



Notice is hereby given that a **MEETING** of the **COUNCIL OF THE BOROUGH OF GOSPORT** will be held in the **TOWN HALL, GOSPORT** on **WEDNESDAY** the **TWENTIETH DAY** of **FEBRUARY 2013** at **THE CONCLUSION OF THE EXTRAORDINARY COUNCIL MEETING AND NOT BEFORE 6.00PM** AND **ALL MEMBERS OF THE COUNCIL ARE HEREBY SUMMONED TO ATTEND TO CONSIDER AND RESOLVE THE FOLLOWING BUSINESS –**

1. To receive apologies from Members for their inability to attend the Meeting.
2. To confirm the Minutes of the Meeting of the Council held on 23 January 2013 (copy herewith)
3. To consider any Mayor's Communications.
4. To receive Deputations in accordance with Standing Order No 3.5 and to answer Public Questions pursuant to Standing Order No 3.6, such questions to be answered orally during a time not exceeding 15 minutes.

(NOTE: Standing Order No 3.5 requires that notice of a Deputation should be received by the Borough Solicitor NOT LATER THAN 12 O'CLOCK NOON ON MONDAY, 18 FEBRUARY 2013 and likewise Standing Order No 3.6 requires that notice of a Public Question should be received by the Borough Solicitor NOT LATER THAN 12 O'CLOCK NOON ON MONDAY, 18 FEBRUARY 2013).

5. Questions (if any) pursuant to Standing Order No 3.4.

(NOTE: Members are reminded that Standing Order No 3.4 requires that Notice of Question pursuant to that Standing Order must be received by the Borough Solicitor NOT LATER THAN 12 O'CLOCK NOON ON TUESDAY, 19 FEBRUARY 2013).

6. Consideration of recommendations by Boards of the Council:

BOARD

DATE

Community Board

4 February 2013

7. Council Budget 2013/14

To consider the report of the Borough Treasurer

8. Treasury Management and Prudential Indicators 2013/14

To consider the report of the Borough Treasurer

9. To receive the following Part II minutes of the Boards of the Council:

- Economic Development Board: 31 January 2013
- Community Board: 4 February 2013
- Policy and Organisation Board: 5 February 2013

10. Changes to Polling Places

To consider the report of the Chief Executive

11. Appointment of Council Representative on the Fareham and Gosport Clinical Commissioning Group

12. Appointment of Council Representative on the Alverstoke Trust

13. Election of Mayor and Deputy Mayor 2013/14

In accordance with Standing Order No 2.4 the Borough Solicitor has written to Group Leaders and Members of the Council inviting them to submit Member nominations for the selection of Mayor-Elect and Deputy Mayor-Elect for the next Municipal Year. One nomination has been received by the Borough Solicitor, Councillor J W Beavis MBE for Mayor-Elect and two nominations, Councillor K C Farr and Councillor W L Ronayne for Deputy-Mayor Elect for the 2013/2014 Municipal Year.

**IAN LYCETT
CHIEF EXECUTIVE**

**TOWN HALL
GOSPORT**

12 February 2013

FIRE PRECAUTIONS

(To be read from the Chair if members of the public are present)

In the event of the fire alarm being activated, please leave the Council Chamber and Public Gallery immediately. Proceed downstairs by way of the

main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

MEMBERS ARE REQUESTED TO NOTE THAT:

(1) IF THE COUNCIL WISHES TO CONTINUE ITS BUSINESS BEYOND 9.30PM THEN THE MAYOR MUST MOVE SUCH A PROPOSITION IN ACCORDANCE WITH STANDING ORDER 4.11.18

(2) MOBILE PHONES SHOULD BE SWITCHED OFF FOR THE DURATION OF THE MEETING

AGENDA ITEM NO. 6

REPORT TO: COUNCIL

DATE OF MEETING: 20 FEBRUARY 2013

REPORT BY: COUNCILLOR BURGESS (CHAIRMAN OF THE COMMUNITY BOARD)

At its meeting on 4 February 2013 the Community Board considered a joint report of the Borough Treasurer and Housing Services Manager on the following item and made the following recommendation to Full Council.

BUSINESS PLAN UPDATE AND COUNCIL DWELLING RENTS 2013/2014

RECOMMENDATION:

- a) the revised HRA Business Plan (Appendix A to the report) and associated 2012/13 Revised Budget and 2013/14 Budget (Appendix B to the report);
- b) in line with national guidelines the average weekly Council Dwelling, rent increases on average by £4.02 per week; and
- c) an increase in rent for older style garages is in line with dwelling rents, as agreed in the Garage Renewal strategy.

Board/Committee:	COMMUNITY BOARD
Date of Meeting:	4 FEBRUARY 2013
Title:	BUSINESS PLAN UPDATE AND COUNCIL DWELLING RENTS 2013/2014
Author:	BOROUGH TREASURER AND HOUSING SERVICES MANAGER
Status:	FOR RECOMMENDATION TO FULL COUNCIL

Purpose

This report considers the Housing Revenue Account (HRA) Business Plan including the revised 2012/2013 budget and the 2013/2014 budget including recommendations on rent levels for next year.

Recommendation

That the Community Board recommend to Council that:

- The revised HRA Business Plan (Appendix A) and associated 2012/13 Revised Budget and 2013/14 Budget (Appendix B) is agreed.
- in line with national guidelines the average weekly Council Dwelling rent increases on average by £4.02 per week
- the increase in rent for older style garages is in line with dwelling rents, as agreed in the Garage Renewal strategy.

1.0 Background

- 1.1 The report details the proposed update of the HRA Business Plan (Appendix A) including the revised budget for 2012/2013 and the budget for 2013/2014 (Appendix B).
- 1.2 The report makes recommendations on investment proposals and rent levels for next financial year. A schedule detailing proposed rent levels is attached at (Appendix C).

2.0 Report

- 2.1 The HRA Business Plan has been updated and now covers the 30 year period from 2013 to 2043. Figures detailing predicted income and expenditure levels for the next 5 years are included for reference at appendix A. Subject to the approval of rent levels; it is possible to prepare a plan that meets most of our on-going

priorities. These priorities are listed below including an estimated cost to the business plan.

Surpluses are forecast to continue for the first 5 years. Years 6-14 show either small surpluses or deficits year on year, as the more significant loan repayments are due. Once the majority of the self-financing loan is repaid then interest payments reduce. The surpluses are projected to increase significantly from years 15 onwards, although as with all models the level of uncertainty increases when forecasting for the longer term future.

2.2 Below is a summary of some of the major points.

- a) Increase in staffing costs to accommodate significant additional expenditure on asset management as detailed in November report to Policy and Organisation Board.
- b) Increase in investment in current housing stock to £32.5m over the next 5 years to match the expenditure requirement as identified in the recent Stock Condition Survey.
- c) Establishment of a Major Repairs Reserve / New Build /Debt Repayment fund to provide funding for major repairs, new build and Special Debt Repayment with contributions potentially totalling £4m over the next 5 years.
- d) Increase in bad debt provision from £125,000 to £250,000 in 2013/14 to take into account possible negative effects on rent collection of the welfare reforms. This will be kept under review and reassessed once the results from the pathfinders are known.
- e) RPI has been assumed at 2.6% which was the September 2012 figure.
- f) A sum of £900,000 has been set aside for refurbishment of Barclay House as detailed in paragraph 8 below.
- g) Community grants –one off provision to the development of community facilities.

2.3 Business Plan borrowing.

The total debt outstanding on the HRA currently stands at £62,871,000. This is made up of fixed term loans of £57,000,000 from the Public Works Loan Board (PWLB) and variable rate prudential borrowing of £5,865,000. By the end of the 30 year period the Public Works Loan Board loans will have reduced to £27,000,000 and there will be no prudential borrowing outstanding.

Under current rules the HRA is at its maximum debt cap.

3.0 Housing Revenue Account (HRA)

- 3.1 The HRA revised council house maintenance budget for 2012/2013 is £3,476,000 an increase of £485,000 on the original budget. The council house maintenance budget for 2013/2014 is £4,223,000 representing a £747,000 increase on the 2012/2013 revised estimate.
- 3.2 It is anticipated that HRA balance level will increase to approximately £990,000 from the current balance of £603,000 by the end of the financial year 2012/2013, with an additional balance of £151,000 set aside for to the Major Repairs Reserve (2.2c above). The substantive variances to the original 2012/13 maintenance budget have occurred in the following areas:
- Void costs have increased by £100,000 due to the number of voids increasing substantially during the year.
 - An increase in response repair costs of approximately £240,000, due to an increased demand for repairs and additional operatives being required.
 - The administration budget heading has also increased due to additional staffing and associated costs for the Agnew Family Centre although this is more than offset by the additional income.
- 3.3 It is anticipated that the HRA balance will remain at £990,000 by the end of 2013/2014, the first year of self financing, while the Major Repairs Reserve will increase to approximately £658,000. This increase in HRA balances is essential as this Council looks to build Council properties and invest in its remaining housing stock. There will no longer be a subsidy safety net for authorities that go into deficit with their HRA so it is essential that prudent levels of reserves are maintained.

4.0 HRA Capital Programme

- 4.1 The Capital Programme for 2012/2013 to 2016/2017 is shown on page 44 of the draft budget book. The HRA Capital Programme totalling approximately £3,720,000 in the revised budget for 2012/2013 and £3,550,000 for 2013/2014 is in accordance with the agreed Capital Programme.
- 4.2 All capital expenditure for future years is funded directly from HRA revenue as part of the self financing agreement.

5.0 HRA Self Financing

- 5.1 April 2012 saw the introduction of the HRA self financing regime and the end of the national housing subsidy system. The Council made a one off payment to the Government of £57,029,000. The HRA will now be able to retain all surpluses from its landlord activity, and use these to support its future business plan on a self-financing basis. It will continue to have to account for its landlord activity in a separate ring-fenced HRA.
- 5.2 The Government has imposed a limit on the amount of money the

Council can borrow, and reserves the right to re-open the settlement in the event of major changes in housing policy. The borrowing limit, which is made up of existing borrowing [£6,000,000] plus the settlement figure [£57,000,000], constrains the ability of the Council to consider major regeneration and new build projects financed from this HRA business plan in the early years. This is so Central Government can still retain a degree of control over the extent of public borrowing. This was discussed in the HRA Business Plan 2012-2042 report that was approved by Community Board on 30 January 2012.

6.0 Rent Level Proposals

- 6.1 The Government policy of Rent Restructuring came into effect in 2002/2003 and this authority has used this guideline to formulate rent policy since that date. Although self financing came into effect from April 2012 the Government rent policy is still in existence until 2015/16. The settlement figure mentioned in 5.1 above is based upon rent convergence by this date. The formula used to achieve rent convergence is RPI plus ½ % plus £2 per week.
- 6.2 The average target formula rent is now at £79.06 per property per week and the actual average rent with the proposed increase will be at £76.06.
- 6.3 Rents will increase by £4.02 on average. It is also proposed that service charges for tenants also increase by £0.45 on average in order for this Council to recover the costs of providing these services for its tenants.
- 6.4 It is proposed to increase rent levels for older style garages, by £0.51 per week so that they increase in line with rents as agreed in the Garage Strategy. It is however proposed that the newly built garages (provided since April 2010 under the Garage Strategy) rent levels remain unaltered, as rents for these have already been set significantly higher and convergence with the older style garages is required.

