

<b>Report To:</b>	<b>COUNCIL</b>
<b>Date:</b>	23 February 2016
<b>Executive Member/ Reporting Officer:</b>	Councillor Kieran Quinn – Executive Leader Councillor Jim Fitzpatrick – First Deputy (Performance and Finance) Peter Timmins – Assistant Executive Director of Finance
<b>Subject:</b>	<b>COUNCIL BUDGET 2016-20: REVENUE BUDGET 2016-17</b>
<b>Report Summary:</b>	This report sets out the detailed revenue budget proposals covering 2016-17 and the different options for proposed level of Council Tax/Precept for 2016-17. This paper is one of a suite of reports to this meeting that support decisions on the budget recommendations to Tameside Council.
<b>Recommendations:</b>	The recommendations presented to Council are set out below : <ul style="list-style-type: none"> <li>a) An overall Council Net Revenue Budget of £168.565m for 2016-17 (excluding any Council Tax increases), budget savings/efficiencies of £13.075m as set out in Table 3 (and <b>Appendices A &amp; B</b>) of this report and the actions required to deliver the proposed savings.</li> <li>b) Note the comments of the Section 151 Officer, at paragraph 2.7b, on the financial impact of increases in Council Tax, <b>The options of increasing the Council Tax as set out in the report at Table 2 &amp; Appendix C are considered and confirmed, or otherwise.</b> The options include a Council Tax increase for firstly, the ‘Social Care Precept’ and secondly, the ‘referendum’ Council Tax and are set out at Table 2 &amp; Appendix C and the revised Net Revenue Budgets.</li> <li>c) The decision to take the option of agreeing the Government’s four year ‘efficiency’ settlement, which will give certainty to funding to 2020 is made.</li> <li>d) The budget proposals set out for 2017-20, including authorising Chief Officers to take the action required to deliver budget savings for those years as appropriate are approved.</li> <li>e) With regard to the future years 2017-20, further plans to meet the budget shortfall for those years are urgently developed and brought back to Members before June 2016.</li> <li>f) That the Pay Policy for 2016-17, included at <b>Appendix D</b>, is approved.</li> </ul>
<b>Links to Community Strategy:</b>	The Council budget aligns with the priorities of the corporate plan and the partnership-wide Community Strategy.
<b>Policy Implications:</b>	The Council budget reflects the policy choices that the Council intends to pursue and feeds into the Medium Term Financial Strategy.

**Financial Implications:  
(Authorised by the S151  
officer)**

Subject of the report.

**Legal Implications:  
(Authorised by the Borough  
Solicitor)**

The Council received the Final Local Government Finance Settlement for 2016/17 on the 9<sup>th</sup> February 2016 and the changes have now been incorporated into this report.

Considerations are set out in section 3 of the report. In particular it should be noticed that the required dispensation was granted to members for 4 years on the 26.02.13 by the statutory Monitoring Officer. Any newly appointed members to the Council, whose office was not extended in the May 2014 will need to make the necessary application to take part in the decision.

That the Council accepts the advice of the Section 151 Officer regarding the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves. Following this, that the Council determines that the estimates are robust for the purpose of setting the budget and that the proposed financial reserves are adequate.

**Risk Management:**

The Council is required to set its Council Tax before March 11, 2016, of which, agreeing a balanced 2016-17 revenue budget is a pre-condition. The budget has to encompass the following risks:

- Increasing demographic demand (65+ increase by 23% by 2021, Under 15s growing by 15% by 2021);
- Waiting times and delays in discharges - impact of cuts;
- Lower resource tax base – eg 70% Council Tax band A & B – England average 44%;
- £9m Living Wage increase impact on social care costs;
- Business Rates risk transferred to council;
- Council Tax Support transferred to us 90% funded and cost increasing;
- Evidence of welfare cuts and sanctions reducing income levels and rising debt;
- Rising levels of homelessness.

**Access to Information:**

The background papers relating to this report can be inspected by contacting the report writer, Peter Timmins



Telephone: 0161 342 3864



e-mail: [peter.timmins@tameside.gov.uk](mailto:peter.timmins@tameside.gov.uk)

## 1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1. The framework for the 2016-17 budget was set in February 2015 as part of a two year budget approach. The Council launched the Budget Consultation for 2016-17 in September 2015, the response to which is reported on this agenda. Council has also received reports, elsewhere on this agenda, providing additional information for the Council in considering the recommendations for the revenue budget. These are:
- Budget Consultation findings and the outcome of the Equality Impact Assessments of budget proposals;
  - Capital Programme 2016-20;
  - Annual Treasury Management Strategy 2016-17.
- 1.2. The purpose of this report is to set out the detailed revenue budget position for 2016-17, medium term budget plans for 2017-20 and implications for Council Tax for 2016-17, and possibly, the later years.

## 2. BACKGROUND INFORMATION

### National Planning Context

- 2.1 The advent of a Conservative Government in May 2015 has resulted in the biggest spending changes in the post-war period. Behind the DCLG's (Department of Communities and Local Government) grant announcement on 17 December 2015, lay five major alterations:
- Disconnection of funding from 'need/deprivation' measures;
  - New connection to economic growth and prosperity and the cessation of Revenue Support Grant by 2020;
  - New responsibilities for local government, such as , 0-5s, Independent Living;
  - Four year financial settlement with efficiency targets;
  - A decisive shift in the significance of funding from Council Tax: assumed to rise from 49.5% in 2015-16 to 61.7% in 2019-20.
- 2.2 The publication of the grant announcement marks the beginning of the consultation on the 2016-17 Draft Local Government Finance Report, which ended on 15 January 2016. The final settlement details were announced on the 9 February 2016.
- 2.3 The Final Local Government Finance Settlement was £12.5m worse in 2016/17 and confirmed the expected reduction in key funding to 2019-20, now at £32m. Tameside Council received a 12.7% reduction in its Settlement Funding Assessment (SFA = Revenue Support Grant and Business Rates) for 2016-17.

**Table 1: Reduction in Settlement Funding Assessment (SFA)**

	Government Funding £m		Change from Previous yr £m	Year-to-Year Change %	Cumulative Change %
2015-16	98.5				
2016-17	86.0	-	12.5	<b>12.7%</b>	<b>12.7%</b>
2017-18	76.0	-	10.0	<b>11.6%</b>	<b>22.8%</b>
2018-19	71.5	-	4.5	<b>5.9%</b>	<b>27.4%</b>
2019-20	66.5	-	5.0	<b>7.0%</b>	<b>32.5%</b>

2.4 The Government uses a different measure of resource assessment, the 'spending power'. The Government added the following to the SFA in the above box:

- Council Tax increase assumptions, both tax base change and assumed increase in charge, a local decision;
- Council Tax increase for adult social care, a local decision;
- The Better Care Fund, which is boosted by a transfer of £800m from the next item – centrally decided;
- New Homes Bonus – centrally decided

Which increases the size of the base, and therefore reduces the reported percentage change.

2.5 The Council's S151 officer was asked "to indicate whether their authority is minded to take up the 2% social care precept flexibility (in full or in part)", by 15 January 2016. As part of the reply, the point was made that the additional income, covered only 38% of the increased Adults demographic and contractual inflation costs (best cost case) in 2016-17. This was because of the Council's low resource tax base – 70% of hereditaments are in Council Tax Bands A&B, which compares to an England average of 44% - combined with the demographic profile. Consequently, the mechanism for supporting Adult Care services is inadequate, and further measures are required to reduce the disadvantage to the residents of Tameside.

### **Income**

2.6 The Council has three main funding streams:

- Business Rates Retention Scheme
- Council Tax
- Other Income - Specific Grants, Fees and Charges

2.7 The main highlights to consider are:

- (a) Business Rates Retention Scheme – the Draft Local Government Funding Settlement includes the authority's Revenue Support Grant and business rates baseline funding level uprated in line with RPI. In order to ensure that local government spending is within the national departmental expenditure limits, after taking into account the business rates baseline funding, the Revenue Support Grant is a balancing figure and subsequently is reducing year on year in line with the Government's deficit reduction plan.
- (b) Council Tax – as part of the Four Year Settlement offer, the Government have assumed two increases in Council Tax, for:
  - The "Social Care Precept" of up to 2%, which has to be spent on social care;
  - The 2% referendum limit, which is commonly set at 1.99% to avoid the considerable costs of a referendum, and can fund any service.

