior to implementation of the Policy, allowances will be paid at the rates specified for all Approved Duties necessitate travel beyond the Gloucester City Council boundaries.

payable where the duties necessitate travel beyond the Gloucester City Council boundaries only.

Full addresses must be provided for all starting locations and destinations. Distances will be checked against the quickest route identified by AA Route Planner and any discrepancies will be raised with the Councillor so that details of the actual route taken can be recorded and reimbursed.

Mileage rates will be paid in accordance with the rates paid to staff and will increase or decrease in line with any changes agreed in the staff rates. The current rates are:

Use of private motor vehicle	50p per mile
Use of bicycle	£16 flat rate per month or 15p per mile

### ***Public Transport and Parking***

Bus travel                      Actual fares reimbursed. Tickets or receipts must be provided.

Rail travel                      Train tickets should be arranged in advance through Democratic and Electoral Services in order to achieve value for money and to take advantage of early booking discounts. Where, in exceptional circumstances, a Councillor must purchase their own train ticket, the amount reimbursed will not exceed the amount of an ordinary fare or any available cheap fare; first class travel will not be reimbursed. Councillors purchasing their own train tickets should provide their receipt or ticket when claiming reimbursements.

Taxi and Private Hire Vehicles      Fares will only be reimbursed if travel by taxi is required due to the urgency of the approved business or if public transport is not reasonably available. Receipts must be provided.

Toll fees, ferry, garaging and parking charges      Actual fees or charges reimbursed. Receipts must be provided.

### ***Accommodation***

If a Councillor is required to stay overnight for attendance at approved duties, they should contact Democratic and Electoral Services who, following discussion with the Councillor about their requirements, will make the necessary accommodation arrangements in order to ensure that the Council achieves value for money.

### **(b) Subsistence Allowances**

Subsistence within the City boundaries is deemed to be covered within the Basic Allowance. Subsistence for attendance at approved duties, as defined above, is payable for duties outside Gloucester City Council boundaries only. All claims for subsistence must be supported by receipts. Where claims can be made, eligibility is based on the time of day meals are taken and time away from home, as follows:

Breakfast	£6.29 (payable for absence from home of more than 4 hours before 11.00am)
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Lunch	£8.72 (payable for absence from home of more than 4 hours
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which includes the hours of 12 noon-2.00pm)

Evening Meal      £15.10 (payable for absence from home of more than 4 hours ending after 6.00pm)

## **B. Dependents' Carers Allowance**

Councillors may claim reimbursement of care expenses when a Councillor attends any of the approved duties defined in Schedule 2 to this Scheme and incurs costs for the provision of care for children and adult dependants.

When travelling away from home to an approved duty which may involve an overnight stay, care expenses may be claimed in respect of the total duration of the duty, less any period during which a dependent is cared for at no cost to the Councillor.

In order to claim the for reimbursement of care expenses, a Dependants' Care Expenses claim form must be completed and signed by both the claimant and the carer before submission to the Democratic and Electoral Services Manager.

### **(a) Childcare**

Eligible Councillors may claim for the reimbursement of actual amount paid for childcare provision, up a maximum of £7.50 per hour for a single child, or up to a total of £9.00 per hour for two or more children.

Up to a total of one hour travelling time may be added to the claim, where applicable, to enable the Councillor to travel to and from meetings, provided the child/children remain with the carer for the duration.

Childcare costs may be claimed for children aged 15 or under and for or any new claims, evidence of eligibility must be provided e.g. birth certificate. The child must normally live with the claimant as part of the family.

A carer can be any responsible mature person who does not normally live with the claimant as part of the family, but should not be a parent. The claimant bears sole responsibility for making appropriate care arrangements.

### **(b) Dependant Care**

Eligible Councillors may claim for the reimbursement of actual amount paid for care provision, up to a maximum of £9.00.

Up to a total of one hour travelling time may be added to the claim, where applicable, to enable the Councillor to travel to and from meetings, provided the child/children remain with the carer for the duration.

Dependant care costs may be claimed for children with severe disabilities and dependent adult relatives living in the Councillor's home and for whom the Councillor is directly responsible.

A carer can be any responsible mature person who does not normally live with the claimant as part of the family. The claimant bears sole responsibility for making appropriate care arrangements.

## Introduction

This form is to be completed by the employee claiming mileage and expenses. Once this form has been completed, and has been approved by an authorised signatory, please send directly to PST. If this form is submitted incomplete or with errors, it will be returned at a risk of non payment. Please contact PST on 01452 396230 for any additional support on completion if required.

## Section A - Employee Details

Name		Service	
Personnel Number		Month and Year	
Post Centre (If not standard)			

## Section B - Mileage

Date	Details of journey	Business/Training Miles	Cycle Miles	Motorcycle Miles
<b>Total</b>				

Page 40



## Section C - Expenses

Date	Details of journey	With VAT					Without VAT					
		Accom Allowance	Misc Expenses	Subsist	Phone/Calls	Travelling Expenses	Accom Allowance	Misc Expenses	Subsist	Phone/Calls	Travelling Expenses	Med Cert
<b>Total</b>												

Page 41

## Section D - Approval

Claimant Name		Service/Department	
Signature		Date	
Approver Name		Service/Department	
Signature		Date Approved	
Checked by PSST - Initials and Date		Initials:	Date:

Data Protection Act. The information you give us will be used for employee payments and related purposes. It may also be used for management information and statistics. We may need to provide some details to other organisations for legal reasons. All your information is treated with respect and in accordance with the Data Protection Act 1998. If you would like more information please contact HR.

For BSC use Only:		Input By:		Date:	
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**GLOUCESTER CITY COUNCIL  
DEPENDANTS' CARE EXPENSES CLAIM FORM**

**DETAILS OF CLAIMANT**

Councillor.....  
 Address.....  
 .....Postcode.....

**DETAILS OF DEPENDANT**

Name.....DOB.....  
 Relationship to Councillor making claim.....

**DETAILS OF CARE PROVIDED**

Date	Time	Approved Duty
.....	.....to.....	.....
.....	.....to.....	.....
.....	.....to.....	.....
.....	.....to.....	.....
.....	.....to.....	.....

Total number of hours care provided .....  
 Amount charged per hour £.....  
 Total amount paid to carer for provision of care £.....

**DECLARATION OF CARER**

I CONFIRM that I do not normally live at the same address as the person submitting this claim  
 I CERTIFY that I have received the amount stated above for providing the care on the dates and times specified above.

Name (Print).....Telephone No.....  
 Address.....  
 .....Postcode.....

Signed.....(Carer)                      Date.....

**DETAILS OF CLAIM**

Total amount claimed                      £.....

**DECLARATION OF CLAIMANT**

I CERTIFY that I have necessarily incurred expenditure on carer's expenses for the purpose of enabling me to perform approved duties as a Member of Gloucester City Council.  
 I CONFIRM that I have actually paid the amount claimed and that the amount claimed is strictly in accordance with the Scheme determined by Gloucester City Council.

Signed.....(Councillor)                      Date.....