7.0 Risk Assessment

- 7.1 Self financing means that much of the risk involved with the upkeep, maintenance and management of council housing has moved from Central Government to Local Authorities. Therefore the establishment of a Major Repairs Reserve is considered essential.
- 7.2 As a result of the Government's proposals to reform the housing finance system and the transfer of risk, it is essential that the rent increase for this year brings this authority closer to the guideline rent level set by the Government. The HRA self- financing loan of £57,029,000 was calculated using the assumption that guideline rent levels would be achieved by 2015/16. Establishment of a reserve is also essential to the future funding of HRA projects,

safeguarding non-insurable risks and allowing the Council to take the opportunity to carry out any special debt repayment (potentially leading to discounts) should the economic conditions favouring such measures arise.

- 7.3 In addition whilst, current balance levels were considered adequate for the previous arrangements relating to the HRA the new risks associated with Self Financing make it essential that balances/reserves are increased to the levels detailed in the Business Plan.

8.0 Other Properties

- 8.1 There are a small number of other properties where the rent levels are assessed in line with HRA properties. The proposal is to increase these rent levels in line with the HRA properties.
- 8.2 Additional investment has been identified to enable Barclay House to be brought up to standard for use as temporary accommodation. In October 2011 the Community Board approved investment to deliver the Agnew Family Centre, which has proved to be very successful in reducing the level of expensive bed and breakfast provision required since it has been opened.
- 8.3 The level of demand on the homelessness service, continues to increase (this is a national as well as a local trend) and Agnew Family Centre has been generally full since November. It is proposed to carry out the necessary works to bring Barclay House up to standard to protect the Council from not being able to discharge its duty to homeless households and in addition safeguarding against the risk of escalating costs of bed and breakfast accommodation.

9.0 Conclusion

- 9.1 The Council's ability to influence rents locally has been limited since the advent of rent restructuring in 2003/04. Self financing and HRA reform intended to give greater powers locally, however the issue of rent setting remains restricted due to the debt levels set by Government. The move to self-financing has brought significant benefits with increased investment, financial certainty and the opportunity to build new dwellings.
- 9.2 This Council agreed to the implementation of rent restructuring for 2003/2004. In order for rent convergence targets to be maintained, the continuation of an effective service for the tenants of Gosport it is proposed that the average rental increase of £4.02per week is approved.

Financial Services comments:	As set out in the report
Legal Services comments:	The Council is under a duty to set a budget which prevents a debit balance

	arising on the Housing Revenue Account
Crime and Disorder:	Not applicable
Equality and Diversity:	No direct implications
Service Improvement Plan implications:	The HRA Business Plan is a Service Improvement Plan item
Corporate Plan:	More effective performance management, which includes making the best use of our assets, is a strategic priority in the Corporate Plan.
Risk Assessment:	As detailed in paragraph 7.
Background papers:	Garage Strategy(June 2009) /HRA Business Plan 2012-2042(Jan 2012)
Appendices/Enclosures:	
Appendix A	HRA 30 Year Business Plan extract
Appendix B	HRA Budget
Appendix C	Rent Analysis Extract
Report author/ Lead Officer:	Tim Hoskins / Julian Bowcher / Corinne Waterfield

APPENDIX A

		HRA 30 YEAR BUSINESS PLAN					
		2012.13	2013.14	2014.15	2015.16	2016.17	TOTALS
Income	Rental Income	12,540,000	13,136,000	13,600,000	13,950,000	14,350,000	67,576,000
	Voids/Write Offs	-308,500	-308,500	-310,000	-310,000	-310,000	-1,547,000
	Garages	240,000	240,000	240,000	250,000	260,000	1,230,000
	Other Income	590,000	548,000	400,000	400,000	400,000	2,338,000
	Total Income	13,061,500	13,615,500	13,930,000	14,290,000	14,700,000	69,597,000
Expenditure	General	2,088,000	2,104,000	2,156,600	2,210,515	2,265,778	10,824,893
	Special	1,223,000	1,148,000	1,176,700	1,206,118	1,236,270	5,990,088
	Repairs	472,000	478,000	480,000	485,000	490,000	2,405,000
	Responsive Repairs	3,004,000	3,745,000	2,900,000	2,900,000	3,650,000	16,199,000
	Other Expenditure	93,000	218,000	93,000	93,000	93,000	590,000
	Total Expenditure	6,880,000	7,693,000	6,713,300	6,801,633	7,642,048	35,729,981
	Interest Received	12,000	16,000	2,000	2,000	2,000	34,000
	Capital Spend	-3,720,000	-3,500,000	-3,500,000	-3,500,000	-3,750,000	-17,970,000
	Net Operating Income	2,473,500	2,438,500	3,718,700	3,990,368	3,309,952	15,931,019
Appropriations	Prudential Borrowing	-188,000	-180,000	-250,000	-250,000	-250,000	-1,118,000
	Loan interest	-1,694,000	-1,694,000	-1,694,000	-1,694,000	-1,694,000	-8,470,000
	Debt Management	-53,000	-53,000	-55,000	-55,000	-1,055,000	-1,271,000
	MRR/New Build Fund	-151,000	-512,000	-1,720,000	-1,991,000	-311,000	-4,685,000
	Total Appropriations	-2,086,000	-2,439,000	-3,719,000	-3,990,000	-3,310,000	-15,544,000
	Annual Cashflow	387,500	-500	-300	368	-48	387,019
	Opening Balance	603,000	990,500	990,000	989,700	990,068	4,563,268
	Closing Balance	990,500	990,000	989,700	990,068	990,019	

Notes:

2013/14

£125,000 other expenditure increased (Bad Debt Provision,welfare reform)

£900,000 Capital spend Barclay House upgrade

2014/15

Possible additional £1,700,000 available for new build

2015/16

Possible additional £1,900,000 available for new build

2016/17

1st £1,000,000 self financing payment due

Significant increase in capital funding

APPENDIX B

COUNCIL HOUSING

	ORIGINAL 2012/13 £'000	REVISED 2012/13 £'000	ORIGINAL 2013/14 £'000
HOUSING REVENUE ACCOUNT			
Income			
Dwelling Rents	12046	12231	12828
Shops & Garages	251	240	240
Service Charges	358	590	548
	12655	13061	13616
Expenditure			
Administration	2933	3311	3252
Maintenance costs	2991	3476	4223
Rents, Rates, Taxes, Other Charges	45	93	93
Depreciation/Capital Funding	3094	3720	3500
Increase in Bad Debt provision	0	0	125
Total Expenditure	9063	10598	11193
Net Cost Of Services	3592	2461	2423
Item 8 Debit	2536	1935	1926
HRA Investment Income	-9	-12	-16
	2527	1923	1913
Net Operating Expenditure	(1065)	(538)	(513)
Housing Revenue Account Balance			
Surplus at beginning of year	603	603	990
Surplus/(-)Deficit for year	1065	538	0
Surplus at end of year	1668	990	990
Major Repairs/New build/loan repayment			
Surplus at beginning of year	0	0	151
Surplus/(-) Deficit for year	0	151	507
Surplus at end of year	0	151	658

APPENDIX C Rent Analysis

Stock Numbers

Type	bedrooms				
	1	3	4	5	Grand Total
Bedsit	10				10
Bungalow	313	11			388
Flat	917	17			993
House	10	911	84	1	1306
Maisonette	24	57	2		184
Sheltered Bedsit	13				13
Sheltered Bungalow	39				39
Sheltered Flat	126				132
Grand Total	1452	996	86	1	3065

* Excluding Sheltered Agnew, Barclay and RTB

Increase £	Rent Group A					Rent Group B	
TYPE	bedroom	up to £5	up to £6	up to £7	Grand Total	Up to £5	
Bedsit	1	10			10	2	
Bungalow	1	313			313	2	
Bungalow	2	64			64		
Bungalow	3	11			11		
Flat	1	917			917	26	
Flat	2	59			59		
Flat	3	17			17		
House	1	10			10		
House	2	300			300		
House	3	883	28		911	1	
House	4	45	39		84		
House	5	1			1		
Maisonette	1	24			24		
Maisonette	2	101			101	7	
Maisonette	3	57			57	1	
Maisonette	4	2			2		
Sheltered Bedsit	1	13			13		
Sheltered Bungalow	1	39			39		
Sheltered Flat	1	126			126		
Sheltered Flat	2	6			6		
Grand Total		2998	67		3065	39	3104

APPENDIX C (Cont.)

Average of Net increase in %					
TYPE	bedroom	up to £5	up to £6	up to £7	Grand Total
Bedsit	1	6.61%			6.61%
Bungalow	1	5.83%			5.83%
Bungalow	2	5.54%			5.54%
Bungalow	3	5.31%			5.31%
Flat	1	6.06%			6.06%
Flat	2	5.60%			5.60%
Flat	3	5.31%			5.31%
House	1	5.81%			5.81%
House	2	5.44%			5.44%
House	3	5.33%	5.16%		5.33%
House	4	5.23%	5.10%		5.22%
House	5	5.21%			5.21%
Maisonette	1	4.48%			4.48%
Maisonette	2	4.65%			4.65%
Maisonette	3	5.55%			5.55%
Maisonette	4	5.23%			5.23%
Sheltered Bedsit	1	6.65%			6.65%
Sheltered Bungalow	1	6.00%			6.00%
Sheltered Flat	1	6.18%			6.18%
Sheltered Flat	2	4.27%			4.27%

Average of 5.6% Net Rent convert to 52 weeks	bedroom				
TYPE	1	3	4	5	Grand Total
Bedsit	56.29				56.29
Bungalow	71.56	88.00	93.89		83.31
Flat	66.22	81.50			75.29
House	77.02	87.55	89.58	92.16	85.28
Maisonette	69.05	79.80	98.65		81.11
Sheltered Bedsit	55.52				55.52
Sheltered Bungalow	67.58				67.58
Sheltered Flat	59.94				67.22

GOSPORT BOROUGH COUNCIL

REPORT TO:	FULL COUNCIL
DATE OF MEETING:	20 FEBRUARY 2013
TITLE:	COUNCIL BUDGET 2013/14
AUTHOR:	BOROUGH TREASURER
STATUS:	FOR DECISION

SUMMARY OF REPORT AND RECOMMENDATIONS

The report outlines the financial situation of the Council's General Fund in the current year and, after consideration of the main factors affecting the outlook for 2013/14 including Exchequer support and reserve levels, recommends a budget level for that year. **The proposed budget will result in no increase in the level of Council Tax for the Borough Council's requirements after taking account of reserve and tax collection fund balances.**

RECOMMENDATIONS

It is recommended that the Council approve:

- 1) **A revised 2012/13 budget totalling £10,539,690 and a budget for 2013/14 totalling £10,284,090.**
- 2) **The Pay Policy Statement (Appendix 3) and Member's Allowances Scheme (Appendix 4) for 2013/14.**
- 3) **The proposed amendments to the Council Tax Discounts as detailed in paragraph 7.4 of the report and to publish a notice of these determinations within 21 days of the decision in a local newspaper in accordance with legislation.**
- 4) **The proposed amendment to the Discretionary Rate Relief Policy Guidelines as detailed in Appendix 5.**

1.0 PURPOSE OF REPORT

- 1.1 To recommend budget levels for General Fund services for 2013/14 and help determine, in due course, the level of Council Tax to be levied in the Borough. (The Council Tax level for 2013/14 will be set by Council on 4 March 2013 when precepting authorities' requirements are known).
- 1.2 The Local Government Act 2003 requires the Council to consider whether its budget is balanced with appropriate levels of reserves. The proposed budget is balanced and any proposed amendments must be considered in this context. In particular, any changes to the budget or

reserves may have an impact on the forecasts for future years and affect the Council's ability to maintain adequate service levels and fund the proposed capital programme.