If the Council were to increase both elements, every year, there is a rising level of income. By 2019-20, it would provide funding of £11.75m, as illustrated below.

**Table 2: Cumulative increase in both Council Taxes if raised every year**

	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
Referendum	1,422	2,872	4,351	5,860
Social Care	1,429	2,887	4,374	5,890
<b>Total</b>	<b>2,851</b>	<b>5,759</b>	<b>8,725</b>	<b>11,750</b>

Were the Council to agree to levy the Social Care Precept, the DCLG must be notified within 7 days of the Council Tax having been set.

- (c) Other income – a table on total government grant funding is included in this report at **Appendix A**. Changes to NHS Social Care funding are being implemented from 2016-17 and work has been undertaken with the Tameside Clinical Commissioning Groups to agree the Better Care Fund plan, including the level of funding that Tameside will receive to fund its commitments and the risk sharing arrangements. The pressures remaining, following the agreement of the fund, have been reflected in the 2017-20 budget. Further details will be included in the Medium Term Financial Strategy report in the summer.

#### **Expenditure - underlying trends**

- 2.8 The aim of the budget planning process is to deliver a robust multi- year budget that supports the Council's priority areas, but is affordable within reduced funding. The radical changes, set out at 2.1, will require considerable work to arrive at a fully formed 2017-20 budget. It is proposed that this will take place in the summer 2016.
- 2.9 In the meanwhile, the 2016-17 budget shows a major advance, with the identification of specific expenditure pressures, which can be monitored in-year, to harvest savings when costs fall short of the assumptions.
- 2.10 The potential major pressure areas of cost affecting Tameside Council, that have been incorporated into the 2017-20 budget plans, are:
- Price inflation – more of the Council's services continue to be delivered externally to the Council – through partners and private sector contracts – therefore **contractual** arrangements are a key driver of the Council's cost pressures. Over half of the Council's spend is via third party contracts and the effective management of these contracts, to ensure both value for money and proper standards of service, is critical.
  - Demographics – demand for services continues to rise, both through the age profile and through changes to need. Preventative strategies are helping to stem the increases.
  - Living Wage – the change from using welfare payments to support the low paid, to increasing pay to lift them to sustainability, will affect both the Council's employees, but more particularly, contractors with a large 'manual' workforce, most particularly in Adult Care.
  - Review of the realism of individual budgets, by responding to the cessation of funding, unachievable income targets, and recognising that the implementation of savings can require some investment.

- e) In addition, the Capital Programme will be funded from external capital grants, capital receipts, prudential borrowing, revenue budgets and/or reserves. The majority of new schemes are funded from capital grants received from Government departments. The largest capital grants are from the Department for Transport and the Department of Education, and this is reflected in the balance of the programme. The Council's policy is that capital receipts can only be used to fund capital expenditure, which in turn reduces the future revenue impact of borrowing, or to repay debt. The future annual revenue cost of prudential borrowing can be significant (approximately 10% of the amount borrowed) and these costs are reflected in the revenue budgets presented in this report. A separate report to Council, elsewhere on this agenda, sets out the detail of the Capital Strategy, the 2016-20 programme and funding plans.

Any new schemes not funded by grant have been assumed to be funded via prudential borrowing. This allows a prudent assumption for the capital costs that impact on the revenue budget. Any changes to this will be based on the best-case financial management – for example, funding using capital receipts will reduce the revenue impact on the revenue budget.

- f) Pension costs discretionary pre-payment – a review will take place regarding the benefit to be obtained by making a pre-payment to the Greater Manchester Pension Fund to offset potential increases in pension contributions that are currently not confirmed.

- 2.11 The other major factor in the 2016-17 budget is the implementation of the Care Together Programme. One of its first tasks is to address the funding gaps of the participating organisations, including the Adult Care shortfall. This will be accomplished by re-organising services to eliminate overlaps and shorten processes. It will take time, and as part of the Council's planning, a smoothing fund is provided for in the revenue budget.
- 2.12 There will also be changes in the later years as a consequence of Devolution, most likely with levies becoming precepts.
- 2.13 Our financial planning assumptions for future years take account of the latest monitoring position for 2015-16, as reported to Cabinet elsewhere on this agenda.
- 2.14 First introduced in 2013/14, **budget assurance statements** have again been put in place this year. These outline how the Council is responsible for ensuring that its budgets are prepared robustly and in accordance with the law and proper standards, and that public money is safeguarded and used economically, efficiently and effectively. The statement goes on to explain that in discharging this accountability, Members and Chief Officers are responsible for putting in place proper processes and internal controls to ensure the proper stewardship of the resources at its disposal including budgetary estimates for the forthcoming financial year. These statements have been signed by members of the Executive Management Team, accepting their responsibility for delivering services within their allocated funding envelopes.
- 2.15 The Internal Audit team will report back to members throughout the year on the adequacy of internal financial controls.
- 2.16 **Robustness of estimates for the budget requirement.** In the light of the risk assessment and the details of the budget, as set out in this report, which are based on the best information available at the time, and the strength of the Council's Internal Control Systems (validated by External and Internal Audit), and of the assurance statements presented, it is the opinion of the Chief Finance Officer (Assistant Executive Director of Finance/Section 151 Officer) that the budget estimates for 2016-17 are robust. This statement is in compliance with Section 25 of the Local Government Act 2003.

2.17 The recommended level of general balances is £17.0m at the end of 2016-17 and the Medium Term Financial Strategy 2017-20 will detail a risk based approach in the summer to assure that general balances will remain at or above this level.

2.18 A review of the Council's earmarked reserves will take place in 2016/17. Any earmarked reserves that can be freed-up and be used to fund more pressing priorities.

### **3. COUNCIL TAX/PRECEPT IMPLICATIONS**

3.1 The approach to Council Tax has changed - see 2.1 & 2.6b above – but the Localism Act still applies. Any 'referendum' council tax increase in excess of a Government determined limit will be decided by local voters. The threshold for 2016-17 has been provisionally announced as 2%.

3.2 The Government will examine Council Tax/Precept increases and budget increases when final decisions have been made throughout the country. Councils are required by Government Regulation to declare their level of Council Tax/Precept by the end of February.

3.3 The 'social care precept' Council Tax can be up to 2%.

3.4 The Council is required to state its Council Tax/Precept as an amount for an average Band D property, together with information on the other valuation bands i.e. Bands A to H. Band D properties had a value in April 1991 of over £68,000 and up to £88,000.

### **4. CONSULTATION**

4.1 The response to the budget consultation is set out in a separate report to Cabinet Committee elsewhere on this agenda.

4.2 **Representatives of non-domestic ratepayers.** The Council has a statutory duty under Section 134 of the Local Government Act to consult with representatives of non-domestic ratepayers. This process was conducted electronically, as part of the general budget setting process.

### **5. DRAFT BUDGET 2016-17**

5.1 The development of the 2016-17 revenue budget has leant heavily on the framework set in February 2015 as part of a two year budget approach.

5.2 The overall net budget proposed for 2016-17 is £168.565m. This takes into account the Final Local Government Finance Settlement for 2016-17.

5.3 The net budget reflects the Council Tax Requirement only, that is, the amount to be funded by council taxpayers. All income from the Business Rates Retention Schemes is accounted for as council income.

5.4 The final Local Government Finance Settlement has now been announced and reflected in the 2016-17 net budget provided in the report. Service and budget planning for 2016-17 will be based on an expected reduction in core government funding of £12.5m (Settlement Funding Assessment - para 2.3).

The recommended minimum level of General Balances be set at £17.0m, to reflect the budget risks and uncertainty around future Government funding. The forecast position for General Balances at 31 March 2016 is £19m. The current projected spend, which is less

than the budget for 2015/16, will be used to smooth future projected service pressures within service areas particularly adults. The long term strategy of the Care Together programme should resolve these pressures.

### Overall Budget Proposals 2016-17

- 5.5 Table 3 below summarises the overall proposed final budget for 2016-17. The total net budget requirement is £168.564m. The table below shows the cash limited budgets by service and assumes no increase in Council Tax.