Checked by		Date:
Authorised by		Date:

## Draft Green Travel Policy



**Gloucester City Council is committed to encouraging greener travel by its staff and Elected Members. To do so the Council endorses the following principles for greener travel supported by the provision of an online integrated business travel portal:**

- To reduce the need to travel;
- To increase awareness among staff of travel choices and their implications;
- To facilitate and promote more active modes of travel;
- To encourage staff to commute to work by walking, cycling and using public transport and reduce in particular, single occupancy car journeys;
- To encourage the use of sustainable and cost effective forms of transport on business Journeys;
- To maximise the efficiency of fleet vehicles and hire availability vehicles where these are identified as the most sustainable and cost effective form of travel
- To ensure the Travel Policy is embedded into existing corporate and departments processes reviewed on a regular basis

**The travel hierarchy upon which this Travel Policy is based is provided below:**

- Is there a need to travel – can a telephone call, tele-conference, video conference, email exchange or use of google maps (etc.) deliver the same outcome;
- Walking / cycling – the healthiest and cheapest forms of transport, negligible carbon emissions flexibility;
- Public transport – reduced carbon emissions particularly if travelling as a group but does come with issues or reliability and congestion.
- Pool Car & Hire Car – access to a clean, fully serviced and well maintained vehicle does prove popular and can reduce carbon emissions particularly where journeys are shared.
- Air Travel – sometimes the only viable option. High in carbon emissions and thus high in cost but sometimes may be cheaper in monetary terms for other long distance modes of travel.
- Private car – sometimes the only option due to need but better if a shared trip

**Every business journey you undertake will require planning and where you are considering undertaking your journey by vehicle then that will require to be pre-planned (unless exceptional circumstances) through the Council's online business travel portal**

Once you have submitted your business journey details, the portal will direct you to travel in the most sustainable and cost effective manner available and this will include, pool car and hire car. Other than by exception you will be expected to travel in the most sustainable and cost effective manner and if you choose not to do so and use your own personal car for business travel then the Council will not reimburse that journey.



<b>Meeting:</b>	Council	<b>Date:</b> 23 March 2017
<b>Subject:</b>	Draft Council Plan 2017-20	
<b>Report Of:</b>	Leader of the Council and Cabinet Member for Performance and Resources	
<b>Wards Affected:</b>	All	
<b>Key Decision:</b>	No	<b>Budget/Policy Framework:</b> No
<b>Contact Officer:</b>	Tanya Davies	
	Email: tanya.davies@gloucester.gov.uk	Tel: 39-6125
<b>Appendices:</b>	1. Draft Council Plan 2017-20	

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

1.1 This report presents the draft Council Plan 2017-20 and outlines the timetable for development of the final Plan, including the identification of key projects and measures to monitor progress against the priorities and promises.

### 2.0 Recommendations

2.1 Council is asked to **RESOLVE** that

- (1) The draft Council Plan 2017-20 be noted.
- (2) The timetable for the development and finalisation of the Council Plan 2017-20 be approved.

### 3.0 Background and Key Issues

3.1 The Council Plan sets out Gloucester City Council's strategic direction over the next four years and how it intends to deliver its vision through a set of priorities and promises that are underpinned by its core values. The new Council Plan succeeds the previous Plan, which covered the period 2014-17.

3.2 Following the elections in 2016 the Cabinet, working with officers, undertook to review existing objectives from a variety of Council plans and strategies alongside the Administration's manifesto pledges to define a new vision and produce a set of priorities that outline what the Council will be doing and how it will direct its resources to achieve the vision over the next four years.

3.3 The overarching vision is to work with partners and residents to make Gloucester *A City that Works for Everyone*. The priorities that set out how this will be achieved are:

1. Working to create a vibrant and prosperous City
2. Working to maintain a safe and attractive City
3. Working to build strong and resilient communities
4. Working to provide great services that offer value for money

- 3.4 There remains a strong emphasis on economic development, regeneration and the City's cultural offering, with a number of key projects progressing well and delivery of the Cultural Strategy underway. A mix of improvement projects, quality environmental services and enforcement action will ensure that Gloucester is a safe and attractive City for residents and visitors alike. There is a clear commitment to social regeneration and improving outcomes for residents through the provision of key services for the most vulnerable and supporting communities to utilise their strengths to improve their own lives. The Council will transform how it delivers services and how it interacts with customers to ensure that essential services are provided well despite the financial challenges ahead. The detailed promises that sit beneath the priorities are set out in the Draft Council Plan.
- 3.5 Development of the new Plan has focused on the Administration's commitments going forward, consideration of how the Council can continue to deliver in the face of further financial constraints and the importance of working with others to achieve the ambitions contained in the Plan. The Council will drive progress against its priorities, but working in partnership with a variety of partners and stakeholders, as well as residents, will be key to its success.
- 3.6 While progress against the previous Plan has been considered as part of formulating the new priorities, formal monitoring of that Plan ceased in late 2015 due to organisational changes, and at their meeting on 31 October 2016 the Overview and Scrutiny Committee were informed of the intention to refocus performance management to measure and manage activities that are necessary to ensure that the new Plan is well managed, properly resourced and delivered in accordance with agreed milestones, critical success factors and intended outcomes. The Committee was advised that the Council would purchase a software system that was capable of capturing relevant performance data from within services and presenting that information so that it is of value to Members and officers; that procurement exercise has been undertaken and a preferred supplier has been selected.
- 3.7 The next step in the development of the final Council Plan will be to identify the key projects and measures that will form the new performance management framework and enable progress against the new Plan to be monitored and scrutinised. This process will begin following the implementation of the organisational redesign (Together Gloucester) that is happening simultaneously with the development of the plan because it is important that the individuals accountable for operational delivery of the Plan play a critical role in developing the framework. Workshops will take place with the newly appointed Heads of Service and Service Managers in April/May to consider the priorities within the Plan and identify corporate and service measures and milestones for key projects.
- 3.8 Cabinet will finalise the Council Plan for presentation to the Overview and Scrutiny Committee in June, providing Members with the opportunity to scrutinise the proposals for monitoring the progress and success of the new Plan. The final Plan

incorporating, where possible, comments and recommendations from the Overview and Scrutiny Committee, will be presented to Council for approval in July.

3.9 Once approved, the key projects, actions and measures will inform Service Plans and staff Personal Performance Plans. A new framework for both service and staff performance and development will be implemented, ensuring a consistent approach that supports the delivery of the Council Plan and embeds a culture of performance management and accountability.

#### 4.0 Asset Based Community Development (ABCD) Considerations

4.1 Asset Based Community Development (ABCD) is a key theme that runs throughout the new Council Plan. It also underpins the intentions of the organisational redesign and managers will be expected to embed the principles in the delivery of services and objectives.

4.2 The organisational development framework that will follow on from Together Gloucester will include training and development for all staff and managers, with a specific focus on enabling them to shift their thinking and plan their service delivery using asset based approaches.

#### 5.0 Alternative Options Considered

5.1 The development of the draft Council Plan has been an iterative process with alternative options considered throughout.

#### 6.0 Reasons for Recommendations

6.1 A new Council Plan is required to succeed the current plan and the report sets out the draft Plan and key steps to approving the final version, including the development of a performance management framework.