2.0 CHANGES TO THE FINANCING OF LOCAL GOVERNMENT

- 2.1 The 2013/14 Local Government Finance Settlement brings the most radical changes to the financing of Local Government for over 30 years.
- 2.2 The primary change is in relation to Business Rate income. Under the existing system business rates are collected by Councils on behalf of the government and paid into a central Treasury pot. This is then redistributed back to local authorities using a complex needs based formula. The Government considered that this did not provide an incentive for Councils to increase the business base in their area as no extra reward would be received by the Council as a result of such growth.
- 2.3 As a result of the above concerns a new system of Business Rate Retention has been introduced from 1 April 2013 which enables Councils to retain a proportion of any business rates collected above a target level. The new system is complex and in the first instance a baseline funding level (funding that is assumed to be provided through the business rates retention scheme) is calculated. This is determined as part of the Council's Start Up Funding Assessment, the other element of which is the funding provided through the Revenue Support Grant.
- 2.4 The business rate baselines (the Government's estimate of the business rates collectable in the Borough) have been split in two tier areas between the billing authorities and the major precepting authorities on the basis of 80% to the billing authorities with the remaining 20% to the precepting authorities. The resulting individual authority business rate baselines are then either reduced or increased by applying a tariff or top-up respectively so they equal the baseline funding level.
- 2.5 In order to prevent any authority either gaining or losing excessively under the new arrangements the Government have included a levy arrangement whereby some authorities will be required to pay a levy if they collect more than their Individual Authority Business Rate Baseline. Levy rates are individually set for each Council using a formula with this Council's levy rate being 0.50. Therefore for every pound collected above the Individual Authority Baseline Funding Level 50 pence will be payable to the Government.
- 2.6 The proceeds from the Levy are then used to fund a safety net to provide support to Councils whose business rate receipts fall by more than 7.5% below their baseline funding level.
- 2.7 The new funding arrangements do therefore represent a significant transfer of risk (both positive and negative) from Central Government to

Local Government. There are potential benefits under the new system but the arrangements whereby Councils bear a substantial proportion (40% in the case of this Council) of the cost of any future successful rating appeals and rate reliefs results in a real possibility that the Council could be more than 7.5% below the baseline funding and therefore would trigger a safety net payment.

- 2.8 As a positive incentive to keep Council tax levels down, a Council Tax Freeze” grant equivalent to approximately 1% Council Tax is to be made available to Councils by the Government, this time for two years, conditional on their tax levels not being increased in 2013/14.

3.0 THE LOCAL FINANCIAL SITUATION

- 3.1 The headline figures for this Council in relation to the provisional 2013/14 and 2014/15 grant settlements are as follows:-

	2013/14	2014/15
	£,000	£,000
Revenue Support Grant	3,289	2,524
Baseline Funding Level*	<u>2,188</u>	<u>2,255</u>
Start Up Funding Assessment	5,477	4,779

* Funded from Business Rate receipts

- 3.2 A direct comparison of the grant levels for 2013/14 and 2014/15 is not possible as there are a number of grants (e.g. Homeless Intervention) which were previously paid separately to the Revenue Support Grant and included directly within the budget which are now included in the Start Up Funding Assessment. In addition the grant to part fund the new Council Tax Support Scheme (£706,170) is also included.
- 3.3 In addition to the funding through the Start Up Funding Assessment the Council has received New Homes Bonus which is payable as a result of net growth in the Council Tax Base. A total sum of £498,362 is payable to the Council including £227,053 in respect of 2012/13 and £271,309 for 2013/14.
- 3.4 The Government has taken the funding assumed as being received through the Start Up Funding Assessment, New Homes Bonus and other funding streams and concluded that the reduction in overall spending power for this Council between 2012/13 and 2013/14 is only £8,157. This figure does however assume that the Council will be able to collect business rate receipts at the target level. The current estimate is that actual receipts (after Tariff) will be £1,051,478 which is £1,136,790 below the target level of £2,188,268 and £972,670 below the safety net threshold of £2,024,148.
- 3.5 It must be stressed that the estimation of business rate receipts required under the new grant system is extremely complex with many of the factors outside this Council's control. This is particularly true in the case of a business rate appeals and claims for rate relief (including

Mandatory) whereby any granted will be funded 50% by Central Government, 40% by this Council and 10% by the other precepting authorities. The Valuation Office Agency will both determine whether a rating appeal is successful and the level of reduction granted with the Council having no right of challenge. Further regulations relating to the treatment of backdated appeal refunds is still awaited.

- 3.6 For the third successive year the proposed budget will also qualify the Council to receive Council Tax Freeze Grant. For 2013/14 the grant is payable for two years and is equivalent to 1% of the Council Tax i.e. £56,280. This sum is not included in the Start Up funding and is paid as a separate grant.
- 3.7 The Settlement for 2013/14 is less severe than many forecasters had predicted and the efficiency measures this Council has previously undertaken (particularly in the period autumn 2010 to spring 2011) has enabled a draft budget to be put forward which maintains current service levels with no increase in the Council Tax being required.

4.0 BUDGET RISK ASSESSMENT

- 4.1 Conclusions about the adequacy of the Council's proposed budget are based on a risk assessment (Appendix 1).
- 4.2 The new financial arrangements being introduced from 1 April 2013 result in a major shift in risk from Central to Local Government. The new system of Business Rate Retention whilst providing a possibility of reward when Business Rate Receipts exceed the Rate Baseline also results in significant risk of a reduction in funding received by this Council. Whilst some of this risk is associated with the Council's performance on rate collection and the development of the Business base within the Borough other major risk factors are out of this Council's control. Examples of such factors include rating appeals, claims for mandatory relief and indeed the financial health of the Country as a whole.
- 4.3 A further area of additional risk being borne by this Council results from the introduction of the Council Tax Support Scheme which replaced Council Tax Rebates which were totally funded by Central Government. The Government has transferred the responsibility for providing a locally determined Council Tax Support Scheme to Local Government reducing the funding from Central Government to approximately 90% of the cost of the Council Tax Rebate scheme. From 2013/14 the grant funding for this scheme is to be included within the overall grant settlement and whilst some allowance may be made this Council will bear a substantial proportion of the risk associated with the cost of the scheme in particular arising from any significant increase in take up.
- 4.4 In addition to the risks brought about by changes in financial arrangements between Central and Local Government identified above a further area of risk that should be highlighted relates to the Council's success in securing grants in particular associated with the Daedalus

Enterprise Zone. The Council in partnership with Solent Local Enterprise Partnership has secured Regional Growth Fund grant of approximately £3 Million to help deliver the objectives of the Enterprise Zone. The Council as 'Accountable Body' could be required to repay grants paid out back to the Government if certain extreme circumstances arise although this is considered a remote possibility as a result of the extensive controls and procedures in place.

- 4.5 It can be seen from the risks identified above in addition to the medium to longer term uncertainty relating to Central Government funding it is essential that a prudent approach is taken to budgeting and the level of reserves (see Paragraph 6).

5.0 PROVISIONAL SETTLEMENT 2014/15

- 5.1 The exact funding position for 2014/15 is currently still difficult to predict with any certainty as although the provisional grant figure has been notified this could still be subject to amendment. In addition the precise budgetary pressures including any pay award and general inflation is still unclear although further analysis will be undertaken when the Medium Term Finance Strategy is updated in June 2013.
- 5.2 Whilst it can be seen the Start Up Funding Assessment reduces by £698,000 between 2013/14 and 2014/15 this does not include any additional New Homes Bonus payable in respect of 2014/15 which might potentially reduce the net grant loss. However there is no certainty regarding the level of grant awarded or indeed that any such additional grant will be forthcoming.
- 5.3 Even though there remains considerable uncertainty to the precise position in 2014/15 it is certain that there will be a substantial reduction in Government funding. Faced with this position it is seen as essential that further efficiency reviews are undertaken in early 2013/14 and further savings are achieved. Whilst it is likely that a reduction in staffing levels will result it is not possible to provide details until the reviews have been carried out.

6.0 RESERVES

- 6.1 General Fund provisions available for general use comprise a Working Balance and the Revenue Financing Reserve (RFR). The Working Balance enables the Council to meet unexpected demands on its resources such as increased inflation or demand for statutory services and provides a cushion against uneven cash flows. RFR is an earmarked reserve, used to ensure that fluctuations in annual maintenance requirements can be met, to underwrite uninsurable risks and for funding spend-to-save revenue and capital initiatives.
- 6.2 As a result of savings achieved in the actual expenditure compared to the budget in 2011/12 a higher RFR (£665,220) was carried forward into 2012/13 than anticipated. In addition it has been possible to make a contribution to the reserve in the current year's revised budget of £255,490.

- 6.3 As indicated above the grant settlement for 2014/15 will be substantially lower than 2013/14 and it is possible that further reductions of between £400,000-£500,000 will apply to the 2015/16 settlement. In addition the Council is bearing a number of additional risks including those relating the Business Rate Retention Scheme, the new Council Tax Support Scheme and the Council's responsibilities as accountable body for the Regional Growth Fund relating to the Enterprise Zone.
- 6.4 In view of the challenges that the Council is likely to face in the next 2-3 years and the additional risks identified (see paragraph 4) it is seen as essential that reserve levels are maintained at as high as level as possible. These funds will not only cover against such risks but also help provide essential invest to save funding to enable the Council to fully utilise the opportunities for efficiencies in the future.

7.0 THE PROPOSED BUDGET

7.1 REVENUE

- 7.1.1 The revised 2012/13 budget totals £10,539,690 - the same as the original. The draft budget book contains a list of variations that have arisen between the Council's original spending plans for the current year and the latest estimate of expenditure and income.
- 7.1.2 The total proposed net budget for 2013/14 is £10,284,090 and represents a decrease of £255,600 (2.5%) on the original budget for the current year when transfers to and from reserves are included. The new financing arrangements make direct comparison between the two years more difficult than has previously been the case.
- 7.1.3 Summary reports on the budgets for each of the Boards including information relating to main budget variations are attached (Appendix 6).