**Table 3: 2016-17 Revenue Budget by Service**

Directorate	2016-17 Base Budget	Savings agreed at Feb 2015/Additional Adjustments	2016-17 Recommended Budget
	£	£	£
Director of People	63,413,890	-4,720,670	58,693,220
Public Health	1,920,800	-350,180	1,570,620
Director of Place	54,776,210	0	54,776,210
Director of Governance & Resources	11,126,450	0	11,126,450
Capital, Corporate & Financing	50,402,650	-8,004,256	42,398,394
<b>Total</b>	<b>181,640,000</b>	<b>-13,075,106</b>	<b>168,564,894</b>

- 5.6 Table 4 below summarises the resources for 2016/17, with 42% of the income arising from Council Tax.

**Table 4: 2016-17 Resources**

<u>Settlement Funding Assessment</u>	£	£	%
1 Revenue Support Grant (RSG)	34,492,916		
Individual Authority Business Rates Baseline	27,480,601		
Business Rates Top-up Grant	24,042,532		
		86,016,049	51.0
2 <u>Specific Grant Allocations</u>			
New Homes Bonus	4,356,560		
SBRR Grant	1,960,285		
		6,316,845	3.7
3 <u>Resources</u>			
Manchester airport - additional dividend	3,750,000		
Collection Fund surplus	1,000,000		
		4,750,000	2.8
		97,082,894	57.6
4 <u>Council Tax</u>			
Amount to be funded from Council Tax (CRA)	71,482,000	71,482,000	42.4
5 <u>Total Resources</u>		168,564,894	100.0



## **Schools Funding**

- 5.7 The Dedicated Schools Grant (DSG) provides revenue funding for allocation to schools. The grant is calculated using information recorded on the pupil census in October of the previous year and includes the following categories of pupils:
- Schools (including Academies and Primary School Nurseries).
  - Pupil Referral Units.
  - Private, Voluntary and Independent (PVI) Nursery pupils.
- 5.8 In 2013/14 the Department for Education (DfE) implemented significant changes to the way that DSG funding can be allocated to schools. The DSG for 2015/16 is allocated by the Education Funding Agency (EFA) in six blocks.
- 2 Year Olds - this block contains the DSG funding allocated by the EFA to support the free entitlement to education for 2 year olds attending both school and PVI Nursery provision
  - Early Years – this block contains the DSG funding allocated by the EFA to support the free entitlement to education for 3 and 4 year olds attending both school and PVI Nursery provision.
  - Early Years Pupil Premium - this block contains additional DSG funding allocated by the EFA to support the disadvantaged 3 and 4 year olds attending both school and PVI Nursery provision
  - High Needs - this block contains the DSG funding allocated by the EFA to support the education of children with High Needs (sometimes referred to as Special Educational Needs)
  - Newly Qualified Teachers - this block contains the DSG funding allocated by the EFA to provide additional support to Newly Qualified Teachers
  - Schools – this block contains the remainder of the DSG funding allocated by the EFA which primarily supports Mainstream Schools
- 5.9 The value of the DSG is adjusted by the EFA throughout the financial year, but the Council expects to receive a gross DSG allocation of approximately £174.912 million in 2015/16. This figure is inclusive of Schools Block funding for Academies and place funding for Non Maintained Special Schools which the EFA subsequently deduct from the DSG paid to the Council. The estimated gross 2016/17 DSG allocation released by the DfE in late December 2015 is £178.066 million which represents an increase of £3.154 million. This is primarily in relation to increased numbers of children in Tameside Schools.
- 5.10 There has been on inflation applied to the DSG by the EFA since 2010. The Council has submitted several bids for additional funding in relation to Post 16 High Needs placements, but these bids were unsuccessful, despite the large increases in Post 16 High Needs placements needed in Tameside as a result of the changes in DfE regulations.
- 5.11 Prior to 2013/14 each Council had the freedom to agree a local formula for allocating funding to schools which allowed funding to be directed towards local priorities with formal support from the Tameside Schools Forum. The DfE are still in the process of establishing a national funding formula and they have indicated that they will provide a significant update on this during February 2016.
- 5.12 The concept behind the main changes in the formula is that funding should follow children. This means that the majority of DSG funding is now allocated based on data connected

with individual children. (e.g. a category of deprivation which an individual child is allocated to will determine how much DSG deprivation related funding a school receives).

- 5.13 The changes in the formula which is used to allocate funding combined with significant reductions in pupil numbers, particularly at some secondary schools has meant that some schools receive considerably lower levels of DSG funding when compared to 2013/14. The Minimum Funding Guarantee (MFG) helps to protect funding that would otherwise be reduced from schools allocations. However, as MFG is applied on a per pupil basis, schools with significant pupil reductions will not receive any MFG protection for any associated reduction in pupil numbers.
- 5.14 The Council will continue to calculate school budget allocations for Academy schools within the Borough via the new formula. The Council's gross DSG will be reduced by these Academy budget allocations as the funding will be paid to each Academy directly by the EFA. The Council still funds Academies directly for Early Years and High Needs funding.

**Table 5: Analysis of Schools Funding £ m**

<b>DSG Funding Element</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>	<b>Variation</b>	<b>Notes</b>
Early Years Block	7.401	7.401	0	
Early Years Pupil Premium	0.265	0.265	0	
2 Year Old funding	2.469	2.469	0	Allocation is retrospectively matched to take up
Schools Block	150.890	153.651	2.761	Increase in pupil numbers
High Needs block	13.840	14.233	0.393	Growth in places
Newly Qualified Teachers	0.047	0.047	0	
<b>Total</b>	<b>174.912</b>	<b>178.066</b>	<b>3.154</b>	

### **Pupil Premium**

- 5.15 Schools will continue to receive Pupil Premium funding in 2016/17 in addition to the DSG. The Government extended eligibility for the Pupil Premium in 2012/13 to include pupils who have been eligible for Free School Meals (FSM) at any point in the previous six years, as well as any pupils who have been Looked After Children (LAC) at any point in the previous 12 months.
- 5.16 Pupil Premium funding is provided to support children who are eligible for FSM because research has indicated that these children have lower educational attainment than children who have never been eligible for FSM.
- 5.17 The Pupil Premium grant funding allocated per child for Primary Aged FSM eligible children in 2016/17 will be £1,320 and the equivalent rate for Secondary Aged FSM eligible children will be £935. The rate for current and former Looked After Children will be £1,900 in 2016/17. These are the same rates of funding that were used in 2015/16.
- 5.18 In addition children with parents in the armed services will continue to be eligible for the service child premium. The rate per service child remains at £300 in 2016/17.

- 5.19 The DfE cannot release allocations of 2016/17 Pupil Premium funding at the time of writing this report, as they are partially based on the Spring School census process which is not yet completed. Therefore the current estimate is that the 2016/17 allocation including Academy schools will be at a similar level to the 2015/16 allocation of £13.393 million. The actual 2016/17 allocation will be updated during the summer of 2016 following validation of the January 2016 pupil census by the DfE. The estimate D value above includes Academies, but as with the DSG the majority of Pupil Premium grant is paid to Academies directly by the EFA.
- 5.20 The DSG and Pupil Premium must be allocated to schools and used to support the improvement of educational outcomes for the children it is allocated for. From September 2013, schools are expected to publish details about how they have used their Pupil Premium funding allocations and OFSTED inspection processes have been amended to place greater scrutiny on the use of this grant. The DfE will also include new measures in performance tables to report the attainment of pupils who are eligible for the Pupil Premium.