#### 7.0 Future Work and Conclusions

7.1 The next steps in the development of the Council Plan are outlined in detail in Section 3 above and a timetable of key milestones is set out below:

April onwards	Implementation of final Together Gloucester proposals
April / May	Workshops with Heads of Service and Service Managers to identify key actions and measures for inclusion in performance management framework
May	Cabinet to finalise Council Plan, including key actions and measures, for submission to O&S for comments
May onwards	Service Planning process incorporating draft Council Plan priorities, actions and measures
May onwards	Staff Annual Review process Part 1 (review of previous year and initial discussion of new objectives)
12/06/17	<b>Overview &amp; Scrutiny Committee</b> – consideration of draft Council Plan
21/06/17	<b>Cabinet</b> - endorsement of final Council Plan incorporating O&S comments and recommendation to Council for approval
20/07/17	<b>Council</b> – approval of final Council Plan

End of July	Service Plans agreed
July / August	Staff Annual Review process Part 2 (finalising objectives with reference to Council Plan and Service Plans)

- 7.2 Following approval of the final Council Plan, it will be publicised both internally and externally to communicate the future direction of the Council to Members, staff, partners and the wider community.
- 7.3 Service Plans and Personal Performance Plans will be informed by the Council Plan and reviewed regularly to monitor progress to ensure delivery is on track and appropriately resourced.
- 7.4 Performance and progress against the priorities will be reported to Cabinet and Overview and Scrutiny, with details of the reporting schedule to be confirmed.

## **8.0 Financial Implications**

- 8.1 There are no specific financial implications resulting from this report; however, the Council's Money Plan reflects the Administration's priorities and the Council's agreed plans and strategies that have informed the development of the Council Plan.

(Financial Services have been consulted in the preparation this report.)

## **9.0 Legal Implications**

- 9.1 The Council Plan is a non-statutory element of the Council's Policy Framework and, as such, must be approved by the full Council. This report is the first step towards approving the final Council Plan.

(One Legal have been consulted in the preparation this report.)

## **10.0 Risk & Opportunity Management Implications**

- 10.1 Risks and opportunities will be considered as part of the Council's Strategic and Service Risk Registers ensuring that risk management is embedded in the Council's approach to managing its performance, capturing all associated risks and proposals for their management and mitigation.

## **11.0 People Impact Assessment (PIA):**

- 11.1 Impact will be assessed at the time of finalisation of each element of the Council Plan, and PIAs have already been completed for projects that are carried over from the last Plan or have been agreed subsequent to its approval in 2014.

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 The building of strong and resilient communities is one of the priorities within the plan and community safety priorities and implications are key to achieving this.



### Sustainability

- 12.2 Sustainability principles underpin the Council's activities and this will continue through the delivery of the new Council Plan.

### Staffing & Trade Union

- 12.3 Part of the brief for the Together Gloucester organisational redesign was to create a structure that is able to deliver the Council's vision and priorities as set out in the draft Council Plan. Trade Unions have been consulted throughout the Together Gloucester process.

**Background Documents:** None

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**Draft**  
**Council Plan**  
**2017-2020**

## **GLOUCESTER: THE LANDSCAPE OF OUR CITY**

Gloucester is a dynamic and diverse city with a growing population in excess of 125,000, including a high proportion of young people. The city benefits from a fantastic heritage and environment, and has a long tradition of partnership working and a vibrant voluntary and community sector. Gloucester has a strong and growing economy, but ensuring all of our communities share in that success is a key challenge. Understanding the landscape of our city is essential to achieving our aim of working together to make Gloucester ***A City that Works for Everyone***.

### **Environmental landscape**

- Bound by the River Severn to the west with the Forest of Dean beyond; Cotswold escarpment with the Cotswold Areas of Outstanding Natural Beauty to the east; excellent links by road, rail and waterways; close proximity to Gloucestershire, Bristol, Birmingham and Cardiff airports
- Limited amount of developable land, therefore working positively with Cheltenham Borough Council and Tewkesbury Borough Council to identify sites for new homes
- Over £1m of investment in the city's 48 formal play areas, however, shortages in open spaces in some parts of the city remain
- The city suffered terrible floods in 2007 and over 100 flood alleviation projects have taken place since, but parts of the city are still vulnerable to flooding.
- Air quality is poor in some parts of the city.

### **Economic landscape**

- Over £800m of private sector investment secured and progress made at key regeneration sites
- Annual visitor spend of £207m generated from approximately 5.9 million visitor trips each year
- Strong finance and insurance sector, as well as a growing number of information security, web hosting, IT and defence communications and security businesses, as well as a growing creative sector and a number of significant energy businesses
- Significant independent retail and leisure sector with over 100 independent city centre shops
- Parts of the city centre are in need of regeneration and there is a need to improve links between the Docks and Quays and the historic city centre
- High employment rates
- Significant growth in new homes
- Awarded Housing Zone status by the Government for the central area of the city.

## **Social landscape**

- Wide range of different ethnicities, cultures and backgrounds, with approximately 100 different languages and dialects spoken
- Pockets of significant deprivation, including some areas in the top 10% most deprived in the country. Life expectancy is lower than the rest of the country and public health challenges include inactivity, obesity, alcohol related harm, diabetes and drug misuse
- Long term unemployment is higher than the rest of the county, but unemployment has fallen dramatically in recent years.
- Over 85% of homes are private housing, the majority of which are owner occupied. The remaining 15% are social housing.
- Higher than average rates of homelessness, but often associated with people from outside the city.

## **Cultural landscape**

- Unique history and heritage with around 700 listed buildings and some of the best heritage assets in the country, a number of which have been the subject of successful Heritage Lottery Fund bids
- Two Council-run cultural venues, but lacking a major cultural venue that could regularly hold major events
- Thriving music scene and extensive programme of festivals and events
- Culture Board established to deliver the City's Cultural Strategy to ensure Gloucester has a distinctive culture; innovative, excellent, quirky, edgy, diverse and community-based with a strong focus on young people and aspiration to bid to become City of Culture in 2025
- Investment in leisure and recreational assets including Robinswood Hill County Park, Health and Wellbeing Centre, conservation, geology, education and a working partnership with The Wildlife Trust
- Gloucester Rugby is a Premiership club, drawing large crowds and contributing to the life of the city. There are a large number of sports clubs with a diverse range of sports on offer, but a shortage of playing pitches in some areas and many requiring improvements

## OUR KEY ACHIEVEMENTS

We recognise the challenges ahead, both in respect of the landscape of our city and the financial conditions, and this Council Plan sets out how we will go about meeting those challenges. However, we already have much to be proud of; we have demonstrated that this Council can achieve great things, especially through partnership working and by recognising and using the strengths of our diverse communities. Some of our key achievements over the life of the last Council Plan are listed below.