7.2 CAPITAL

- 7.2.1 A separate report dealing with Treasury Management Strategy for the coming year is on the Council Agenda.
- 7.2.2 The Council's capital programme for the 4 years to 2015/16 amounts to over £27M and will continue to require substantial use of capital receipts and borrowing.
- 7.2.3 There is a direct impact on revenue budgets arising from the capital programme and, where expenditure is not supported by Government grant, the resulting financing cost is included within the budget. The amount of discretionary capital expenditure in the capital programme continues to be strictly controlled as the Council can only use the prudential code for funding new capital

investment if it can be demonstrated that the revenue consequences are affordable.

7.3 COUNCIL TAX

- 7.3.1 The proposed budget of £10,284,090 for 2013/14 will result in no change in Gosport's share of the Council Tax when that is set on 4 March 2013. The Band D tax will therefore remain at £202.81 for 2013/14.
- 7.3.2 Based on provisional data, 1% Council Tax produces approximately £50,000 income in 2013/14. Any increase above the proposed budget required to be met from Council Tax will result in the loss of the Council Tax Freeze grant of £56,280 p.a. (payable for two years) e.g. If the Council Tax was increased to the limit (without referendum) of 1.99% the £100,000 extra tax will only produce a net £44,000 income in each of 2013/14 and 2014/15.

7.4 COUNCIL TAX DISCOUNTS

- 7.4.1 A number of recent changes have been made to the provisions relating to Council Tax Discounts. From 1st April 2013 the Council will be able to determine whether or not to apply any discount to a property that falls within specified classes. It is proposed that the following changes are made from 1 April 2013:
- a) Class A and Class B empty and furnished properties receive a 0% discount.
 - b) Class C unoccupied and substantially unfurnished properties receive a 100% discount for one month.
 - c) Class D Unoccupied and substantially unfurnished properties which are undergoing or have undergone within the last six months major repairs receive a 0% discount.

Whilst the Council are able to charge an additional premium up to 50% in respect of long term empty property (i.e. property which has been empty for over two years.) It is not proposed to impose a premium.

- 7.4.2 It is considered that the changes detailed above will support the Council's objectives in bringing back empty properties into use and potentially helping to mitigate homelessness pressures. In addition they will assist in reducing the negative environmental impact that long term empty properties can have on the neighbourhood.

7.5 COUNCIL TAX BASE

- 7.5.1 The new financial arrangements have a significant impact on the Council Tax Base with a number of factors causing variations from

the 2012/13 tax base. These include the removal of the income funded through Council Tax Rebates whereby expenditure was reimbursed by Central Government Grant so was included in the proceeds arising from the Council Tax levied. Under the new arrangements the Government grant funding is received through the Grant formula and therefore this has to be deducted from the Council Tax Base (a reduction of 3,486.9 in 2013/14).

- 7.5.2 In addition to the above the change to the tax base resulting from the proposed exemption and discount changes (see 7.4 above) , an allowance for new properties and a provision for losses on collection (approximately 1.38%) have been included in order to calculate an adjusted tax base for 2013/14 of 24,532.4 as detailed below.

Calculation of adjusted tax base:

Tax Base for Formula Grant Purposes	27996.1
Less adjustment for Council Tax Support	(3486.9)
Plus changes to Exemptions/Discounts	311.0
Plus allowance for new properties	<u>50.0</u>
	24870.2
Less Loss on collection	<u>(337.8)</u>
Adjusted tax base	<u>24532.4</u>

8.0 BEYOND 2012/13

- 8.1 A 4-year projection of revenue commitments (Appendix 2) indicates significant pressures on budgets in 2014/15 and 2015/16. The Government notified authorities of the provisional settlement for 2014/15 in December 2012 and whilst changes could be made to the final settlement it is almost certain that a significant reduction in exchequer grant will result. There is considerable uncertainty relating to the estimates of exchequer grant for 2015/16 and later years.
- 8.2 Savings required to maintain a zero increase in Council Tax are currently projected as follows:-

Year	Estimated Savings Required (Year on Year)
2014/15	£564,000
2015/16	£459,000
2016/17	£185,000
2017/18	£75,000

- 8.3 It is currently Council policy to restrict Council Tax increases for its own requirements to no more than 2.5% although it is currently the case that a referendum is required by any Council wishing to increase its Council Tax by 2% or more.

- 8.4 Whilst the figures projected in paragraph 8.2 represent the best projection that can currently be made, there is increased uncertainty regarding future levels of Exchequer support, locally retained business rates, inflation and interest rates. As stated above the grant rates from 2015/16 onwards are particularly uncertain although 2014/15 is currently projected to be the most vulnerable year.

9.0 OTHER ISSUES

- 9.1 The Council is required to consider and publish its Pay Policy and Member' Allowances Scheme that will apply next financial year before the end of March. They are attached as Appendices 3 & 4 for approval by Council. The financial consequences of these are included in the proposed budget and reflect a continuation of existing policy.
- 9.2 The Council's current Discretionary Rate Relief Policy is attached as Appendix 5; The policy remains unchanged other than one minor amendment to the guidelines relating to discretionary relief available to education and training establishments.

10.0 CONCLUSION

- 10.1 The proposed 2013/14 budget of £10,284,090 is balanced and will result in no change in the level of Council Tax required for the Borough Council's purposes. The outlook for 2014/15 and beyond is for a significant reduction in Exchequer Support and a further review of various service areas will be undertaken in 2013/14 to help achieve efficiency savings. The Council's Budget Strategy for 2014/15 will further address this when it is considered during autumn 2013.
- 10.2 A budget book containing the budget as finally approved will be circulated by April and a revised Medium Term Strategy will be prepared shortly thereafter.

Financial Implications:	Council's General Fund Budget, Capital Programme and Council Tax level for 2013/14
Legal Implications:	The Council has to set a balanced budget and is also under an obligation to carry out its functions effectively, efficiently and economically. It also has to determine and publish both its Pay Policy Statement and Member's Allowances Scheme in advance of the new financial year.
Service Improvement Plan implications:	The budget submissions reflect both service improvement plans and the corporate plan.
Corporate Plan:	Ditto.
Risk Assessment:	See Appendix 1
Background papers:	Draft Budget Book Budget working papers
Appendices/Enclosures:	<ol style="list-style-type: none"> 1. Risk Assessment 2. 4 year projection of Revenue Commitments 3. Pay Policy Statement 2013/14 4. Member's Allowances Scheme. 5. Discretionary Rate Relief 6. Summary of Service Board Budgets 2013/14
Report Author/Lead Officer	Julian Bowcher

APPENDIX 1

BUDGET RISK ASSESSMENT (GENERAL FUND)

Budget Area	Risk	Budget £'000	Likelihood	Revenue Impact	Comment
Housing Benefits	Overpayment rates &/or demand increase, grant formula change.	29,357	H	H	Fundamental system changes due from 2013/14 with the introduction of Universal Credit.
Business Rate Retention Scheme/ Government Grants	Uncertainty regarding Collection Rates/Appeals/Mandatory Relief Grant Data//Policy change	-4,412	H	M	Risk partly mitigated by 'Safety Net'/Prudent Budgeting.
Council Tax Support Scheme	Increased costs due to take up etc.	5,044	H	M	Any change in Government support to the scheme will be included in overall Grant settlement and is unlikely to be separately identified from 2014/15 onwards.
Capital Programme	Failure to raise necessary financing (capital receipts 2012-17)	-2,958	H	M	Economic climate may not facilitate the raising of the new capital receipts required in future years
Homelessness	Additional demand.	3,167	H	M	Conversion of Agnew House has mitigated this risk although demand continues to increase. The proposed refurbishment of Barclay House will further reduce this risk.
General Income	Shortfall due to unpredicted demand changes.	-2,848	H	H	
Inflation	Exceeds allowance.	85	M	M	The country's economic outlook remains uncertain.
Maintenance	Unforeseen urgent works.	302	M	M	Essential expenditure has been provided for.
Insurance	Claims experience deteriorates.	164	M	M	
Interest Rates	Interest rates are higher than forecast	424	M	H	The economic climate remains volatile making the prediction of future interest rate levels subject to uncertainty.
Government Grants (including Regional Growth Fund)	Central Government Grant Clawback	>£3M	L	H	Risk likelihood considered low due to controls and procedures in place

NOTES

- 1 Assessment takes account of past trends and budget monitoring.
- 2 Likelihood: High = most years, Medium = Occasional, Low = rare.
3. Impact: High = over £100,000; Medium = £50 – 100,000; Low = less than £50,000

APPENDIX 2

(£'000)				
	2014/15	2015/16	2016/17	2017/18
A 2013/14 Base Budget	10,284	10,284	10,284	10,284
B Budget Increases				
Crematorium (income down)	50	50	50	50
Tax Freeze Grant 2013/14		56	56	56
Elections	50		50	
Pensions	50	150	200	250
Inflation (inc pay award)	150	300	450	600
	300	556	806	956
C Less Budget Decreases				
New Homes Bonus income	(200)	(300)	(400)	(500)
Local Plan	(80)	(100)	(100)	(100)
Leisure Centre running costs	(100)	(100)	(100)	(100)
RFR reduced contribution	(50)	(50)	(50)	(50)
Other				
	(430)	(550)	(650)	(750)
D PROJECTED BUDGET TOTALS (A+B+C)	10,154	10,290	10,440	10,490
E FUNDING				
Revenue Support Grant	(2,524)	(2,124)	(2,024)	(1,924)
Collection Fund (Surplus) / Deficit	0	0	0	0
Business Rates Collectable/safety net	(5,550)	(5,716)	(5,888)	(6,064)
LESS Tariffs payable to Central Government	3,464	3,563	3,670	3,781
	(4,610)	(4,277)	(4,242)	(4,207)
F GBC COUNCIL TAX LEVY (D-F)	(5,544)	(6,013)	(6,198)	(6,283)
G COUNCIL TAX BASE	24,562.4	24,592.4	24,622.4	24,652.4
H ESTIMATED COUNCIL TAX INCOME (FOR NO INCREASE)	(4,980)	(4,990)	(4,990)	(5,000)
I SAVINGS REQUIRED	564	1,023	1,208	1,283

GOSPORT BOROUGH COUNCIL

PAY POLICY STATEMENT
2013/14

1. Purpose

This statement is produced in accordance with Section 38(1) of the Localism Act 2011, and sets out the Council's policies relating to the pay of its workforce for the financial year 2013/14, and in particular:

- the remuneration of its Chief Officers
- the remuneration of its "lowest paid employees"
- the relationship between the remuneration of its Chief Officers and those who are not Chief Officers.

2. Definitions

For the purpose of this pay policy statement, the following definitions apply.

2.1 Pay, in addition to salary, includes any charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements, and termination payments.

2.2 Chief Officer refers to the following roles within the Council:

Chief Executive, as Head of Paid Service, Borough Solicitor and Deputy Chief Executive (who is also the Council's Monitoring Officer), Borough Treasurer, Community and Customer Services Manager, Housing Services Manager. In addition, in accordance with the definition set out in the Localism Act and the Government's statutory guidance, this term for this purpose also refers to those officers who report directly to the statutory or non-statutory officers, i.e. the following Section Heads:

Head of Economic Prosperity, Tourism and Culture, Head of Policy and Community Safety, Head of Personnel, Head of IT, Head of Accountancy, Head of Pay and Central Services, Head of Local Taxation, Head of Benefits Services, Head of Internal Audit, Head of Housing Operational Services, Head of Property Services, Head of Housing Finance, Head of Housing Options, Head of Legal and Democratic Services, Head of Conservation and Design, Head of Development Control, Head of Planning Policy, Head of Building Control, Head of Streetscene, Head of Environmental Services, Transport and Traffic Liaison Officer.