## 6. BUDGET IMPLICATIONS FOR 2016-17 AND 2017-20

- 6.1. The Local Government Act 2003 requires the Council to take into consideration the implications for revenue spending in future years arising from decisions taken in respect of the 2016-17 budget. A three year revenue projection is specifically required and this has been considered as part of our forward service and financial planning.
- 6.2. This is to ensure that decisions taken in respect of the 2017-20 budget are sustainable and deliverable in the medium term, from both a service and financial perspective, and that they are considered to be affordable to the taxpayer. In addition, many of the savings needed for future years require actions to be taken in previous financial years and therefore Council approval is sought on future year's savings to enable Chief Officers to put in place the necessary programmes of work required to deliver these.
- 6.3. The forecast for 2017-20 has been revised following the Government funding announcements and the impact of service cost pressures. The cost pressures identified will be subject to further review and challenge prior to allocation. Together with identified savings and taking into consideration Cabinet Committee recommendations on the 2016-17 Revenue Budget, it is now estimated that the Council has a remaining budget shortfall of £51.1m for the years 2017-18 to 2019-20. This excludes any income from Council Tax increase. This budget shortfall could potentially reduce to £39.3m if the proposed Council Tax increases are approved.
- 6.4. The projected additional costs, including inflation, and forecast reduction in Government grant funding for the following 3 years, 2017-18 to 2019-20 are set out in table 6 below.

**Table 6: Provisional medium term financial forecast with no increase in Council Tax**

	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
	£	£	£
Total Service Cost	173,624,000	180,319,000	192,732,000
Total Resources	157,574,000	146,749,000	141,639,000
<b>Budget shortfall</b>	<b>16,050,000</b>	<b>33,570,000</b>	<b>51,093,000</b>

- 6.5. It is the view of the S151 officer, that whilst we can balance the 2016-17 budget, the shortfall for 2018-19 and 2019-20 is a high risk.

- 6.6. Were the Council to agree the cumulative increase in both Council Taxes, as set out in Table 2 above, the budget shortfall would fall as follows:

**Table 7: As Table 6 but with an increase in Council Tax (see Table 2)**

	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
	£	£	£
Total Service Cost	173,624,000	180,319,000	192,732,000
Total Resources	163,333,000	155,474,000	153,389,000
<b>Budget shortfall</b>	<b>10,291,000</b>	<b>24,845,000</b>	<b>39,343,000</b>

- 6.7. Member workshops will be taking place in March and April to review Council services and develop strategy. Reports setting out the changing planning context for both service delivery and the Council's finances will be reported to future Cabinet meetings, along with additional savings plans and will form part of the detailed planning approach for reviewing and recommending final budgets.
- 6.8. As part of our ongoing financial planning, services will keep under review all aspects of future cost pressures and inflation. The Assistant Executive Director of Finance keeps under ongoing review, all aspects of financial planning and the financial standing of the Council, including levels of reserves and provisions, and reports regularly to Cabinet on financial management performance.

## **7. MEMBERS ALLOWANCES**

- 7.1. The actual cost of Tameside members Allowances in 2014/15 was £1,116,090 (excluding Carers allowances, claimed expenses and Greater Manchester Appointments) as set out in **Appendix E** and published on the website.

## **8. EQUALITY IMPACT ASSESSMENT**

- 8.1 An Equalities Impact Assessment has been prepared for the budget report as a whole. This shows that a number of people who share protected characteristics under the Equality Act 2010 are more likely to be affected by the budget proposals, but that this is inevitable due to the nature of the people in the Borough and those that the Council looks after on a day to day basis. However, the impact of these proposals will continue to be monitored to ensure that protected groups are not disproportionately affected and that, where possible, mitigating actions are put in place. Specifically, this will be kept under review through the preparation of individual EIA's for each specific budget proposal.

## **9. RISK IMPLICATIONS**

- 9.1 The risks associated with the budget proposals were reported to Service Committees in January 2015 and the separate report on the robustness of the estimates. Reports on robustness of estimates and the adequacy of reserves and balances also set out financial risks that have been identified as part of the assessment of the level of reserves and provisions in order to evaluate the minimum level of General Balances.

## **10. LEGAL POSITION**

- 9.1 The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council

Taxpayer. The budget must not include expenditure on items which would fall outside the Council's powers. Expenditure on lawful items must be prudent, and any forecasts or assumptions such as rates of interest or inflation must themselves be rational. Power to spend money must be exercised bona fide for the purpose for which they were conferred and any ulterior motives risk a finding of illegality. In determining the Council's overall budget requirement, Members are bound to have regard to the level of Council Tax necessary to sustain it. Essentially the interests of the Council Taxpayer must be balanced against those of the various service recipients.

- 9.2 Within this overall framework, there is of course considerable scope for discretion. Members will bear in mind that in making the budget; commitments are being entered which will have an impact on future years. Some such commitments are susceptible to change in future years, such as staff numbers which are capable of upward or downward adjustment at any time. Other commitments however impose upon the Council future obligations which are binding and cannot be adjusted, such as loan charges to pay for capital schemes. Only relevant and lawful factors may be taken into account and irrelevant factors must be ignored.
- 9.3 Under the Member Code of Conduct members are required when reaching decisions to have regard to relevant advice from the statutory Chief Finance Officer, and the Monitoring Officer. Section 114 of the Local Government Finance Act 1988 obliges the Chief Financial Officer to prepare a report (to full Council) if it appears that the expenditure the Authority proposes to incur in a financial year is likely to exceed its resources available to meet that expenditure.
- 9.4 Similarly, the Council's Monitoring Officer is required to report to Full Council if it appears that a decision has been or is about to be taken which is or would be unlawful or would be likely to lead to maladministration. Under section 25 of the Local Government Act 2003 the Chief Financial Officer is now required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council.
- 9.5 Section 91 of the Local Government Act 2000 provides that an External Auditor may issue an "Advisory Notice" if s/he has reason to believe that an Authority is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency. This power is to be used where the matter is significant either in amount or in principle or both. A local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular local authorities are required by section 32 of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council faces various contingent liabilities set out in the main budget report. Furthermore the Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. In addition to advising on the robustness of the estimates as set out above, the Chief Financial Officer is also required to report on the robustness of the proposed financial reserves.
- 9.6 Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. In broad terms this means that the Council has a duty to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, gender, religion, etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it must consider how its decisions will contribute towards meeting the duties in the light of all other relevant circumstances such as economic and practical considerations. In carrying out the work to identify proposals for 2013/15 officers will have due regard to how the equality duty can be fulfilled in relation to the proposals overall. Detailed consultation processes and equality impact assessments will be carried out for specific proposals prior to final decisions being made where required.

- 9.7 The Localism Act and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 introduced “Disclosable Pecuniary Interests” and new rules on the grant of dispensations to allow Council Members to take part in or vote on matters in which they have a Disclosable Pecuniary Interest (“DPI”). Where a Member has a DPI, they cannot speak and/or vote on a matter in which they have such an interest, unless they have obtained a dispensation in accordance with the requirements of section 33 of the Localism Act. The grounds for the grant of a dispensation under section 33(2) of the Localism Act are, if, after having regard to all relevant circumstances, the Council considers that:
- (a) Without the dispensation the number of Members prohibited from participating/voting in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business.
  - (b) Without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business.
  - (c) The grant of the dispensation would be in the interests of the inhabitants of the borough.
  - (d) Without the dispensation every Member of the Executive would have a DPI prohibiting them from participating/voting in any particular business to be transacted by the Executive.
  - (e) It is otherwise appropriate to grant the dispensation.
- 9.8 At its meeting on 18 September 2012, the Council delegated to the Monitoring Officer the power to grant dispensations. Any grant of a dispensation must specify how long it lasts for, up to a maximum period of four years. Previously, the old “national” model Code of Conduct for Members specifically stated that Members would not have a prejudicial interest in certain circumstances that potentially affected the majority or a large number of Members. These general exemptions included an interest in any business of the Council which related to setting Council Tax or a precept under the Local Government Finance Act 1992. The new arrangements on DPis introduced by the Localism Act do not reproduce any of the “general exemptions”.
- 9.9 All Members are likely to have a pecuniary interest in relation to the setting of the Council Tax through their ownership / occupation of property in Tameside in common with any resident of the Borough or indeed anyone who stands as a Councillor. In the Monitoring Officer’s opinion, the transaction of business relating to these matters would be impeded unless a dispensation was granted.
- 9.10 In these circumstances, the Monitoring Officer granted dispensations to all members in February 2012 and these are intended to last until 2016 budget setting to allow members to participate in and vote on the setting of the Council Tax or a precept (and matters directly related to such decisions including the budget calculations). It will be necessary for any newly appointed Members in May 2015 to apply for dispensations to take part in the meeting at Full Council.