- Hosting the Rugby World Cup in 2015 put Gloucester on the map and the many visitors provided a massive boost to the city's economy
- Commencement of work on the city's new 21<sup>st</sup> century, state of the art bus station
- Key enabling role in the securing and implementation of the Bakers Quay scheme
- Securing land to enable the delivery of the Kings Quarter scheme
- Progression of a Local Development Order for the Blackfriars area of Gloucester
- Securing a developer for nearly 300 new student apartments on the Barbican site
- Partnership working with the University of Gloucestershire to secure the Business School and shared community sports facilities at the Oxstalls Campus and Plock Court
- Regeneration of the Blackbridge Sports Track enabling the city to compete at a higher level in athletics and other sporting events
- Introduction of a new pay on foot with Automatic Number Plate Recognition (ANPR) system at Eastgate and Kings Walk car parks to support city centre retailers and improve dwell time
- Supporting key heritage projects like the Cathedral's Project Pilgrim, Llanthony Priory and Discover DeCrypt.
- Acquiring a site adjacent to the railway station to provide an additional 250 space car park to free up potential public realm improvements in front of the station, funded by third parties, valued at nearly £3 million
- Instrumental role in setting up the Gloucester Culture Board to develop culture in our City
- Installation of a new high quality CCTV system has helped the police identify criminals and keep out streets safe
- Introduction of a new and enhanced recycling service, which extends doorstep recycling to include cardboard, mixed plastics and textiles, which will deliver savings and result in less waste being sent to landfill
- Clean for Queen spring clean campaign in 2016 resulting in a significant volume of litter being collected and partnerships being developed
- Implementation of the Street Aware initiative with the support of businesses, residents and partners, aimed at finding lasting solutions to issues such as street begging and street drinking

- Launch of the Gloucester Lottery in 2017 providing an opportunity for local groups and causes to raise funds
- Successful use of asset based community development to encourage more people to take an active role in their community and recognition for the important role of community builders in bringing communities together and promoting health and wellbeing
- Working in partnership to produce the Joint Core Strategy (JCS) and progressing our own City Plan to set out plans for strategic development
- Being granted Housing Zone status by the Government to assist in delivering new housing on brownfield sites in and around the city centre
- Improved efficiency and reduced costs through shared services with the County Council and neighbouring District Councils
- £40 million of investment into the Council's former housing stock to ensure 100% of it met the Decent Homes Standard
- Completion of the housing stock transfer to Gloucester City Homes paving the way for new homes and investment

## STRATEGIC DIRECTION OF THE COUNCIL

### VISION

The vision is the overarching aim that frames the strategic direction for the Council over the next four years. Our ambition is for the Council, our partners and our residents to work together to make Gloucester:

**‘A City that Works for Everyone’**

### PRIORITIES

Our priorities set out what we will be doing over the next four years to achieve our vision. Together we will be:

- 1. Working to create a vibrant and prosperous City***
- 2. Working to maintain a safe and attractive City***
- 3. Working to build strong and resilient communities***
- 4. Working to provide great services that offer value for money***

### CORE VALUES

Our core values are the principles that will guide how we do things:

- **Efficiency and value for money** – we will strive to provide great services that are affordable for all
- **Forward thinking with innovation** – we will adopt an entrepreneurial approach to find new and better ways to do things
- **Making residents lives better** – we will support our communities to use their own strengths and assets while providing universal services and supporting our most vulnerable residents
- **Passionate about the City** – our enthusiasm for, and pride in, Gloucester will be at the heart of everything we do
- **Working together to make it happen** – we will build strong and trusted relationships with communities and partner organisations to achieve the best outcomes for our residents



## **WORKING TO CREATE A VIBRANT AND PROSPEROUS CITY**

We recognise that regeneration and culture are integral to growing Gloucester's economy for the benefit of all and we are committed to continue driving development within city and providing residents with the rich cultural offering they deserve. The City Council is taking the lead, but we alone cannot realise our ambitions; we will be working with a wide range of partners and utilising the wealth of expertise we have in the city to deliver the ambitious and exciting outcomes we have set ourselves.

### **Promises**

- We will deliver on key regeneration priorities in the city centre and beyond, including the redevelopment of Kings Quarter and a new, 21<sup>st</sup> century state of the art Bus Station, as well as working in partnership with Gloucestershire County Council to bring forward development at Blackfriars.
- We will work with stakeholders and developers to bring vacant sites and buildings back into use, with a particular focus on the city centre; working to attract new uses to the city centre, including more student accommodation and an increase in the number and range of hotel beds.
- We will support the Culture Board to deliver the city's Cultural Strategy, with the aim of broadening the city's cultural offer including developing our events programme, developing artists and arts organisations and providing a new cultural venue; all of which will position the city to bid to become the UK City of Culture in 2025 as well and continuing to promote all that Gloucester has to offer to national and international visitors.
- We will work with GFirst Local Enterprise Partnership and other partners to attract inward investment, new businesses and jobs into the City and we will work with the University of Gloucestershire to maximise the benefits of their new business school at the Oxstalls Campus.

## **WORKING TO MAINTAIN A SAFE AND ATTRACTIVE CITY**

We want to ensure that Gloucester is a safe and pleasant place for residents to live in and visitors to enjoy. The City Council will lead by example, providing excellent environmental services and investing in key priorities while also emphasising the important role our residents and local businesses have to play. The Council will take action against those who fail to respect our environment and we must all work together to make Gloucester a city we can be really proud of.

### **Promises**

- We will work with our partners and local businesses to ensure a safe and attractive city centre during the day and at night, including achieving Purple Flag status.
- We will use the City Centre Investment Fund and other funding sources to implement a range of projects and public realm improvements to enhance the city centre environment.
- We will take robust action against environmental crimes and introduce City Centre Wardens to help keep our street safe and clean.
- We will increase community involvement in the management of open spaces and achieve at least three Green Flag parks, as well as refurbishing two play areas each year and supporting the delivery of a new visitor centre at Robinswood Hill.

## **WORKING TO BUILD STRONG AND RESILIENT COMMUNITIES**

We value the strength and diversity of our communities and want to help improve the lives of all our residents. The City Council will drive the development of important community facilities and good affordable housing, and continue to support our most vulnerable residents, but we will also help communities to understand and use what they have to offer to begin transforming their own lives and the lives of those around them.

### **Promises**

- We will continue to invest in community building so that communities recognise and make use of their assets and become resilient and strong. We will explore opportunities to transfer the ownership and/or management of land and buildings into the hands of the communities who use them.
- We will promote community cohesion and tackle crime and anti-social behaviour with the help of our partners and the support of our residents. We will continue to invest in the voluntary and community sector to ensure that advice and support is available to the most vulnerable residents.
- We will continue to work with stakeholders to meet the city's housing needs, including facilitating the development of new and affordable homes, bringing empty properties back into use, and regenerating some of our large social housing estates. We will drive up standards in the private rented housing sector and work in partnership to find solutions for those sleeping rough on our streets.
- We will work with our health and wellbeing partners to tackle the causes of social deprivation and in addition to maximising the city's sporting legacy and encouraging the development of first class sports facilities, including a new Sports Hub for the city.

## **WORKING TO PROVIDE GREAT SERVICES THAT ENSURE VALUE FOR MONEY**

In order to meet the financial challenges ahead we recognise that the Council needs to change; from how it delivers services to how it interacts with residents. We will start by ensuring that we are both lean and efficient and that we are making best use of our people, our buildings and our other resources. The services we provide will change and evolve, reflecting the growing preference for online interaction and showing customers how they can help themselves, while maintaining high standards across key services.

### **Promises**

- We will reshape how the council works, reviewing processes and exploring the use of new and emerging technologies, to improve key services and realise our savings targets.
- We will manage our shared and outsourced services robustly to ensure value for money. We will work in partnership with other councils to provide improved services to our residents.
- We will focus on changing the way we interact with residents by making the most of the “My Gloucester” mobile app and delivering an improved, easy to use and interactive website.
- We will review our building and land assets, including our own office accommodation, to maximise revenue and bring forward income-generating development at key sites.