2.3 Lowest paid employees refers to those staff employed at the lowest grade level (scp 4) of the Council's pay framework. This definition has been adopted because these staff are paid at the lowest grade of the Council's grading structure.

2.4 Employees who are not Chief Officers refers to all staff who are not covered by the Chief Officer group indicated at 2.2.

3. Pay framework and remuneration levels

3.1 General Approach

The Council recognises the need to exercise the greatest care in managing scarce public resources. The level of remuneration is a very important factor in both recruitment and retention of high quality employees dedicated to fulfilling the Council's business objectives and delivering services to the public, but this has to be balanced by ensuring remuneration is

not, nor is seen to be, unnecessarily excessive. Each council faces its own unique challenges and retains flexibility to cope with various circumstances.

Gosport Borough Council is aware that its pay levels for the Chief Executive and statutory and non-statutory Chief Officers are very low in comparison with the other authorities in the region, and nationally; the Local Government Chronicle in March 2012 published information relating to Chief Executive salaries across the country, and Gosport was in the bottom ten. The situation is kept under regular review.

The Government considers that large salary packages, which should be considered by full Council, are those above the threshold of £100,000; Gosport Borough Council has no salary packages at that threshold.

3.2 Responsibility for decisions on remuneration

Statutory and non-statutory Chief Officers of this Council are covered by the Joint National Council for Local Authorities' Conditions of Service for Chief Executives and Chief Officers; the JNC terms and conditions are incorporated in contracts of employment.

Any changes to pay or grading for these officers are considered by the Council's Policy and Organisation Board.

Section Heads as listed at 2.2 and employees who are not Chief Officers are covered by the NJC for Local Authorities' Services Conditions of Service. The level of pay is determined in accordance with national pay scales. Any changes to the formally agreed terms or conditions for all staff are considered by the Council's Policy and Organisation Board.

3.3 Salary Grades and Grading Structure

The Council's grading structure for Section Heads and all employees who are not Chief Officers consists of one spot point salary and 12 grades - grades within the pay scales are allocated to posts through the national job evaluation scheme, thus ensuring fairness and equality in the application of pay. The allocation of a spot salary or grade depends on the nature and complexity of the job and the consequent need for a learning curve, and progression within grades is normally by annual increments, subject to satisfactory performance.

Section Heads listed at 2.2, who report directly to statutory and non-statutory Chief Officers also listed in that paragraph, are responsible for a particular function, with some staff at a lower level (e.g. secretarial) also reporting direct to statutory or non-statutory Chief Officers. Grades for Section Heads vary from grade 10 to grade 12 within the structure (attached), depending on the level of duties and responsibilities of each post and as evaluated in accordance with the national scheme. The differential between the pay of Chief Officers and the most senior staff reporting to them is £7,000 or 12%.

The lowest paid staff within the authority, i.e. those whose posts have been evaluated at the lowest grade, are Cleaners on a fixed point – currently £12,145 per annum. The Council has employed temporary trainees on a lower rate of pay (based on the National Minimum Wage), but these are now being phased out. Apprenticeships have been introduced, with the Council providing work experience rather than employing these staff direct.

The highest paid staff are statutory and non-statutory Chief Officers (£55,584 to £64,404), the Chief Executive (£79,470 to £90,168) and Deputy Chief Executive and Borough

Solicitor/Monitoring Officer (£66,702 to £77,286). The comparison between the lowest paid salary and the highest paid is 7.4 : 1.

The highest paid salary, at the top of the grade, is 4.46 times the median average salary (and 3.6 times the mean average salary) of the whole workforce. This is considered to be a fair and reasonable pay multiple, striking an appropriate balance which recognises the need to adequately recompense the different levels of duties and responsibilities.

Increases in pay are made consequent on national negotiations. There has been no annual pay award to any group of staff since April 2009, and no annual pay award to the statutory and non-statutory Chief Officers, including the Chief Executive, since April 2008.

3.4 Remuneration – level and elements

In considering pay, the Council takes into account market rates, individual performance and the need for equality and consistency in the way grades are applied.

Chief Officers

Reviews of statutory and non-statutory Chief Officer salaries are carried out from time to time by the Council's Policy and Organisation Board; the last formal review was undertaken in 2003 by the Personnel Sub-Board, for which purpose information was collected on the pay and benefits package across the South East region, from advertisements across the country, and pay and benefits offered in other councils in the "Audit group", i.e. of a similar size. That review identified Gosport Borough Council's package as being the lowest. Annual information is provided by South East Employers for benchmarking purposes, and it is recognised that the Council's pay for these officers remains very low in comparison with others in the Hampshire and Isle of Wight area. It is important that the Council remains able to recruit and retain the best calibre officers, and the salary levels for the most senior officers need to be kept under review as circumstances allow.

General increases in pay are made following national negotiations – statutory and non-statutory Chief Officers have received no such increase in pay since 2008.

Other Officers

The salaries of Section Heads and other employees who are not Chief Officers are in accordance with the national tables, with increases applied following national negotiations. There has been no such increase in pay since 2009 for these officers.

The only pay increases in this time have been where staff are progressing contractually through a grade, or where a job is re-evaluated to recognise substantial additional duties/responsibilities. The majority of the Council's staff are on the top of their grade and have not therefore received incremental progression.

Grading Structure and Progression

The Council's grades consist of 4 incremental points. This recognises and allows for staff to gain knowledge and expertise in the job. Appointments are made on merit and on the appropriate point of the grade, taking into account the level of skills and knowledge of the successful applicant. The decision is made by the Appointment Panel; the salary applied on

appointment is subject to regular monitoring, and formally reviewed through the Equal Pay Audit.

All the Council's staff including Chief Officers are subject to the same performance management process. Whilst there is no formal performance related pay for any of the Council's officers, increments can be withheld where performance is unsatisfactory, and enhanced incremental progression or one-off honorarium payments can also apply to recognise and reward exceptional performance. The scheme covering merit increments/honoraria provides clear guidance relating to the circumstances in which such payments can be made, and the size of the payment, which must be commensurate with the work being rewarded. Such awards can only be approved by the Chief Executive, following corporate consideration, and they are centrally monitored for fairness and consistency. Any such award for the Chief Executive is subject to approval of the appropriate Council Board.

Additions to Salary

The Chief Executive and statutory and non-statutory Chief Officers receive very few additions to their salary. Where additional duties and responsibilities, in excess of those normally required of a statutory or non-statutory Chief Officer, are applied, a percentage supplement can be agreed by the Council's Policy and Organisation Board.

Currently, a supplement is applied for the Deputy Chief Executive and Monitoring Officer roles, for the Section 151 Officer responsibility, and for a non-statutory Chief Officer undertaking work across more than one Unit. The size of any such supplement is determined taking into account the level of duties and responsibilities, ensuring consistency and fairness.

The responsibility of Local Returning Officer attracts an additional payment once every two years on completion of the work, this being the frequency of local elections. The payment is made in accordance with the Hampshire scale of fees, and is made to whichever officer undertakes that responsibility, which currently lies with the Deputy Chief Executive and Borough Solicitor.

The only other supplements to Chief Executive and statutory/non-statutory Chief Officer pay are one professional subscription (in the region of £400 per annum) to recognise the need for maintenance and updating of professional expertise, and the annual payment of telephone rental (currently £103 per annum) to recognise the requirement for such officers to be available out of hours. There is no payment made to these officers for hours in excess of the contractual 37 per week, although they regularly work considerably in excess of that time.

There are no supplements applied to the salaries of Section Heads or other employees who are not Chief Officers, apart from those recognising work out of normal hours, overtime or stand-by, in accordance with National and Local Conditions of Service.

All officers are entitled to claim an allowance for attendance at evening committee meetings, in accordance with the Council's formal Local Agreement, which depends on the amount of time involved. All officers who are nominated as "Essential" or "Casual" car users can apply for a loan from the Council to purchase a vehicle, the interest rate currently being 4%, in accordance with the formal Local Agreement. All officers of the Council have the option to join the Hampshire County Council pension scheme, which is a contributory scheme with varying rates dependent on salary level.

Pay Policy Statement

The Council has not introduced market supplements, having so far been able to recruit and retain essential staff as needed.

There is no provision for bonus payments for Chief Officers or employees who are not Chief Officers.

The Council operates a Salary Sacrifice Scheme in respect of childcare vouchers, and car park charges.

Payments on Termination of Employment

There are no additional payments made on termination of employment, other than in situations of redundancy or early retirement. The provisions relating to such payments are set out in the Council's Statement on Early Retirement and Discretionary Payments, and the Redundancy Policy, which are approved by Policy and Organisation Board.

The provisions relating to flexible retirement, whereby an officer with sufficient service and of the appropriate age can request to take immediate payment of pension but remain in employment on less hours or in a lower graded role, are also included in the Statement referred to. Where any additional payments are required, these applications are subject to approval by Policy and Organisation Board. The provisions are exercised where appropriate savings can be made whilst still retaining the necessary knowledge and experience.

Early payments of pension on compassionate grounds are considered by Policy and Organisation Board in exceptional circumstances only.

Early payments of pension on medical grounds are considered in accordance with the requirements of the Pension Regulations, with advice from an independent Occupational Health Physician.

4. Re-employment of Officers

Where an officer has been made redundant or taken early retirement, they do still have the right to make application for any posts which may arise after they have left. Before agreeing to any such termination, a full search is always made for any possible suitable alternatives to avoid the situation arising, but there are times when redundancies/early retirements cannot be avoided.

Should suitable vacancies arise after such staff have left the Council, any applications from these staff would be given full consideration together with all other applicants. The Council will in such cases, as in any recruitment exercise, take the necessary action to ensure that the appointment is made on merit, selecting the best person for the relevant post. Any necessary adjustments to pension would be made in accordance with the Regulations.

5. Publication of Information

The Council publishes information relating to senior employees (those earning £58,200 and above as defined by the Government's transparency agenda), the organisation structure and grading structure, vacant posts, the pay multiple, and a range of equality data, on its website.

6. Review

This statement is reviewed on an annual basis, as required by legislation, and approved by full Council.

Associated Documents

The following documents also relate to pay, grading and retirement provisions:

Grading Structure
Statement on Early Retirement and Discretionary Payments
Redundancy Policy
Guidance on the Award of Merit Increments and Honoraria
People Management Strategy

APPENDIX 4

MEMBERS' ALLOWANCE SCHEME 2013 – 14 (Scheme last revised May 2011)

Allowance	2013 – 14
	£/p.a.
Basic Allowance	5,736.00
Leader of the Council	13,326.00
Chairmen of Service Boards and Regulatory and Licensing Boards	4,268.00
Chairman of Overview and Scrutiny Committee	3,201.00
Opposition Group Leader (Liberal Democrat)	1,932.00
Opposition Group Leader (Labour)	1,932.00

1.0 BACKGROUND

With effect from 1st April 2013, the levels of Mandatory and Discretionary Relief borne by Gosport Borough Council changes.