**List of key grants and funding****APPENDIX A**

<b>Grants/Funding</b>	<b>2016-17 Provisional (£)</b>
Homelessness Prevention	86,332
Learning Disability and Health Reform	5,873,404
Care Act: Funding Reform (including Deferred Payments)	529,195
Care Act: Carers etc	897,263
Local Welfare Provision	809,361
Early Intervention	6,665,706
Lead Local Flood Authorities	141,492
Sustainable Drainage Systems	9,379
PFI Revenue Grant	14,196,207
Public Health	15,722,000
Dedicated Schools Grant	178,066,000
Pupil Premium Grant	13,393,000
Baseline Business rates	27,480,600
Business rates top up	24,042,530
Revenue Support Grant	34,492,920
Small Business rates relief (Estimate)	1,000,000
New Homes Bonus (Estimate)	4,479,000
Council Tax	71,482,000
NHS Funding (incl. Better Care Fund)	15,330,000

Note 1: The Dedicated Schools Grant & Pupil Premium Grant figures are before any reductions for Academy Schools.

**DIRECTOR OF PEOPLE: 4 YEAR BUDGET PLAN**

Head of Service	2016/17	2017/18	2018/19	2019/20
Adult Social Care	28,382,460	28,382,460	28,382,460	28,382,460
Children's Services	20,768,730	20,768,730	20,768,730	20,768,730
Education	2,998,050	1,686,950	1,686,950	1,686,950
Individual Schools Budget	0	0	0	0
Stronger Communities	6,543,980	6,457,650	6,457,650	6,457,650
<b>Total Directorate of People</b>	<b>58,693,220</b>	<b>57,295,790</b>	<b>57,295,790</b>	<b>57,295,790</b>

Subcipfa(T)	2016/17	2017/18	2018/19	2019/20
Employees	43,232,150	42,614,870	42,614,870	42,614,870
Premises Related Expenditure	1,896,825	1,564,000	1,564,000	1,564,000
Supplies and Services	-12,605,663	11,193,647	11,193,647	11,193,647
Transport Related Expenditure	2,886,113	2,495,463	2,495,463	2,495,463
Third Party Payments incl. Levies	76,048,425	67,637,220	67,637,220	67,637,220
Recharge Expenses	667,865	668,150	668,150	668,150
Transfer Payments	6,642,301	6,570,226	6,570,226	6,570,226
Capital Financing Costs	0	0	0	0
Capital Items & Reserve Movements	-37,823	-34,633	-34,633	-34,633
<b>Total Expenditure</b>	<b>118,730,193</b>	<b>132,708,943</b>	<b>132,708,943</b>	<b>132,708,943</b>
Government Grant Income	-19,168,431	-19,121,321	-19,121,321	-19,121,321
Other Income	-2,841,510	-17,903,230	-17,903,230	-17,903,230
Other Grants Reimbursements and Contributions	-3,985,940	-4,161,640	-4,161,640	-4,161,640
Customer and Client Receipts	-18,510,922	-18,756,072	-18,756,072	-18,756,072
Recharge Income	-3,005,170	-2,945,890	-2,945,890	-2,945,890
Interest Income	0	0	0	0
Better Care Fund	-12,525,000	-12,525,000	-12,525,000	-12,525,000
<b>Total Income</b>	<b>-60,036,973</b>	<b>-75,413,153</b>	<b>-75,413,153</b>	<b>-75,413,153</b>
<b>Total Directorate of People</b>	<b>58,693,220</b>	<b>57,295,790</b>	<b>57,295,790</b>	<b>57,295,790</b>



## Public Health: 4 YEAR BUDGET PLAN

Service Area	2016/17	2017/18	2018/19	2019/20
Public Health	17,292,800	17,292,800	17,292,800	17,292,800
Public Health Grant	-15,722,180	-15,722,180	-15,722,180	-15,722,180
<b>Total Public Health</b>	<b>1,570,620</b>	<b>1,570,620</b>	<b>1,570,620</b>	<b>1,570,620</b>
Subcipfa(T)	2016/17	2017/18	2018/19	2019/20
Employees	1,037,010	1,037,010	1,037,010	1,037,010
Premises Related Expenditure	291,690	291,690	291,690	291,690
Transport Related Expenditure	8,850	8,850	8,850	8,850
Supplies and Services	14,329,880	14,329,880	14,329,880	14,329,880
Third Party Payments incl. Levies	1,465,000	1,465,000	1,465,000	1,465,000
Recharge Expenses	1,002,800	1,002,800	1,002,800	1,002,800
<b>Total Expenditure</b>	<b>18,135,230</b>	<b>18,135,230</b>	<b>18,135,230</b>	<b>18,135,230</b>
Capital Items & Reserve Movements	35,760	35,760	35,760	35,760
Customer and Client Receipts	-528,190	-528,190	-528,190	-528,190
Other Grants Reimbursements and Contributions	-15,722,180	-15,722,180	-15,722,180	-15,722,180
Other Income	-350,000	-350,000	-350,000	-350,000
Recharge Income	0	0	0	0
<b>Total Income</b>	<b>-16,564,610</b>	<b>-16,564,610</b>	<b>-16,564,610</b>	<b>-16,564,610</b>
<b>Total Public Health</b>	<b>1,570,620</b>	<b>1,570,620</b>	<b>1,570,620</b>	<b>1,570,620</b>

## PLACE DIRECTORATE: 4 YEAR BUDGET PLAN

Service Area	2016/17	2017/18	2018/19	2019/20
Asset & Investment Partnership Management	5,168,030	4,717,440	4,217,440	4,217,440
Development Growth & Investment	1,717,330	1,665,790	1,665,790	1,665,790
Environmental Services	46,062,650	46,062,650	46,068,650	46,068,650
Digital Tameside	1,828,200	1,828,200	1,828,200	1,828,200
<b>Total Director of Place</b>	<b>54,776,210</b>	<b>54,274,080</b>	<b>53,780,080</b>	<b>53,780,080</b>

Subcipfa(T)	2016/17	2017/18	2018/19	2019/20
Employees	20,901,330	20,808,310	20,808,310	20,808,310
Premises Related Expenditure	9,841,260	7,481,940	6,981,940	6,981,940
Transport Related Expenditure	6,100,580	5,958,062	5,958,062	5,958,062
Supplies and Services	37,148,520	17,158,566	17,158,566	17,158,566
Third Party Payments incl. Levies	36,123,370	36,123,370	36,123,370	36,123,370
Transfer Payments	10,900	10,900	10,900	10,900
Recharge Expenses	1,846,230	1,836,230	1,836,230	1,836,230
Capital Items & Reserve Movements	-102,150	1,063,350	1,063,350	1,063,350
<b>Total Expenditure</b>	<b>111,870,040</b>	<b>90,440,728</b>	<b>89,940,728</b>	<b>89,940,728</b>
Government Grant Income	-15,227,480	-1,031,270	-1,031,270	-1,031,270
Other Grants and Contributions	-217,760	-217,760	-217,760	-217,760
Customer and Client Receipts	-14,711,880	-13,909,520	-13,909,520	-13,909,520
Recharge Income	-25,426,650	-19,514,628	-19,514,628	-19,514,628
Other Income	-1,510,060	-1,493,470	-1,487,470	-1,487,470
<b>Total Income</b>	<b>-57,093,830</b>	<b>-36,166,648</b>	<b>-36,160,648</b>	<b>-36,160,648</b>
<b>Total Director of Place</b>	<b>54,776,210</b>	<b>54,274,080</b>	<b>53,780,080</b>	<b>53,780,080</b>

## Director of Governance & Resources: 4 YEAR BUDGET PLAN

Service Area	2016/17	2017/18	2018/19	2019/20
Exchequer	1,699,970	1,699,970	1,699,970	1,699,970
Finance	2,075,780	2,075,780	2,075,780	2,075,780
Governance	5,840,720	5,840,720	5,840,720	5,840,720
Democratic Core	1,509,980	1,509,980	1,509,980	1,509,980
<b>Total Director of Governance &amp; Resources</b>	<b>11,126,450</b>	<b>11,126,450</b>	<b>11,126,450</b>	<b>11,126,450</b>