<b>Meeting:</b>	<b>Audit &amp; Governance Committee Council</b>	<b>Date:</b>	<b>13 March 2017 23 March 2017</b>
<b>Subject:</b>	<b>Treasury Management Strategy 2017/18</b>		
<b>Report Of:</b>	<b>Cabinet Member for Performance and Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>Yes</b>
<b>Contact Officer:</b>	<b>Jon Topping, Head of Finance</b>		
	<b>Email: jon.topping@gloucester.gov.uk</b>	<b>Tel: 396242</b>	
<b>Appendices:</b>	<b>1. Treasury Management Strategy 2017/18</b>		

**FOR GENERAL RELEASE**

**1.0 Purpose of Report**

1.1 To formally recommend that Council approves the attached Treasury Management Strategy, the prudential indicators and note the Treasury activities.

**2.0 Recommendations**

2.1 Audit and Governance Committee is asked to **RECOMMEND** that the Treasury Management Strategy be approved.

2.2 Council is asked to **RESOLVE** that:

- (1) The Treasury Management Strategy at Appendix 1 be approved;
- (2) The authorised borrowing limit be approved at:-  
2017/18 £40m  
2018/19 £40m  
2019/20 £40m
- (3) The prudential indicators set out in section two of the strategy be approved.

**3.0 Background and Key Issues**

3.1 The Councils financial profile has stabilised since the Housing Stock to Gloucester City Homes in March 2015. Through 2016/17 the Council has been able to maintain an under borrowed position.

- 3.2 The 2017/18 treasury management strategy proposes to continue operating within an under-borrowing position. This under-borrowing reflects that the Council resources such as reserves and provisions will have reduced debt rather than be externally invested. This strategy is sensible, at this point in time, for two reasons. Firstly, there is no differential between the marginal borrowing rate and investment rate so there is nothing to be gained by investing Council resources externally. Secondly, by using the resources to reduce debt the Council will reduce exposure to investment counterparty risk.
- 3.3 There will be short term cashflow balances that will be invested for short periods within the year. Section 4 of the strategy outlines the Annual Investment Strategy; in particular it outlines the creditworthiness policy through the use of credit ratings.
- 3.4 The borrowing strategy is to utilise investments to reduce short term borrowing. Once investments have been applied it is anticipated that any new debt will be short term as the current market rates are attractive and this also maximises future flexibility.
- 3.5 The strategy allows for either debt rescheduling or new long term fixed rate borrowing in place of short term borrowing if circumstances were to change during 2017/18 while allowing the Council to benefit from lower interest rates available on temporary borrowing reducing the Council's interest charges.
- 3.6 The strategy also includes the minimum revenue provision (MRP) policy statement. This policy continues with the practice approved last year. MRP is the revenue charge to reduce debt and is only required by the General Fund. This option provides for a reduction in the borrowing need over the approximate asset life. For clarity the options for reduction are explained and can either be through an annuity calculation (providing a consistent overall annual borrowing charge) or straight line (where the principal repayment is the same each year).

#### **4.0 Alternative Options Considered**

- 4.1 The following option has been considered:

The potential to borrow long term rather than short term. This remains an option should interest rates change but at the moment short terms rates are only 0.30% whereas long term rates are 3.4% (25 years plus).

#### **5.0 Reasons for Recommendations**

- 5.1 As outlined in the legal implications the recommendations require Council approval.

#### **6.0 Future Work and Conclusions**

- 6.1 The Treasury Management Strategy provides a logical basis to fund the Council's capital financing requirement. The Council will continue to monitor the under borrowed strategy and is prepared to adapt this strategy if there is changes within the markets.

## **7.0 Financial Implications**

7.1 The expenditure and income arising from treasury management activities are included within the Council General Fund budget.

## **8.0 Asset Based Community Development (ABCD) Considerations**

8.1 This report notes the Treasury Strategy of the Council. There are no ABCD implications from this report.

## **9.0 Legal Implications**

9.1 The Council is required to have a Treasury Management Strategy to meet the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

(One Legal were consulted in the preparation of this report)

## **10.0 Risk & Opportunity Management Implications**

10.1 There is a risk that short term and long term interest rates could increase and this will be monitored both in-house and by the Council Treasury Management Advisor, Capita Asset Services. In this event the risk will be managed through the opportunities either to reschedule debt or new long term fixed rate borrowing in place of short term borrowing.

10.2 The risk of deposits not being returned by the counterparty is minimised by only investing short term cash flow monies with counterparties on the approved lending list. All counterparties on this list meet minimum credit rating criteria, ensuring the risk is kept extremely low although not eliminated.

## **11.0 People Impact Assessment (PIA):**

11.1 A PIA screening assessment has been undertaken and the impact is neutral. A full PIA is not required.

## **12.0 Other Corporate Implications**

### Community Safety

12.1 None

### Sustainability

12.2 None

### Staffing & Trade Union

12.3 None

**Background Documents:**

Local Government Act 2003

CIPFA Treasury Management Code

CIPFA Prudential Code

CLG MRP Guidance



## Appendix 1: Treasury Management Strategy 2017/18

### 1. INTRODUCTION

#### 1.1 Background

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

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

CIPFA defines treasury management as:

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

#### 1.2 Reporting requirements

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

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

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

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

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

#### **Scrutiny**

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

### **1.3 Treasury Management Strategy for 2017/18**

The strategy for 2017/18 covers two main areas:

#### **Capital issues**

- the capital plans and the 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;
- creditworthiness policy; and
- policy on use of external service providers.

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

### **1.4 Training**

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training for Members was provided in 2014/15, with updates provided in 15/16 & 16/17 for new members. Further training will be arranged as required during 17/18. The training needs of treasury management officers are periodically reviewed.

### **1.5 Treasury management consultants**

The Council uses Capita 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 our external service providers.

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

## 2 THE CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2019/20

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 members' overview and confirm capital expenditure plans.

### 2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Corporate Director 1	0.701	0.348	1.125	0.528	0.529
Corporate Director 2	0.651	3.365	1.146	0.284	0.185
Regen & Economic Dev	1.853	5.352	5.967	2.249	0.103
Finance and Business Improvement	1.037	0.300	0.100	0.100	0.100
<b>Total</b>	<b>4.242</b>	<b>9.365</b>	<b>8.338</b>	<b>3.161</b>	<b>0.917</b>

The Council has other long term liabilities which relate to the difference between the Local Government Pension Liabilities and Assets. These do not have any treasury impact on Gloucester City Council as the Pension Fund is managed by Gloucestershire County Council. Therefore, other long term liabilities have been excluded from this strategy.

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	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Capital receipts	2.668	1.880	1.024	0.489	0.070
Capital grants	1.021	4.187	7.314	2.672	0.587
Capital reserves	0	0	0	0	0
Revenue	0	0	0	0	0
<b>Net financing need for the year</b>	<b>0.553</b>	<b>3.298</b>	<b>0</b>	<b>0</b>	<b>0.260</b>

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

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is

essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The Council is asked to approve the CFR projections below:

£m	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
<b>Capital Financing Requirement</b>					
<b>Total CFR</b>	<b>21.481</b>	<b>24.267</b>	<b>23.434</b>	<b>22.913</b>	<b>22.291</b>
<b>Movement in CFR</b>	<b>(1.356)</b>	<b>2.786</b>	<b>(0.833)</b>	<b>(0.521)</b>	<b>(0.622)</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	0.553	3.298	0	0	0.260
Less MRP/VRP and other financing movements	(1.909)	(0.512)	(0.833)	(0.521)	(0.882)
<b>Movement in CFR</b>	<b>(1.356)</b>	<b>2.786</b>	<b>(0.833)</b>	<b>(0.521)</b>	<b>(0.622)</b>

### 2.3 Minimum revenue provision (MRP) policy statement

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

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

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

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1); this option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3); This option provide for a reduction in the borrowing need over approximately the asset's life.