- 1.1 Currently Section 47 of the Local Government Finance Act 1988 permits the billing authority to grant discretionary relief to charities and other organisations. Discretionary Relief can be awarded to those organisations who do not qualify for the 80% Mandatory Relief or as a further 'top up' to those that qualify for Mandatory Relief

Occupied Hereditaments

The conditions to be satisfied before the authority can consider an application for discretionary relief are:

- a) the ratepayer is a charity or trustees for a charity, and the hereditament is wholly or mainly used for charitable purposes (whether of that charity or of that and other charities);
- b) the hereditament is not an excepted hereditament, and all or part of it is occupied for the purposes of one or more institutions or other organisations none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts;
- c) the hereditament is not an excepted hereditament, it is wholly or mainly used for purposes of recreation, and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

(Discretionary relief cannot be given where a hereditament is all or part occupied by a billing authority or by a precepting authority other than charter trustees)

- 1.2 The decision to grant relief is made by The Head of Local Taxation in accordance with the Discretionary Rate Relief Policy Guidelines.
- 1.3 Gosport Borough residents currently bear part of the costs when discretionary relief is awarded:
- a) where only discretionary relief is given then currently 25% of the cost of that relief is funded by the Council Tax
 - b) where discretionary relief (extra) is given in addition to Mandatory relief then 75% of the cost of the extra is funded by the Council Tax.
 - c) Where discretionary relief is granted to organisations that are not a charity or covered under the definition in 1.1 b) then 100% of the cost is funded by the Council Tax.

- d) Where discretionary hardship relief is granted currently 25% of the relief is funded by the Council Tax
- 1.4 With effect from April 2013 the costs of both Mandatory (previously fully funded by Central Government) and Discretionary Relief will cost Gosport Borough Council 40% (with the exception of 1.3c) above which remains at 100%)

2.0 Discretionary Rate Relief POLICY GUIDELINES

1. Conditions for Granting 20% Discretionary Relief for charitable organisations in receipt of Mandatory Relief

- i) The premises are not occupied for administrative purposes only.
- ii) The property involved is not a shop
- iii) The organisation involved does not operate a bar on the premises
- iv) There is reasonable access by all sections of the community to membership (if applicable)
- v) The property is not a voluntary –aided school
- vi) Meets local needs in the borough and benefits local people

2. Conditions for granting up to 100% Discretionary Relief for organisations not established or conducted for profit

- i) The premises are not occupied for administrative purposes only.
- ii) The property involved is not a shop
- iii) The organisation involved does not operate a bar on the premises (the operation of a bar will limit the maximum relief to 50%)
- iv) Membership is open to all relevant sections of the community
- v) Membership cannot be excluded by the votes of existing members
- vi) Meets Local needs in the borough and benefits local people

3. Conditions for applications for discretionary relief for all other types of organisation or for discretionary hardship relief

- i) Meets Local needs in the borough and provide significant benefit local people.
- ii) Its activities are supporting or complimentary to the strategic objectives of the council.
- iii) Must be considered to be in the interest of the local council tax payers to grant the relief

Applications under 3 above will require a separate application to be completed and will considered by The Policy and Organisation Board of

Gosport Borough Council which is a public meeting and therefore information provided in your application may be placed in the public domain.

The following information will be required in support of applications for relief under 3:-

1. Completed Application Form
2. Past two years audited accounts or, in the case of a new business, an estimate of annual income and expenditure.
3. A comprehensive Business Plan incorporating a brief history of the business.
4. Cash flow forecast for a minimum of the next twelve months.
5. Any other information that may be required in individual cases.

Where other reliefs may be available the council reserves the right to require the ratepayer to make application for the other relief(s) first.

3.0 PROPOSED Amendment

- 3.1 It is proposed that the guidelines are altered to reflect the recent changes made by the introduction of other educational bodies that qualify for Mandatory relief such as School Trusts and Academies to and this is affected by changing 1v) above as follows :-

v) The property is not a voluntary –aided school or similar educational organisation entitled to Mandatory Relief.

4.0 FINANCIAL IMPLICATIONS

Type of Relief	Mandatory	Extra Discretionary	Discretionary (not for profit organisations)	Other Discretionary	Hardship
% Cost to GBC in 2012/13	0%	75%	25%	100%	25%
% Cost to GBC from 01/04/13	40%	40%	40%	100%	40%
Amount granted in 2012/13	£947017.13	£68007.23	£56691.57	£0.00	£0.00
Cost at present to GBC	£0.00	£51005.42	£14172.89	£0.00	£0.00
Cost to GBC at 40%	£378806.85*	£27202.89	£22676.63	£0.00	£0.00

*An allowance for Mandatory Relief has been included in the Business Rate Baseline by the Government.

5.0 CONCLUSIONS

- 5.1 Each organisation's eligibility for relief is assessed each year following receipt of the required information. Given the volatility of the cost of rate relief introduced by the inclusion of Mandatory relief as a cost to Local Authorities (the council has no discretion in such cases) officers will be keeping the granting of the discretionary reliefs under review

SUMMARY OF SERVICE BOARD BUDGETS 2013/14

The purpose of this summary is to consider each of the service board's revised 2012/13 and estimated 2013/14 budgets.

1.0 BACKGROUND

- 1.1 This summary reports each of the service board's requirements for the 2012/13 and 2013/14 financial years.
- 1.2 The Council's Capital Programme was approved by P&O Board on 26 September 2012 and the Fees and Charges were approved by Council on 3 October 2012.
- 1.3 Members have been circulated with a draft of the Budget Book. The figures have been compiled in line with the guidance contained in the Council's budget strategy (P&O Board 26 September 2012).
- 1.4 Individual board budgets have been constructed against a background that includes:
 - Staffing changes including the settling in of previous constitutional and organisational restructuring
 - Housing Revenue Account reform
 - Continuing economic uncertainty
 - The bedding in of the new major contracts
 - The Local Government Finance Act 2012 and the changes to central government funding of local authorities
 - The continuing need to achieve cost reductions

1.5 Variance Analysis

The variance analysis shows the major budgetary variations from (i) the original budget to the revised budget and, (ii) the revised budget to the estimated budget.

In practice, at the lowest level, there will always be many budgetary variations – both positive and negative - as officers manage budgets and provide for service delivery under delegated authority and including virements in line with financial regulations. The variance analysis in the budget book includes the major variations only and focuses on the bottom line rather than the detail.

Capital Finance charges (ie depreciation) have been ignored within the analysis as these are offset by an opposite and equal figure within the P&O Board budget so that they do not impact on the level of council tax. This accounting treatment is obligatory and is carried out by all local authorities.

- Administration Recharges

Administration recharges represent the cost of the Council's service units – both frontline and support – that are incurred in providing the Council's services. They can vary between both services and boards and reflect the complexity and changing nature of the Council's structure and services. Service units and staffing continue to be rigorously examined to reduce costs and find efficiencies.

2.0 COMMUNITY BOARD

2.1 SUMMARY

A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below.

Community Board		Original	Revised Budget 12/13	Original Estimate 13/14
		Budget	Budget	Budget
		2012/13	2012/13	2013/14
1	EMPLOYEES	£151,690	£137,660	£144,870
2	PREMISES	£635,890	£627,360	£653,290
3	TRANSPORT	£22,250	£19,800	£16,820
4	SUPPLIES & SERVICES	£2,504,350	£3,445,600	£3,195,030
5	THIRD PARTY PAYMENTS	£3,301,420	£3,472,570	£3,446,480
6	MISCELLANEOUS	£0	£132,280	£157,280
7	SUPPORT SERVICES	£2,776,400	£2,680,700	£2,771,300
8	CAPITAL/FINANCING	£1,062,730	£648,090	£698,850
		£10,454,730	£11,164,060	£11,083,920
9	INCOME	(£4,272,900)	(£5,398,960)	(£5,180,160)
		£6,181,830	£5,765,100	£5,903,760

2.2 REVISED BUDGET 2012/13

The revised budget for 2012/13 is **£5,765,100** a decrease of **£416,730** on the original budget for 2012/13 of **£6,181,830**

2.3 BUDGET 2013/14

The budget for 2013/14 for this Board is **£5,903,760**, a decrease of **£278,070** on the original budget for 2012/13 of **£6,181,830**; and an increase of **£138,660** on the revised budget for 2012/13 of **£5,765,100**.

2.4 MAIN VARIATIONS

(figures are original estimate 12/13 to revised estimate 12/13 and revised estimate 12/13 to original estimate 13/14; minus figures are reduced costs or increased income)

- Investment Property – backdated rent reduction following review and including arbitration costs (+£57,640 in 2012/13 and -£47,170 in 2013/14)
- Gosport Leisure Park – management contract cost variations following the closure of Holbrook Recreation Centre and the construction and opening of the new leisure park (-£22,800 in 2012/13 and +£22,700 in 2013/14)
- Splash Park – running costs of the new development (+£33,500 in 2013/14)
- Leisure and Culture service – overall variation in contract costs for all services (+£79,750 in 2012/13 and -£31,790 in 2013/14)
- Parking – projected additional income (-£36,990 in 2013/14)
- Homelessness – service savings excluding administration (-£55,210 in 2012/13 and -£24,450 in 2013/14)
 - Members will be aware that Gosport continues to be in the best 25% of Councils at homelessness prevention nationally. A recent MIB highlighted the outstanding outcomes delivered through mortgage rescue, which is part of the service run in conjunction with the CAB debt service. The Accommodation Resource Centre continues to perform its strategic role of Gateway Agency for customers under 25 years old. These partnerships have delivered 165 homeless preventions (45% of all preventions) in the first three quarters of 2012/13
 - The Family Intervention Project is recommended to continue alongside the new Troubled Families service. The Family Intervention service has received commitments from our housing association partners to assist in the funding
 - Three repeat grants to external bodies are provided for within the budget. These are all steady state partnership arrangements and are part of the homelessness initiatives (last reported to Community Board November 2011) to prevent homelessness. The Government has confirmed that the homelessness specified grant of £86,380 will be paid in 2013/14 as part of the general settlement. The Government is placing greater emphasis on Councils working with local partners to deliver homeless preventions and these long standing partnerships demonstrate this Councils commitment is already in place. The three grants are:
 - Family Intervention Project at £39,957
 - Gosport CAB debt service at £31,640
 - Accommodation Resource Centre at £8,626
- Health and Well Being Officer – post funded by balances and contributions in 2012/13 (+£29,370 in 2013/14)

3.0 ECONOMIC DEVELOPMENT BOARD

3.1 SUMMARY

A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below

Economic Development Board		Original	Revised	Original
		Budget	Budget	Budget
		2012/13	2012/13	2013/14
1	EMPLOYEES	£13,590	£17,840	£6,000
2	PREMISES	£217,730	£233,850	£171,430
3	TRANSPORT	£0	£0	£0
4	SUPPLIES & SERVICES	£328,120	£645,100	£344,200
5	THIRD PARTY PAYMENTS	£47,840	£50,590	£46,700
7	SUPPORT SERVICES	£433,700	£464,600	£440,200
8	CAPITAL/FINANCING	£215,450	£170,240	£170,240
		£1,256,430	£1,582,220	£1,178,770
9	INCOME	(£407,680)	(£682,910)	(£364,670)
		£848,750	£899,310	£814,100

3.2 REVISED BUDGET 2012/13

The revised budget for 2012/13 is **£899,310**, an increase of **£50,560** on the original budget for 2012/13 of **£848,750**

3.3 BUDGET 2013/14

The budget for 2013/14 for this Board is **£814,100**, a decrease of **£34,650** on the original budget for 2012/13 of **£848,750**; and a decrease of **£85,210** on the revised budget for 2012/13 of **£899,310**.