Subcipfa(T)	2016/17	2017/18	2018/19	2019/20
Employees	12,818,340	12,818,340	12,818,340	12,818,340
Premises Related Expenditure	73,720	73,720	73,720	73,720
Supplies and Services	5,431,620	5,431,620	5,431,620	5,431,620
Transport Related Expenditure	63,810	63,810	63,810	63,810
Third Party Payments incl. Levies	98,500	98,500	98,500	98,500
Recharge Expenses	0	0	0	0
Transfer Payments	94,120,730	94,120,730	94,120,730	94,120,730
Capital Financing Costs	0	0	0	0
Capital Items & Reserve Movements	0	0	0	0
<b>Total Expenditure</b>	<b>112,606,720</b>	<b>112,606,720</b>	<b>112,606,720</b>	<b>112,606,720</b>
Government Grant Income	-95,228,810	-95,228,810	-95,228,810	-95,228,810
Other Income	-895,240	-895,240	-895,240	-895,240
Other Grants Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	-4,674,810	-4,674,810	-4,674,810	-4,674,810
Recharge Income	-681,410	-681,410	-681,410	-681,410
Interest Income	0	0	0	0
<b>Total Income</b>	<b>-101,480,270</b>	<b>-101,480,270</b>	<b>-101,480,270</b>	<b>-101,480,270</b>
<b>Total Director of Governance &amp; Resources</b>	<b>11,126,450</b>	<b>11,126,450</b>	<b>11,126,450</b>	<b>11,126,450</b>

## Council Tax Options

## APPENDIX C

### Option 1 - 0% Social Care Precept and 0% Council Tax Referendum

Strategic Directorate	2016/17	2017/18	2018/19	2019/20
Director of People	58,693,220	57,295,790	57,295,790	57,295,790
Public Health	1,570,620	1,570,620	1,570,620	1,570,620
Director of Place	54,776,210	54,274,080	53,780,080	53,780,080
Director of Governance & Resources	11,126,450	11,126,450	11,126,450	11,126,450
Capital, Corporate & Financing	42,398,394	49,357,060	56,546,060	68,959,060
<b>Total Service Cost</b>	<b>168,564,894</b>	<b>173,624,000</b>	<b>180,319,000</b>	<b>192,732,000</b>
<b>Total Resources</b>	<b>168,564,894</b>	<b>157,574,000</b>	<b>146,749,000</b>	<b>141,639,000</b>
<b>Funding Gap - Cumulative</b>	<b>0</b>	<b>16,050,000</b>	<b>33,570,000</b>	<b>51,093,000</b>

### Option 2 – 2% Social Care Precept and 0% Council Tax Referendum

Strategic Directorate	2016/17	2017/18	2018/19	2019/20
Director of People	58,693,220	57,295,790	57,295,790	57,295,790
Public Health	1,570,620	1,570,620	1,570,620	1,570,620
Director of Place	54,776,210	54,274,080	53,780,080	53,780,080
Director of Governance & Resources	11,126,450	11,126,450	11,126,450	11,126,450
Capital, Corporate & Financing	42,398,394	49,357,060	56,546,060	68,959,060
<b>Total Service Cost</b>	<b>168,564,894</b>	<b>173,624,000</b>	<b>180,319,000</b>	<b>192,732,000</b>
<b>Total Resources</b>	<b>169,986,894</b>	<b>160,446,000</b>	<b>151,100,000</b>	<b>147,499,000</b>
<b>Funding Gap - Cumulative</b>	<b>-1,422,000</b>	<b>13,178,000</b>	<b>29,219,000</b>	<b>45,233,000</b>

### Option 3 - 2% Social Care Precept and 1.99% Council Tax Referendum

Strategic Directorate	2016/17	2017/18	2018/19	2019/20
Director of People	58,693,220	57,295,790	57,295,790	57,295,790
Public Health	1,570,620	1,570,620	1,570,620	1,570,620
Director of Place	54,776,210	54,274,080	53,780,080	53,780,080
Director of Governance & Resources	11,126,450	11,126,450	11,126,450	11,126,450
Capital, Corporate & Financing	42,398,394	49,357,060	56,546,060	68,959,060
<b>Total Service Cost</b>	<b>168,564,894</b>	<b>173,624,000</b>	<b>180,319,000</b>	<b>192,732,000</b>
<b>Total Resources</b>	<b>171,415,894</b>	<b>163,333,000</b>	<b>155,474,000</b>	<b>153,389,000</b>
<b>Funding Gap - Cumulative</b>	<b>-2,851,000</b>	<b>10,291,000</b>	<b>24,845,000</b>	<b>39,343,000</b>

## **APPENDIX D**

### **Pay Policy Statement for the Year 2016/17**

The Pay Policy Statement sets out the Council's approach to pay policy in accordance within the requirements of Section 38 of the Localism Act 2011. The Pay Policy Statement has also been revised to take into account the Council's approach to approval by Full Council for severance payments in excess of £100k in line with guidance received from the Department for Communities and Local Government (DCLG). This pay policy applies for the year 2016/17 unless replaced or varied by Full Council.

It does not cover teaching staff whose salaries and terms and conditions of employment are set by the Secretary of State. Academy Schools are an entirely separate legal entity from the Council and are covered by Academies Act 2010 and as a separate employer are responsible for setting salaries for their employees.

The purpose of the Pay Policy Statement is to ensure transparency and accountability with regard to the Council's approach to setting pay. The Pay Policy Statement has been approved by Council and is publicised on the Council's website in accordance with the requirements of the Localism Act 2011 in March each year.

#### **Underlying Principles**

The Council is committed to and supports the principle of equal pay for all our employees. Equal pay between men and women is a legal right under both United Kingdom and European Law. The Equality Act 2010 requires employers not to discriminate on grounds of race and disability and similar rules apply to sexual orientation, religion and age.

The Council applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of authority decisions, these are then incorporated into contracts of employment.

The Pay Policy Statement identifies:

- The method by which salaries and severance payment are determined.
- The detail and level of remuneration of the Council's most senior managers i.e. Chief Executive and Executive Leadership Team, which accords with the requirements of the Localism Act 2011.
- The process for ensuring that the Pay Policy Statement is applied consistently, including the Staffing Panel which has delegated powers in relation to senior manager pay and employment.
- The detail and level of remuneration for the lowest level of employee.
- The ratio of pay of the top earner and that of the median earner.

It should be noted that the Pay Policy Statement does not include information relating to the pay of Teachers or Support Staff in schools who are outside the scope of the Localism Act 2011.

Responsibility for Public Health transferred to the Council on 1 April 2013. Those NHS employees, including the Director of Public Health transferred to the employment of the Council on their current terms and conditions of employment including salary and membership of the NHS Pension Scheme. The Director of Public Health is a statutory appointment.

This Statement complies with all statutory and legal requirements.

In this policy we use the term “Senior Manager” to mean the same as “chief officer” as described in the Localism Act 2011. The Council already separately publishes information about pay and average pay which we thought would be helpful to set out here.

Highest Pay (per annum)	£166,929 p.a. (fte)
Average Pay (per annum)	£22,048.69 p.a. (fte) (based on mean) £20,400 p.a. (fte) (based on median)
Pay difference (between average & highest pay)	£144,880.31 (based on mean) £146,529 (based on median)
Pay Multiple (ratio between the average and the highest pay)	7.6:1 (based on mean) 8.2:1 (based on median)
Pay Multiple (ratio between the lowest and the highest pay)	12:1

### **1. Policy on the remuneration of its Senior Managers**

Chief Executive and Chief Officers conditions of service are in line with the Joint Negotiating Committees for Chief Executives and Chief Officers. The pay levels for the Chief Executive and Executive Directors are determined by the Council's Senior Staffing Panel on appointment, having regard to the Council's duty to ensure best value and after taking professional advice on pay levels, market conditions and other relevant employment factors.

For Assistant Executive Director pay this is determined by a job evaluation process, which was undertaken in 2011. The scheme used was one designed by the Local Authority Employers Organisation, which advises Councils at a national and regional level on employment and pay issues.

The level of remuneration is determined as set out above. Other than allowable out of pocket expenses, the Council does not make other payments to Senior Managers in addition to basic salary for undertaking their core role. Overtime is not payable to Senior Managers.