### 2.4 Affordability prudential indicators

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

Council's overall finances. The Council is asked to approve the following indicators:

## 2.5 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.

%	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Ratio	5.37%	5.01%	7.44%	8.35%	8.70%

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

## 2.6 Incremental impact of capital investment decisions on Council Tax

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

### Incremental impact of capital investment decisions on the band D Council Tax

£	2015/16 Actual £	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
<b>Council Tax - Band D</b>	2.45	0	8.47	0.74	0.75

### 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. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

#### 3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
<b>External Debt</b>					
Debt at 1 April	43.997	15.287	20.287	20.287	20.537
Expected change in Debt	(28.710)	5.000	0	0.350	0.285
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	<b>15.287</b>	<b>20.287</b>	<b>20.287</b>	<b>20.537</b>	<b>20.812</b>
The Capital Financing Requirement	<b>21.481</b>	<b>24.267</b>	<b>23.434</b>	<b>22.913</b>	<b>22.291</b>
Under / (over) borrowing	<b>6.194</b>	<b>3.980</b>	<b>3.147</b>	<b>2.376</b>	<b>1.479</b>

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

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

### 3.2 Treasury Indicators: limits to borrowing activity

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

<b>Operational boundary £m</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
Debt	35	35	35	35
Other long term liabilities	0			
Total	35	35	35	35

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

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

<b>Authorised limit £m</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
Debt	40	40	40	40
Other long term liabilities	0			
Total	40	40	40	40

### 3.3 Prospects for interest rates

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added



further impetus to this downward trend in bond yields and rising prices of bonds. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election, has called into question whether, or when, this trend has, or may, reverse, especially when America is likely to lead the way in reversing monetary policy. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established. The expected substantial rise in the Fed. rate over the next few years may make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries but the degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, **downside risks to current forecasts** for UK gilt yields and PWLB rates currently include:

- Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
  - Major national polls:
    - Italian constitutional referendum 4.12.16 resulted in a 'No' vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.
    - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
    - Dutch general election 15.3.17;
    - French presidential election April/May 2017;
    - French National Assembly election June 2017;
    - German Federal election August – October 2017.
  - A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
  - Weak capitalisation of some European banks, especially Italian.
-

- Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

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

- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

### **Investment and borrowing rates**

- Investment returns are likely to remain low during 2017/18 and beyond;
- Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4<sup>th</sup> August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

### **3.4 Borrowing strategy**

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

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

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

### 3.5 Treasury management limits on activity

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

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

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

	2016/17	2017/18	2018/19
<b>Interest rate exposures</b>			
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on net debt</b>	100%	100%	100%
<b>Limits on variable interest rates based on net debt</b>	100%	100%	100%
<b>Maturity structure of fixed and variable interest rate borrowing 2016/17</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	

### 3.6 Policy on borrowing in advance of need

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

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **3.7 Debt rescheduling**

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

The reasons for any rescheduling to take place will include:

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

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

All rescheduling will be reported to the Cabinet, at the earliest meeting following its action.

### **3.8 Municipal Bond Agency**

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority intends to make use of this new source of borrowing as and when appropriate.

## 4 ANNUAL INVESTMENT STRATEGY

### 4.1 Investment policy

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

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

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 this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

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

Investment instruments identified for use in the financial year are listed in appendix 5.4 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

### 4.2 Creditworthiness policy

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years \*
  - Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
  - Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
-

- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit
Banks *	yellow	£5m	5yrs
Banks	purple	£5m	2 yrs
Banks	orange	£5m	1 yr
Banks – part nationalised	blue	£5m	1 yr
Banks	red	£5m	6 mths
Banks	green	£5m	100 days
Banks	No colour	Not to be used	
Limit 3 category – Council’s banker (not meeting Banks 1)	Barclays Bank	100 %	1 day
Other institutions limit	A-	£5m	6 months
DMADF	AAA	unlimited	6 months
Local authorities	n/a	100 %	1yrs
	Fund rating	Money and/or % Limit	Time Limit
Money market funds	AAA	£5m	liquid
Enhanced money market funds with a credit score of 1.25	Dark pink / AAA	£5m	liquid
Enhanced money market funds with a credit score of 1.5	Light pink / AAA	£5m	liquid

The Capita Asset Services’ creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency’s ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services’ creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council’s minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to

it by Capita Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

### 4.3 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.3. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

### 4.4 Investment strategy

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

**Investment returns expectations.** Bank Rate is forecast to stay flat at 0.25% until quarter 2 2019 and not to rise above 0.75% by quarter 1 2020. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows:

	<b>Now</b>
2016/17	0.25%
2017/18	0.25%
2018/19	0.25%
2019/20	0.50%
2020/21	0.75%
2021/22	1.00%
2022/23	1.50%
2023/24	1.75%
Later years	2.75%

The overall balance of risks to these forecasts is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.

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



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

<b>Maximum principal sums invested &gt; 364 days</b>			
<b>£m</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Principal sums invested > 364 days	£m Nil	£m Nil	£m Nil

#### **4.5 End of year investment report**

At the end of the financial year, the Council will report on its investment activity as part of its Quarter 4 Treasury Annual Treasury Report.

## **5 APPENDICES**

1. Interest rate forecasts
2. Treasury management practice 1 – credit and counterparty risk management
3. Approved countries for investments
4. Treasury management scheme of delegation
5. The treasury management role of the section 151 officer

## 5.1 INTEREST RATE FORECASTS 2016 – 2020

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Capita Asset Services Interest Rate View													
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
<b>Bank Rate View</b>	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
<b>3 Month LIBID</b>	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%
<b>6 Month LIBID</b>	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
<b>12 Month LIBID</b>	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%
<b>5yr PWLB Rate</b>	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
<b>10yr PWLB Rate</b>	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
<b>25yr PWLB Rate</b>	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
<b>50yr PWLB Rate</b>	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
<b>Bank Rate</b>													
<b>Capita Asset Services</b>	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
<b>Capital Economics</b>	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%
<b>5yr PWLB Rate</b>													
<b>Capita Asset Services</b>	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
<b>Capital Economics</b>	1.60%	1.70%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%
<b>10yr PWLB Rate</b>													
<b>Capita Asset Services</b>	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
<b>Capital Economics</b>	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	3.10%	3.20%	3.30%	3.40%
<b>25yr PWLB Rate</b>													
<b>Capita Asset Services</b>	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
<b>Capital Economics</b>	2.95%	3.05%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%	3.55%	3.65%	3.75%	3.95%	4.05%
<b>50yr PWLB Rate</b>													
<b>Capita Asset Services</b>	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
<b>Capital Economics</b>	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.60%	3.70%	3.80%	3.90%

## 5.2 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the specified investment criteria. A maximum of 100% will be held in aggregate in non-specified investment

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	** Max % of total investments/ £ limit per institution	Max. maturity period
<b>DMADF – UK Government</b>	N/A	<b>100%</b>	<b>6 months</b>
UK Government gilts	UK sovereign rating	50%	12 months
UK Government Treasury bills	UK sovereign rating	50%	12 months
Bonds issued by multilateral development banks	AAA (or state your criteria if different)	50%	6 months
Money Market Funds	AAA	100%	Liquid
Enhanced Cash Funds with a credit score of 1.25	AAA	100%	Liquid
Enhanced Cash Funds with a credit score of 1.5	AAA	100%	Liquid
Local authorities	N/A	100%	12 months
Term deposits with banks and building societies	Blue Orange Red Green No Colour	£5m £5m £5m £5m £0	12 months 12 months 6 months 100 days Not for use

CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£1m £1m £1m £1m £0	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	Nil	
Property fund		£5m	10 years

**Accounting treatment of investments.** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

### 5.3 APPROVED COUNTRIES FOR INVESTMENTS

*This list is based on those countries which have sovereign ratings of AA- or higher (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Capita Asset Services credit worthiness service.*

#### AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

#### AA+

- Finland
- Hong Kong
- U.S.A.