3.4 MAIN VARIATIONS

(figures are original estimate 12/13 to revised estimate 12/13 and revised estimate 12/13 to original estimate 13/14; minus figures are reduced costs or increased income)

- High Street Innovations and Town Centre Retail Post - mainly funded from other budgets, High Street Innovations fund and other contributions
- Town Harbour Foreshore – includes Endeavour Quay and Timespace works in 2012/13 (+£21,360 in 2012/13 and -£22,000 in 2013/14)
- Tourism Initiatives and Events – additional budget (+£5,000 in 2013/14)
- Tourist Information Centre - reduced contribution to Tourism South East (-£26,450 in 2012/13) offsetting increased in house Tourism staffing costs and unbudgeted sales income (-£4,000 in 2012/13)
- Local Development Plan – includes public enquiry costs, studies and modelling and temporary post (+£69,490 in 2012/13 and +£44,510 in 2013/14)

4.0 POLICY AND ORGANISATION BOARD

4.1 SUMMARY

A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below.

Policy & Organisation Board		Original	Revised	Original
		Budget	Budget	Budget
		2012/13	2012/13	2013/14
1	EMPLOYEES	£544,370	£726,280	£651,330
2	PREMISES	£2,100	£6,540	£400
3	TRANSPORT	£9,760	£8,720	£8,560
4	SUPPLIES & SERVICES	£1,055,560	£1,168,940	£956,060
5	THIRD PARTY PAYMENTS	£170,600	£171,420	£173,060
6	MISCELLANEOUS	£33,055,980	£36,938,090	£31,277,090
7	SUPPORT SERVICES	£3,950,820	£3,790,260	£3,896,110
8	CAPITAL/FINANCING	(£1,140,860)	(£651,740)	(£538,350)
		£37,648,330	£42,158,510	£36,424,260
9	INCOME	(£34,412,520)	(£38,538,720)	(£32,908,040)
		£3,235,810	£3,619,790	£3,516,220

4.2 REVISED BUDGET 2012/13

The revised budget for 2012/13 is **£3,619,790** an increase of **£383,980** on the original budget for 2012/13 of **£3,235,810**

4.3 BUDGET 2013/14

The budget for 2013/14 for this Board is **£3,516,220**, an increase of **£280,410** on the original budget for 2012/13 of **£3,235,810**; and a decrease of **£103,570** on the revised budget for 2012/13 of **£3,619,790**.

4.4 MAIN VARIATIONS

(figures are original estimate 12/13 to revised estimate 12/13 and revised estimate 12/13 to original estimate 13/14; minus figures are reduced costs or increased income)

- Housing Benefits – the cost of Council Tax Benefits is no longer included in the budget following the Localising Support for Council Tax initiative in the Local Government Finance Act 2012. The Council adopted a local Council Tax support scheme on 23 January
- NDR Cost of Collection – the cost of Discretionary Reliefs is no longer required to be separately budgeted for - the cost to the Council is reflected within the new Business Rate Retention Scheme included in the Local Government Finance Act (-£70,000 in 2013/14). The Council effectively now bears the cost of 40% of all

reliefs – both mandatory and discretionary – through that mechanism, although the cost is not within P&O Board

- Licensing - employees are now included within support service recharges (page 29)
- Pension Fund payment (Compensatory Added Years) – as required by technical accounting changes, this cost is now included in P&O Board and not within support service recharges (there is no additional cost to the Council)
- MMI provision – a provision has been created to cover the potential clawback and future claims if the MMI Scheme of Arrangement is triggered. This follows the increased likelihood of this happening after the Supreme Court judgement in 2012. This issue has previously reported each year as a Contingent Liability disclosure in the annual Statement of Accounts. (+£60,000 in 2012/13)
- New Homes Bonus Grant – increase in grant payable (-£271,310 in 2013/14)
- Council Tax Freeze Grant – difference in specific grant payable between 2012/13 to 2013/14 (+£84,360 in 2013/14)
- Audit Fees – saving in audit fees following the governments tendering of external audit for local authorities (-£51,960 in 2012/13)
- Interest – additional net interest payable after allowing for the HRA's interest costs (+£132,760 in 2013/14)
- Minimum Revenue Provision – the statutory charge that must be made to the revenue account as part of the capital programme funding (+£210,980 in 2013/14)

5.0 RISK ASSESSMENT

5.1 Council budgeting processes include an element of risk in respect of the many variables involved. These include:

- New statutory responsibilities
- Government led or notified activities
- Demand led activities which may result in the Council have to react to external factors
- Contractual obligations
- Market & economic factors including interest rates

5.2 To counter these risks and uncertainties, the Council aims to be proactive in monitoring and controlling its services and budgets and taking prompt corrective action when necessary.

Agenda item no 8

Report to:	COUNCIL
Meeting date:	20 FEBRUARY 2013
Title:	TREASURY MANAGEMENT & PRUDENTIAL INDICATORS 2013/14
Originator:	BOROUGH TREASURER
Status	FOR DECISION

Purpose

This report outlines the Council's prudential indicators for 2013/14 to 2015/16, together with the expected treasury operations for this period. It fulfils a key legislative requirement.

Recommendations

Council is recommended to approve:

- The Treasury Management Strategy, as identified in 1.3
- The Prudential Indicators, as identified in 1.4
- The Minimum Revenue Provision (MRP) policy statement set out in 2.2
- The Annual Investment Strategy (paragraph 2.7.2)

1.0 BACKGROUND

1.1 Overview

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 policy, 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.

The Chartered Institute of Public Finance and Accountancy (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 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 the treasury strategy is meeting the strategy or 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.

The latter two reports are combined and jointly reported in September.

1.3 Treasury Management Strategy for 2013/14

The strategy for 2013/14 within this report covers two main areas:

Capital Issues (set out in sections 2.1 to 2.3)

- the capital plans and the prudential indicators
- the Minimum Revenue Provision (MRP) strategy

Treasury management issues (set out in sections 2.4 to 2.8), including

- the current treasury position
- treasury indicators
- prospects for interest rates
- borrowing strategy

- borrowing in advance of need
- debt rescheduling
- investment strategy
- creditworthiness policy as set out in Appendix A

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

1.4 The Prudential Indicators

The prudential indicators contained within this report are required by CIPFA's Prudential Code and are designed to support and record local decision making in a transparent and accountable manner. They cover

- **Capital Expenditure**
 - Capital expenditure and capital financing requirement (paragraphs 2.1.1 & 2.1.2)
- **Affordability**
 - Ratio of financing costs to net revenue stream (paragraph 2.3.1)
 - Incremental impact of capital investment decisions on the council tax and Housing Rents (paragraphs 2.3.2 & 2.3.3)
- **Prudence**
 - Gross debt and capital financing requirement (paragraph 2.4.1)
- **Treasury Indicators**
 - External debt (paragraph 2.4.1)
 - Operational boundary (paragraph 2.4.2)
 - Authorised limit (paragraph 2.4.3)
- **Treasury Management**
 - Adoption of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes which is demonstrated by the issues covered in this report

In addition the following treasury management indicators are part of the Treasury Management code and are designed to limit the treasury risk and activities of the Council

- **Treasury Management Indicators relating to Borrowing**
 - Upper limits on fixed and variable interest rate exposure (2.6)
 - Upper and lower limits on the maturity structure of borrowing (2.6)
- **Treasury Management Indicator relating to External Debt**
 - Upper limits to the total of principal sums invested longer than 364 days (2.8)

1.5 Training

Member training and briefing sessions took place in September 2011 (delivered by officers) and in January 2012 (delivered by Sector). Treasury management training for officers has been undertaken in 2012/13. Further training for both officers and members will be arranged as required.

1.6 Treasury management consultants

The Council uses Sector 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 its 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.

The company provides a range of services to the Council which include:

- Technical support on treasury matters and capital finance issues,
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing and debt rescheduling.

2.0 REPORT

2.1 PRUDENTIAL INDICATORS - CAPITAL

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

2.1.1 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. Council is recommended to approve the capital expenditure forecasts and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a net financing need.

Other long term liabilities - the above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

Capital Expenditure and Financing	2011/12 Actual £'000	2012/13 Revised £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Expenditure					
Community Board	5,388.1	7,724.4	1,327.0	1,493.0	744.0
Economic Development Board	10.0	86.0	0.0	0.0	0.0
Policy and Organisation Board	478.3	566.0	460.0	306.0	235.0
Non-HRA	5,876.4	8,376.4	1,787.0	1,799.0	979.0
HRA	60,724.4	3,720.0	3,550.0	3,550.0	3,550.0
Total	66,600.8	12,096.4	5,337.0	5,349.0	4,529.0
Financing					
Capital Receipts	288.4	1,233.0	50.0	550.0	1,125.0
Capital grants & contributions	1,146.8	1,175.0	698.0	1,100.0	270.0
Capital Reserves	0.0	0.0	0.0	0.0	0.0
HRA (MRA)	2,323.6				
HRA (Revenue)	29.0	3,720.0	3,550.0	3,550.0	3,550.0
Net financing need for the year	62,813.0	5,968.4	1,039.0	149.0	(416.0)

2.1.2 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 CFR in line with each revenue charge based asset life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

Council is required to approve the CFR projections below:

Capital Expenditure and Financing	2011/12 Actual £'000	2012/13 Revised £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Capital Financing Requirement					
CFR - Non Housing	13,500.4	19,048.8	19,456.8	19,002.2	17,972.7
CFR - Housing	62,865.9	62,865.9	62,865.9	62,865.9	62,865.9
Total CFR	76,366.3	81,914.7	82,322.7	81,868.1	80,838.6
Net movement in CFR	62,919.9	5,548.4	408.0	(454.6)	(1,029.5)
Movement in CFR is represented by					
Net financing need for the year (above)	62,813.0	5,968.4	1,039.0	149.0	(416.0)
Less MRP/VRP/ other mvmts	106.9	(420.0)	(631.0)	(603.6)	(613.5)
Movement in CFR	62,919.9	5,548.4	408.0	(454.6)	(1,029.5)

The MRP / VRP will include PFI / finance lease annual principal payments

2.2 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 (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, MRP will be based on the Regulatory Method, an extension of the then existing policy. This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.**
- **For unsupported borrowing (including PFI and finance leases) after 1 April 2008, MRP will be based on the Asset Life Method with MRP starting in the year following the year in which the asset becomes operational. This option provides for a reduction in the borrowing need approximately over the asset's life.**

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in annual PFI or finance leases are applied as MRP.