### **2. Policy on the remuneration of its lowest paid employees**

In this policy we use the definition of lowest paid employee as being those paid on spinal column point 6 of the National Joint Council for Local Government Services. We use this because it is the lowest substantive pay grade used for local authority employees.

Our policy is that an employee would normally only be paid at this rate if they were in the first year of appointment to a post which has been evaluated under the national scheme for evaluating local authority jobs. The Council uses the nationally agreed job evaluation scheme for employees of local authorities which is used by a large proportion of other local authorities.

Once someone has been in post a year they will, subject to satisfactory performance, move to the next increment in the pay scale. Increments are payable each year on 1 April, until the maximum point of the grade is reached.

The Council's pay structure is available on the website at <http://www.tameside.gov.uk/paystructure>

### **3. Policy on the relationship between - (i) the remuneration of its Senior Managers, and (ii) the remuneration of its employees who are not Senior Managers.**

The Council has no formal policy on the relationship between the remuneration of Senior Managers. The Hutton review entitled Fair Pay in the Public Sector considered the multiple should

be no greater than 20 to 1 (lower is better) and based on the current situation the Council falls well below this threshold. The authority does not have a policy on maintaining or reaching a specific 'pay multiple', however the authority is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the authority. These pay rates may increase in accordance with any pay settlements which are reached through their respective national negotiating bodies.

At Tameside, the pay multiple between the Chief Executive's pay and the lowest paid employee in the organisation is 12.2 and is therefore well within this recommended range.

#### **4. Policy relating to the remuneration of Senior Managers on recruitment**

All posts are subject to the Council's recruitment and selection process for job appointments, including promotion. Appointments will normally be made at the minimum of the relevant pay scale for the grade, although this can be varied if it is necessary to secure the best candidate. When recruiting to all posts the Council will take full and proper account of all provisions of relevant local government, employment and equalities legislation.

On occasions, the Council may need to consider market forces supplements for employees, which might include Senior Management posts. Authorisation arrangements for market forces supplements would be subject to approval by the Senior Staffing Panel. No such supplements are currently in place.

The Council will ensure that before an offer of appointment is made, any salary package for any post that is in excess of £100,000 is considered by full Council.

#### **5. Policy relating to increases and additions to remuneration for each Senior Manager**

Senior Managers are paid at a spot rate salary. The majority of Council staff receive nationally agreed pay awards when they are applied. These do not apply to Senior Managers at Assistant Executive Director level and above. The Senior Staffing Panel make the determination as to whether and when there is to be an increase in the current spot rate salaries. No increase to spot rate salaries has been agreed and put in place since 2009 for Executive Director level and above. Assistant Executive Director level received a 1% pay increase to reflect the national pay award in 2015/16.

#### **6. Policy relating to the use of performance related pay for Senior Managers**

The Council does not pay performance related pay to Senior Managers or any other member of the workforce. The Council believes that it has sufficiently strong performance management arrangements in place to ensure high performance. Any areas of under-performance would be addressed through the capability procedure.

#### **7. Policy relating to the use of bonuses for Senior Managers**

The Council does not pay bonuses to Senior Managers or any other member of the workforce and does not intend to introduce any bonus schemes.

#### **8. The approach to the payment of Senior Managers on their ceasing to hold office under or to be employed by the Authority**

The approach to payment of Senior Managers is the same as those which apply to all Council

employees.

Currently, the Council operates a scheme where employees may apply for voluntary severance. Payments under the scheme are capped at a maximum of 30 weeks' pay (based on the rate of pay set in 2013) for all employees, including Senior Managers. Any applications within this scheme are subject to approval by Executive Director (Governance & Resources). As indicated within the Voluntary Severance Scheme, the Executive Director (Governance & Resources) is authorised to consider any exceptions where a robust business case exists to do so in the interests of the organisation.

Employees who take severance under the scheme are advised that they do so on the basis that the Council will not re-employ them and they contractually commit to returning any severance costs should they apply for any jobs with the Council, including any Community School or Voluntary Controlled School, within 12 months of their leaving date.

Compensation payments for loss of office are considered in situations where an employee's post becomes at risk and/or the employment relationship is no longer tenable. A maximum payment of 12 weeks applies to all employees, including Senior Managers.

The Council's approach is to treat each case on its individual merits, taking professional advice on the appropriateness, and ensuring that all payments represent value for money to the taxpayer.

Employees who are 'at risk', having been displaced from their role, currently have a 4 week period from the date they are notified to access the Voluntary Severance Scheme, with the additional loss of office payment in some circumstances. If an employee does not choose to access the Voluntary Severance Scheme they will be supported in securing alternative employment. If the secured employment is at a grade lower than their previous post they will be assimilated to the new grade at the top spinal column point and receive pay protection up to their previous salary rate for a maximum period of 6 months.

If the Council intends to provide a severance payment to the value of £100k or more to any employee, the decision as to whether such a payment should be made will be taken by Full Council. The components of any such package will be clearly set out and will include pay in lieu of notice, redundancy payment, pension release costs, settlement payments, holiday pay and any fees or allowances paid.

## **9. Transparency**

The Council meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration.

Senior Managers' pay is published on the Council's website each year.

The current pay rates for senior managers are available at <http://www.tameside.gov.uk/transparency>

## **10. Commitment To The Living Wage**

The Council is committed to becoming a Living Wage Employer. The Living Wage is a rate of pay per hour, which is enough to make sure workers and their families can live free from poverty.

The Council will ensure that all its employees are paid a Living Wage (excluding apprentices, workplacements and traineeships, which have been created to enable access to the work place training and job opportunities).



The Council will encourage and promote all employers, both directly and through their subcontractors, to pay a Living Wage, and promote the Living Wage principles when there are opportunities to so do in the Borough.

The Council strives to make Tameside a better place and is of the view that payment of a Living Wage can have a positive impact on the delivery of services as well as economic and social benefits in the Borough.

The Council is committed to providing better quality value for money services and feels the payment of a Living Wage will contribute to this goal.

The Council is currently consulting on reviewing terms and conditions including introducing the National Living Wage by means of a pay supplement applied to Council employees whose hourly rate of pay falls below the nationally set rate. This rate will be reviewed in line with the nationally negotiated NJC pay award.

## **11. Pension Enhancement**

The Council has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations. It is not Council policy to apply the available discretions to award additional pension to any members of the pension scheme (regulation 31).

## **12. Re-employment of Staff**

The Council is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The authority will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post.

In recent years significant numbers of individuals have left the Council voluntarily on enhanced exit payments owing to the significant reduction in its budget. These exit payments have helped unlock substantial reductions in staff costs in the medium to longer term and have helped in meeting the challenge of reducing the deficit. However, given the scale of the costs associated with exit payments it is vital that they offer value for money to the taxpayer who funds them.

As it would be reputationally damaging to the Council to use public funds for employees to receive exit payments and then quickly returned to public sector roles, the Council has a policy that any employee who returns to the Tameside public sector or on public sector contracts or agency work within 12 months of exit are required to repay their exit payment. This is in line with government guidance to ensure that the taxpayer is not unduly compensating an individual for loss of employment only for them to return to the public sector after a short period of time hence getting a windfall. Employees who have received an enhanced exit package can accept employment with the Council but where they do this within 12 months of signing a compromise agreement they are will be obliged to repay their exit package.

If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by the Council. Clearly where a former employee left the authority on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist.

The Council will also apply the provisions of the Statutory Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant and appropriate. Pensions Regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.

The authority will apply the provisions of the Recovery of Public Sector exit payments when legislation under the Small Business Enterprise and Employment bill comes into force.

### **13. Policy Amendment**

The Council may seek to change elements within the pay policy as part of any necessary efficiency review or as other circumstances dictate.

This policy statement will be reviewed each year and will be presented to full Council each year for consideration in order to ensure that a policy is in place for the authority prior to the start of each financial year.