#### AA

- Abu Dhabi (UAE)
- France
- Qatar
- U.K.

#### AA-

- Belgium

## **5.4 TREASURY MANAGEMENT SCHEME OF DELEGATION**

### **(i) Council**

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

### **(ii) Committees/Council**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

### **(iii) Person(s) with responsibility for scrutiny**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

## **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.



# Gloucester City Council

<b>Meeting:</b>	<b>Council</b>	<b>Date:</b>	<b>23 March 2017</b>
<b>Subject:</b>	<b>Pay Policy Statement 2017-18</b>		
<b>Report Of:</b>	<b>Cabinet Member for Performance and Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Jon Topping, Head of Finance</b>		
	<b>Email: jon.topping@gloucester.gov.uk</b>	<b>Tel:</b>	<b>396242</b>
<b>Appendices:</b>	<b>1. Pay Policy Statement for 2017/18</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 The purpose of this report is to consider and approve the Council's Pay Policy Statement for 2017/18.
- 1.2 Section 38 of the Localism Act 2011 requires local authorities to produce an annual pay policy statement from 2012/13 onwards, which must be agreed annually by full council.

### 2.0 Recommendations

- 2.1 Council is asked to **RESOLVE** that the Pay Policy Statement for 2017/18 attached at Appendix 1 be approved.

### 3.0 Background and Key Issues

- 3.1 The Council's proposed pay policy for 2017/18 is attached to this report. The statement has been developed in response to the requirements of the Localism Act 2011 and follows guidance which accompanied the Act.

### 4.0 Alternative Options Considered

- 4.1 The council is required to produce the statement in accordance with the Localism Act 2011; there is no alternative option on this matter.

### 5.0 Reasons for Recommendations

- 5.1 To demonstrate transparency in publication of the Council's pay policy arrangements in accordance with the principles of the Localism Act.

### 6.0 Financial Implications

- 6.1 None.

## **7.0 Legal Implications**

7.1 Production of an annual pay policy statement is a requirement of the Localism Act 2011.

(One Legal have been consulted in the preparation this report.)

## **8.0 Risk & Opportunity Management Implications**

8.1 The Council must have a current Pay Policy Statement in place in accordance with the legal requirements above.

## **9.0 People Impact Assessment (PIA):**

9.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **10.0 Other Corporate Implications**

### Community Safety

10.1 None.

### Sustainability

10.2 None.

### Staffing & Trade Union

10.3 The policy will be shared with the Trade Unions at one of the routine monthly meetings.

**Background Documents:** None

**Gloucester City Council**

**Pay Policy Statement 2017/18**

**Introduction and Purpose**

Gloucester City Council employs approximately 259 staff which equates to 247 Full Time Equivalent staff (FTEs). The provision of many of the Council's services is outsourced to the private or third sectors and some others are carried out by partner councils through shared service arrangements. Gloucester City Council remains responsible for these services. The Council's annual turnover is approximately £174m (gross expenditure as per Comprehensive Income and Expenditure Statement for 2014/15).

Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying:

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. 'Chief Officers', as defined by the relevant legislation.
- the arrangements for ensuring the provisions set out in this statement are applied consistently throughout the Council.

An original version of this policy statement was approved by the Council in 2012. This policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

**Legislative Framework**

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

**Pay Structure**

The Council's pay and grading structure comprises Grades A-N and then 'Job Size 3' for the post of Heads of Place, Policy and Resources, Communities, Cultural & Trading Services and SMT1 (Job Size 5) for the Corporate Directors, and SMT2 for the Managing Director. Within each grade there are a number of salary / pay points. The Council uses a structure based

around the nationally determined pay spine for grades A to N. Salary points above this, i.e. for Job Size 4 and above, grades are locally determined following external advice and evaluation under the HAY job evaluation scheme and approved by the Organisational Development Committee. The Council's Pay Structure is set out in the table below.

Grade	Job Size	Spinal Column Points		Pay Scale	
		From	To	Minimum £	Maximum £
A		6	11	14,659	15,662
B		12	15	15,981	16,940
C		16	19	17,341	18,746
D		20	23	19,430	21,268
E		24	27	21,962	24,174
F		28	31	24,964	27,688
G		32	35	28,485	30,785
H		36	40	31,601	35,444
I	1	42	47	36,378	41,967
J	1	48	51	42,899	45,651
K	2	52	55	46,574	49,332
L	2	56	59	50,340	54,032
M	3	60	63	54,774	60,125
N	3	64	67	61,315	66,804
Job Size 4	4	-	-	69,329	76,627
SMT1	5	-	-	82,043	88,902

The Council remains committed to adherence with national pay bargaining in respect of the national pay spine and any annual cost of living increases nationally determined in the pay spine.

Council posts are allocated to a grade within the Pay Structure based on the application of the Hay Job Evaluation scheme.

In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

In relation to progression within a post grade, with the exception of career grades which will usually require the achievement of some criterion before progression occurs, employees generally progress from the minimum spinal column point of their grade at April each year until they reach the maximum of their post grade. This is not the policy for posts of Job size 4 or above, where progression within grades is subject to performance.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied if necessary to secure the best candidate. From time to time it may prove appropriate to take account of the external pay market such as where difficulties in attracting applicants or retaining employees with particular experience, skills and capacity occur. Where necessary, the Council will ensure the requirement for such market forces supplements is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate and timely data sources available from within and outside the local government sector.

The pay spine will be amended following the conclusion of national negotiations over an annual cost of living pay award for 2016/17.

Other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy.

### **Chief Officers Remuneration**

For the purposes of this statement, 'Chief Officers' are defined within section 43 of the Localism Act. Salaries are determined on the basis of external advice and subject to the HAY job evaluation process. The posts falling within the statutory definition are set out below, with details of their basic FTE salary as at 1 April 2017.

a) Managing Director

The current salary of the post is £117,311 per annum. This is a joint role, with the Managing Director spending 50% of their time as a Commissioning Director for Gloucestershire County Council.

In addition to this, payments for returning officer duties are made to the Managing Director. For local elections (Parish, District and County) this remains in accordance with the scale of fees agreed by all authorities in Gloucestershire. Fees for Parliamentary, European and national referenda are set nationally.

b) Corporate Directors

The salaries of posts designated as Corporate Directors fall within a range between £82,043 rising to a maximum of £88,902. Progression through the range is subject to performance.