2.3 PRUDENTIAL INDICATORS - AFFORDABILITY

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.

2.3.1 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.

%	2011/12 Actual	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Non-HRA	4.6%	4.7%	8.2%	8.5%	8.9%
HRA	1.4%	14.5%	13.9%	14.1%	13.7%

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

2.3.2 Incremental impact of capital investment decisions on council tax

The estimate of the incremental impact on Band D Council Tax of capital programme decisions included in the budget report, over and above capital programme decisions that have previously been taken by the Council, are shown below. The assumptions are based on the budget, but will invariably include some estimates, such as the level of future Government support.

£	2011/12 Actual	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Council Tax - Band D	£3.99	£0.15	£14.33	£1.16	(£0.40)

The increase in financing costs from 2013/14 reflect the costs of financing the capital programme

2.3.3 Incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of housing capital programme decisions included in the budget report, over and above capital programme decisions that have previously been taken by the Council, expressed as a discrete impact on weekly rent levels. This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls

£	2011/12 Actual	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Weekly Housing Rents	£1.00	£10.82	£10.85	£11.47	£11.80

The increase in financing costs from 2012/13 include the costs of HRA Reform

2.4 PRUDENTIAL INDICATORS – TREASURY - EXTERNAL DEBT

The capital expenditure plans set out in Section 2.1 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash

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

2.4.1 Gross Debt and the Capital Financing Requirement

The Council's treasury portfolio position at 31 March 2013, 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.

Portfolio Position	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual	Revised	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
External Debt	74,759.2	81,390.0	80,897.4	81,046.4	80,630.4
Other Long Term Liabilities	86.6	43.3	0.0	0.0	0.0
Gross Debt at 31 March	74,845.8	81,433.3	80,897.4	81,046.4	80,630.4
CFR	76,366.3	81,914.7	82,322.7	81,868.1	80,838.6
Under / (over) borrowing	1,520.5	481.4	1,425.3	821.7	208.2

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 2013/14 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 Borough Treasurer 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

2.4.2 The Operational Boundary

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

Operational boundary	2012/13	2013/14	2014/15	2015/16
	Revised	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Debt	86.9	87.3	86.9	85.8
Other long term liabilities	0.0	0.0	0.0	0.0
Total	86.9	87.3	86.9	85.8

2.4.3 The Authorised Limit

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 required to approve the following Authorised Limit:

Authorised limit		2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Debt		93.1	92.7	92.7	91.5
Other long term liabilities		0.0	0.0	0.0	0.0
Total		93.1	92.7	92.7	91.5

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

HRA debt limit		2012/13 Revised £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Total		63,067	63,067	63,067	63,067

2.5 BORROWING

2.5.1 Prospects for interest rates

The Council has appointed Sector 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 the Sector central view.

Annual Average %	Bank Rate	PWL B Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2012	0.50	1.50	3.70	3.90
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20

Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.

The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to fully resolve its difficulties now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

2.5.2 Borrowing background

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Borough Treasurer 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 much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap*

- *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.*

2.5.3 Borrowing strategy

- Long-term loans (in excess of 364 days) will be raised with the PWLB or other public bodies
- Short term loans (less than 364 days) will be raised through
 - Money market loans through the London Money Market using brokers appointed at the discretion of the Borough Treasurer
 - Directly or through brokers, at the discretion of the Borough Treasurer, with other public bodies
 - Use of the Council's overdraft limit with its bankers, National Westminster Bank, up to £1 million
 - Internal funds – the cash held in internal funds can be used short term to fund capital expenditure or the repayment of debt, thus delaying the need to borrow externally
- The authority to respond to different interest rates throughout the financial year is delegated to the Borough Treasurer, Head of Accountancy and Group Accountant. There is a clear segregation of duties between setting up and authorising loans and investments.

2.5.4 Policy on borrowing in advance of need

The Council has some flexibility to borrow funds for up to three years ahead. The Borough Treasurer may do this under delegated power where, for instance, a sharp rise in interest rates is expected meaning borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Borough Treasurer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.

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.

2.5.5 Debt rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

Any rescheduling undertaken will be reported to Policy and Organisation Board.

2.6 TREASURY MANAGEMENT CODE INDICATORS – LIMITS ON BORROWING ACTIVITY

There are three debt related treasury activity limits. The purpose of these is 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 rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed rate exposure. This is similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures 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 limits set out below:

Interest rate exposures			2013/14 Upper £'000	2014/15 Upper £'000	2015/16 Upper £'000
Limits on fixed interest rates:	Debt only		100%	100%	100%
	Investments only		100%	100%	100%
Limits on variable interest rates:	Debt only		20%	20%	20%
	Investments only		100%	100%	100%
			2013/14 Lower	2013/14 Upper	
Maturity structure of fixed interest rate borrowing					
Under 12 months			2%	15%	
12 months to 2 years			2%	15%	
2 years to 5 years			10%	20%	
5 years to 10 years			18%	30%	
10 years and above			55%	70%	
Maturity structure of variable interest rate borrowing					
Under 12 months			0%	5%	
12 months to 2 years			0%	5%	
2 years to 5 years			0%	5%	
5 years to 10 years			0%	5%	
10 years and above			0%	0%	

2.7 INVESTMENTS

2.7.1 Investment background

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 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 and then return.

Short term surplus funds are to be invested in either deposit accounts as operated by the Royal Bank of Scotland and the Bank of Scotland or UK Regulated Qualifying Money Market Funds

2.7.2 Annual investment strategy

- The key objectives of the Council's investment strategy are security, liquidity and yield in that order.
- The Council has determined that it will only use approved counterparties from the UK
- No Investments are to exceed 3 years although most will not exceed 364 days

- A £3m limit applies with any single group other than the Council's Bank or UK Regulated Qualifying Money Market Funds
- Investments will be placed with bodies that meet the Council's creditworthiness criteria (see Appendix A)
- There is a clear operational difficulty arising from the current banking situation. Ideally investments would be invested longer to secure better returns, however uncertainty over counterparty creditworthiness and interest rates suggests short dated investments may provide lower exposure to risk.

2.8 TREASURY MANAGEMENT CODE INDICATOR – LIMIT ON INVESTMENT ACTIVITY

This limit are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and is based on the availability of funds after each year-end.

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

Maximum principal sums invested >364 days				2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Principal sums invested > 364 days				2.0	2.0	2.0

3.0 SUMMARY

The effect of the proposals set out in this report is to allow the Council to effectively and efficiently manage cash balances in line with the relevant CIPFA and CLG guidance. The low risk nature of the Council's current policy is consistent with the current economic climate.

Financial implications:	As contained in the report.
Legal implications:	It is a legal requirement that an annual Treasury Management report is considered by the Council.
Service Improvement Plan implications:	This report is required in order that to fulfil statutory requirements associated with the achievement of both service improvement plan and corporate plan targets.
Corporate Plan:	
Risk Assessment:	As contained in the report
Background papers:	
Appendices:	A – Creditworthiness policy
Author:	John Norman

Creditworthiness policy

The Council utilises the creditworthiness service provided by Sector to determine which institutions investments will be placed with and the duration of those investments.

The ratings are continually assessed and monitored in relation to the economic and political environments in which institutions operate to take account of information that reflects the opinion of the markets. Other information sources include the financial press, share price and information from the banking sector.

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 (Credit Default Swap) 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 (only applies to AAA rated Government debt or its equivalent)
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour not to be used

The Sector creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, 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 short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1 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 weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Sector 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 weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance is not be placed on the use of this external service. Additionally, the Council will use market data and market information and information on government support for banks.

AGENDA ITEM NO. 10

Board/Committee:	COUNCIL
Date of Meeting:	20 FEBRUARY 2013
Title:	CHANGES TO POLLING PLACES
Author:	CHIEF EXECUTIVE
Status:	FOR DECISION

Purpose

To advise the Council of the need to change 2 Polling Places.

Recommendation

- 1 To agree the changes to the 2 Polling Places set out in paragraphs 2.3 and 2.4 of this report.

1 Background

- 1.1 The Council is required by Section 18 of the Representation of the People Act 1983 to carry out a review of Polling Districts and Polling Places for the Parliamentary Constituency every 4 years. The last review was undertaken in 2011 and Council approved the current arrangements for Polling Districts and Polling Places on 23 November 2011. These arrangements are also used for Local Government elections.

2 Report

- 2.1 A Polling District is the area created by the division of a constituency into smaller parts within which a polling place can be determined which is convenient to electors. There is no need to change any of the current Polling Districts.
- 2.2 A Polling Place is the building or area in which Polling Stations will be selected by the Returning Officer and a Polling Station is the room or building where the poll takes place. It is chosen by the Returning Officer for the election and publicised on the Notice of Poll and communicated to electors on the Poll Card.

Brockhurst Ward Polling District GE3

- 2.3 The Polling Place for this Polling District has been located at Middlecroft Gospel Hall. Those premises are no longer available for this purpose. It is proposed, therefore, to relocate the Polling Place to Solent Evangelical Church. This building is already used as the Polling Place for Polling Districts GE1 and GE2. It will be possible to accommodate two polling stations in the same building. This location

is nearer to some electors in polling district GE3 than the Gospel Hall but it is also farther for some electors to reach. On balance, it is not considered that the majority of electors in this Polling District will be inconvenienced by the relocation of the Polling Place. This is the statutory criteria that must be taken into account when considering the location of Polling Places. The building also has level disabled access.

Privett Ward Polling District GO1

2.4 The Head Teacher at St. Mary's RC Primary School in Norman Road has approached the Returning Officer regarding the use of the school as it is currently used as the Polling Place for this Polling District. At previous elections the Head Teacher has closed the school but for the November PCC election the Head Teacher kept the school open which meant that a smaller room was used as a polling station. Disabled access to this room was through the main school entrance. The Returning Officer has visited the site to discuss how a larger room with direct disabled access could be provided which would also enable the school to remain open. It was at this visit that an alternative potential Polling Place was found. St. Joseph's RC Church is next door to the school and they share the same vehicular access and car park. The function room is at the rear of the church accessed from Norman Road and has a level disabled access. The Church have agreed that the premises may be used as a polling station. It is not considered that any of the electors in the Polling District will be inconvenienced by this change. However to avoid the need to change the Polling Place again, if the function room subsequently becomes unavailable, is it proposed to change the Polling Place to premises at St Josephs Church Anns Hill Road or St Mary's RC School Norman Road.

2.5 Ward Councillors for both wards and Group Leaders have been consulted and no objections have been received.

3 Risk Assessment

3.1 The Council has to identify Polling Places which satisfy the statutory requirements

Financial Services comments:	None
Legal Services comments:	Contained in the report
Service Improvement Plan implications:	None
Corporate Plan:	None
Risk Assessment:	See Section 3
Background papers:	Report to Council 23 November 2011
Appendices/Enclosures:	None
Report author/ Lead Officer:	Ian Lycett