### **14. Pay Policy References**

- Agency workers directive 2011
- Hutton Fair Pay in the Public Sector Final Report (March 2011)
- Joint Negotiating Committee for Local Authority Chief Executives
- Joint Negotiating Committee for Chief Officers of Local Authorities
- Local Government (Early Termination of Employment)(Discretionary Compensation) (England and Wales) Regulations 2006
- Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007
- Localism Act 2011
- National Joint Council for Local Government Services
- Tameside Borough Council Scheme of Delegation
- The Accounts and Audit (England) Regulations (2011)
- The Equality Act 2010
- The Secretary of State for CLG Code of Recommended Practice for Local Authorities on Data Transparency
- Local Government Transparency Code 2014
- HM Treasury Recovery of Public Sector exit payments consultation response

## APPENDIX E

### Members Allowances paid 2014/15

COUNCILLOR	SPECIAL RESPONSIBILITY	SRA AMOUNT PAYABLE	TOTAL ALLOWANCES & EXPENSES
<b>BAILEY M</b>	Deputy Chair of Strengthening the Economy & Communities Scrutiny Panel	£3,194.00	<b>£14,834.00</b>
<b>BALLAGHER E</b>			<b>£11,640.00</b>
<b>BEELEY B</b>	Deputy Chair of Speakers Panel (Liquor Licensing)	£2,307.00	<b>£13,947.00</b>
<b>BELL J S</b>	Leader of the Opposition	£11,269.00	<b>£22,909.00</b>
<b>BOWDEN H</b>	Deputy Chair of Supporting People & Resources Scrutiny Panel	£3,194.00	<b>£14,834.00</b>
<b>BOWERMAN J</b>	Chair of Ashton-under-Lyne District Assembly	£9,581.00	<b>£21,221.00</b>
<b>BRAY W</b>	Chair of Speakers Panel (Licensing)	£6,198.00	<b>£17,838.00</b>
<b>BUCKLEY, D</b>			<b>£11,640.00</b>
<b>BUCKLEY P L</b>			<b>£11,640.00</b>
<b>CARTEY Y</b>	Deputy Chair of Health & Wellbeing Improvement Scrutiny Panel	£3,194.00	<b>£14,834.00</b>
<b>COONEY G</b>	Executive Member - Learning, Skills & Economic Growth	£20,099.00	<b>£31,739.00</b>
<b>COOPER J</b>	Deputy Chair of Hyde & Longdendale District Assembly	£3,194.00	<b>£14,834.00</b>
<b>DICKINSON D</b>			<b>£11,640.00</b>
<b>DOWNNS M</b>			<b>£11,640.00</b>
<b>DRENNAN L</b>			<b>£11,640.00</b>
<b>FAIRFOULL W</b>	Assistant Executive Member- Performance & Finance	£8,352.00	<b>£19,992.00</b>
<b>FITZPATRICK J</b>	Executive Member - First Deputy (Performance and Finance)	£20,099.00	<b>£31,739.00</b>
<b>FITZPATRICK P</b>	Chair of Hyde & Longdendale District Assembly	£9,581.00	<b>£21,221.00</b>
<b>FOWLER M</b>	Deputy Chair of Denton District Assembly	£3,194.00	<b>£14,834.00</b>
<b>FRANCIS C</b>	Deputy Chair of Speakers Panel (Licensing)	£2,307.00	<b>£13,947.00</b>
<b>GWYNNE A</b>	Executive Member - Children & Families	£20,099.00	<b>£31,739.00</b>
<b>HOLLAND A</b>	Assistant Executive Member - Neighbourhoods & Partnerships	£8,352.00	<b>£19,992.00</b>

<b>COUNCILLOR</b>	<b>SPECIAL RESPONSIBILITY</b>	<b>SRA AMOUNT PAYABLE</b>	<b>TOTAL ALLOWANCES &amp; EXPENSES</b>
<b>HOLLAND B</b>	Assistant Executive Member - Carbon & Waste Reduction	£8,352.00	<b>£19,992.00</b>
<b>JACKSON J</b>	Deputy Chair of Carbon & Waste Reduction Panel	N/a	<b>£11,640.00</b>
<b>KINSEY A</b>			<b>£11,640.00</b>
<b>KITCHEN J</b>	Chair of Council Business	£11,269.00	<b>£22,909.00</b>
<b>LANE D</b>	Assistant Executive Member - Sport Engagement & Participation	£8,352.00	<b>£36,389.00</b>
	Mayor	£16,397.00	
<b>LANE J</b>	Assistant Executive Member - Culture, Heritage & Tourism	£8,352.00	<b>£19,992.00</b>
	Deputy Chair - Dukinfield District Assembly	n/a	
<b>MCNALLY DH</b>	Chair of Speakers Panel (Planning)	£9,581.00	<b>£21,221.00</b>
<b>MIAH I</b>			<b>£11,640.00</b>
<b>MIAH R</b>			<b>£11,640.00</b>
<b>MIDDLETON J</b>	Chair of Droylsden & Audenshaw District Assembly	£9,581.00	<b>£21,221.00</b>
<b>PEET G</b>	Chair of Supporting People & Resources Scrutiny Panel	£9,581.00	<b>£21,221.00</b>
<b>PIDDINGTON CM</b>	Executive Member - Sustainable Environment	£20,099.00	<b>£31,739.00</b>
<b>QUINN K</b>	Executive Leader Chair of Strategic Planning & Capital Monitoring Panel	£36,036.00	<b>£47,676.00</b>
<b>QUINN S</b>	Assistant Executive Member - Governance	£8,352.00	<b>£19,992.00</b>
<b>REYNOLDS C</b>	Deputy Chair of Speakers Panel (Planning)	£3,194.00	<b>£14,834.00</b>
<b>RICCI V</b>	Chair of Overview (Audit) Panel	£9,581.00	<b>£21,221.00</b>
<b>ROBERTS G</b>	Chair of Mossley and Stalybridge District Assembly	£9,581.00	<b>£21,221.00</b>
<b>ROBINSON P</b>	Executive Member - Transport & Land Use	£20,099.00	<b>£31,739.00</b>
<b>RYAN O</b>			<b>£11,640.00</b>
<b>SHEMBER - CRITCHLEY E</b>			<b>£11,640.00</b>
<b>SIDEBOTTOM M</b>			<b>£11,640.00</b>

COUNCILLOR	SPECIAL RESPONSIBILITY	SRA AMOUNT PAYABLE	TOTAL ALLOWANCES & EXPENSES
SMITH M J	Lead Member (Policy)	£8,352.00	£19,992.00
SMITH T	Deputy Chair of Droylsden & Audenshaw District Assembly	£3,194.00	£14,834.00
SULLIVAN J B	Chair of Health & Wellbeing Improvement Scrutiny Panel	£9,581.00	£21,221.00
SWEETON D	Deputy Chair of Mossley and Stalybridge District Assembly	£3,194.00	£14,834.00
TAYLOR J	Deputy Executive Leader	£23,495.00	£35,135.00
TRAVIS F			£11,640.00
TRAVIS L	Executive Member - Health & Neighbourhoods	£20,099.00	£31,739.00
WARD DA	Chair of Denton District Assembly	£9,581.00	£25,061.00
	Deputy Mayor	£3840.00	
WARRINGTON B	Executive Member - Adult Social Care & Wellbeing	£20,099.00	£31,739.00
WELSH K	Chair of Speakers Panel (Liquor Licensing)	£6,198.00	£17,838.00
WHITE A			£11,640.00
WHITEHEAD A	Chair of Strengthening the Economy & Communities Scrutiny Panel	£9,581.00	£21,221.00
WHITLEY M	Deputy Chair of Ashton-under-Lyne District Assembly	£3,194.00	£14,834.00
WILD B	Chair of Dukinfield District Assembly	£9,581.00	£21,221.00
		£452,610.00	
	<b>Total Members Allowances Paid</b>		<b>£1,116,090.00</b>
	<b>Total expenses claimed</b>	<b>0</b>	
	<b>Total costs incurred for Council duties</b>		<b>£1,116,090.00</b>

<b>Greater Manchester Statutory Allowances payable by the Council</b>		
BRAY, W	Member of TfGMC Committee	£3825.00
DICKINSON, D	Vice Chair of TfGMC Committee	£14,125.00
FITZPATRICK, P	Member of Greater Manchester Waste Disposal Authority	£2,100.00
PIDDINGTON, CM	Chair of Greater Manchester Waste Disposal Authority	£12,000.00
ROBINSON, P	Member of TfGMC Committee	£3,825.00
	<b>Total:</b>	<b>£35,875.00</b>