**Management Posts currently members of the Senior Management Team also defined as 'Chief Officers' for pay policy purposes:**

c) Heads of Place, Policy & Resources, Communities, and Cultural & Trading Services

The salaries of these posts, which are currently designated as job size 3 fall, within the range of £54,774 to £66,804. Progression through the range is subject to performance.

**Other Management posts reporting to the Senior Management Team**

Given the revised management structure introduced by the council as part of 'Together Gloucester', the salaries of posts reporting to the Senior Management Team, cover a wider range than in previous years, including posts at job size 1 (grades I to J SCP 42-51).

Although incremental progression in these posts is automatic within an individual grade, job holders will not progress through the 'career-graded' job size (e.g. from the top of an I grade SCP47 to a J grade SCP48) without being assessed against management competencies, as part of a formal process.

**Recruitment of Chief Officers**

The Council's policy and procedures with regard to recruitment of Directors and Statutory Officers is set out within part 5 - section 10 and part 2 Article 8 of the Council's Constitution.

When recruiting to all posts the Council will take full and proper account of its own Equal Opportunities, Vacancy Management and Redeployment Policies. The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the Pay Structure and relevant policies in place at the time of recruitment in addition to external market advice and the HAY job evaluation process. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.

Where the Council remains unable to recruit Chief Officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive Chief Officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Chief Officers engaged under such arrangements.

## **Additions to Salaries of Chief Officers**

In addition to basic salary, set out below are details of other elements of current 'additional pay' provisions which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

- Fees paid for returning officer duties where identified and paid separately (see above);
- Market forces supplements in addition to basic salary where identified and paid separately (see above);
- Professional subscriptions are not normally paid for any staff;
- Contribution to car, travel and subsistence expenses.
- Honoraria or ex-gratia payments may only be made to staff including Chief Officers for undertaking additional duties outside of their substantive role for which they receive an amount reflective of the duration and nature of the work they undertake. For Chief Officers, such payments are rare and will only be made in accordance with the Council's relevant policy.

Subject to qualifying conditions, employees have a right to join the Local Government Pension Scheme. The employee contribution rates are defined by statute as a percentage of whole time pay. The following rates currently apply: Service Managers 6.8% - 9.9%, Corporate Directors between 9.9% and 10.5%, and for the Managing Director 11.4%.

The Employer contribution rates are set by Actuaries advising the Gloucestershire Pension Fund and are reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The rate for Gloucester City Council, set at the last triennial review, is 17%.

## **Payments on Termination**

The Council's approach to discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

The Council has determined that it will not grant the benefit contained in Regulation 12 and 13, other than in exceptional cases where the financial implications can be justified. Similarly, the Council has decided that any other benefits falling outside the provisions or the relevant periods of contractual notice such as those referred to as benefits under Regulation 18, Regulation 30 and Regulation 52 will not be granted other than in exceptional cases where the financial implications can be justified.

Redundancy payments are based upon an employee's actual weekly salary and, in accordance with the approved policy, will be up to 60 weeks, depending upon length of service and age.

Furthermore, the Council will not re-employ Chief Officers either directly or under a contract for service (e.g.: in a consulting or advisory capacity) previously made redundant by the Council.

### **Any other allowances arising from employment**

The following allowances apply to all employees:

#### **Payment for acting up or additional duties**

Chief Officers are expected to be flexible in managing changing requirements. Therefore honoraria would only be paid in exceptional circumstances at this senior level.

In limited situations where an employee may be required to complete work of a higher graded post or undertake duties outside the scope of their role, the Council may consider a payment consistent with JE principles. Any such payments are subject to review and are only for limited periods.

#### **Unsocial hours payments**

The Council does not make unsocial hours payments to Chief Officers

For other employees, the Council recognises that certain roles and services require employees to work unsocial hours, or be available to work and therefore on standby. In these circumstances the Council has a policy to provide additional payments or time off in lieu for eligible employees.

#### **Recruitment and retention allowances**

Whilst the Council does not currently apply any recruitment or retention allowances it has the scope to locally agree such payments if necessary. The Appointments Committee would agree any such payments for post above Job Size 4 and for all other employees the decision would be made by the Head of Paid Service.

#### **Car and motor cycle allowances**

Reimbursement of approved business mileage is made in accordance with the Council's locally agreed mileage rates. These rates, which mirror the HMRC mileage allowance payments, are reviewed annually

#### **Lowest Paid Employees**

As part of agreed policy, during 2015/16, the Council moved all grade A zero hours workers to the next scale point above the nationally calculated "living wage" in November 2013. This equates to an annual salary of £15,662.

The Council also places some apprentices within the organisation. Whilst they do not fall within the definition of 'lowest paid employees', as they are not part of the Council's approved staffing establishment and are employed under separate terms, they are paid slightly above the appropriate national minimum wage rate for apprentices.

The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the HAY job evaluation process used for determining pay and grading structures as set out earlier in this policy statement.



## **The relationship between the remuneration of Chief Officers and employees who are not Chief Officer.**

The Council does not have a policy on pay multiples but recognises that the Hutton Review of Fair Pay in the Public Sector recommends a maximum ratio of the highest remunerated post compared with the lowest remunerated post of 1: 20.

In accordance with the Local Government Transparency Code (2014), the Council uses the principle of pay multiples to provide a wider understanding of the relationship between its highest and lowest paid employees. It recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the Council's workforce.

The multiples are as follows:

	Annual salary FTE	Multiplier
Highest paid taxable earnings	£88,902	
Median earnings	£36,937	2.41
Lowest earnings	£15,662	5.67

\* Data is accurate as of the 31 March 2017.

As part of its overall and ongoing monitoring of alignment with external pay markets - both within and outside the sector, the Council will use available benchmarking information as appropriate. This will include the pay multiples as set out above.

### **Publication**

Upon approval by the full Council, this statement will be published on the Council's Website. In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note on Officers Remuneration setting out the total amount of:

- Salary, fees or allowances paid to or receivable by the person in the current and previous year;
- Any bonuses so paid or receivable by the person in the current and previous year;
- Any sums payable by way of expenses allowance that are chargeable to UK income tax;
- Any compensation for loss of employment and any other payments connected with termination;
- Any benefits received that do not fall within the above.

In addition to this pay policy statement, the key roles and responsibilities and employment benefits for each of our Senior Management Team members will be available on the Council's website [www.gloucester.gov.uk](http://www.gloucester.gov.uk).

## **Accountability and Decision Making**

In accordance with the Constitution of the Council, the Organisational Development Committee has delegated powers to monitor employment legislation and ensure that personnel procedures and guidelines in respect of recruitment, grievance and discipline are in place and up to date. The committee is also responsible for the contractual terms and conditions of the Managing Director, the Corporate Directors and the Monitoring Officer.

Appointment of the Managing Director is made by full council. Appointments of Corporate Directors and the Monitoring Officer are made by a councillor level selection committee of the Organisational Development Committee. All other appointments are made at Corporate Director level, delegated where appropriate to Heads of Service and Service Managers.

### **Policy review**

This policy will be reviewed no later than 31 March 2018 and thereafter on an annual basis.

The Council may amend the policy at any time with Full Council approval. If any amendments are made the revised version will be published on the Council's website.

In this regard it is noted that, at the time of publication, a number of statutory provisions are anticipated to come into force during 2017-18 that may require amendments to this Pay Policy Statement. Any such amendments will be considered by the Appointments Committee before being submitted to Full Council for approval.