

**When telephoning, please ask for:** Liz Reid-Jones  
**Direct dial** 0115 9148214  
**Email** lreid-jones@rushcliffe.gov.uk

**Our reference:**  
**Your reference:**  
**Date:** 4 February 2013

To all Members of the Council

Dear Councillor

A meeting of the CABINET will be held on Tuesday 12 February 2013 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely

Executive Manager – Operations and Corporate Governance

### **AGENDA**

1. Apologies for absence
2. Declarations of Interest
3. Minutes of the Meeting held on Tuesday 15 January 2013 (previously circulated)

#### **Key Decisions**

4. Draft Housing Allocations Policy

The report of the Executive Manager - Neighbourhoods is attached (pages 1- 36).

#### **Non Key Decisions**

None.

#### **Budget and Policy Framework Items**

5. 2013/14 Budget and Financial Strategy

The report of the Executive Manager – Finance will follow.

6. Revenue and Capital Monitoring

The report of the Executive Manager – Finance is attached (pages 37-46).

7. Pay Policy Statement 2013/14

The report of the Executive Manager – Operations and Corporate Governance will follow

**Matters referred from Scrutiny**

None.

Membership

Chairman: Councillor J N Clarke,

Vice-Chairman: Councillor J A Cranswick

Councillors: D G Bell, J E Fearon, D J Mason, Mrs J A Smith

<b>Meeting Room Guidance</b>
------------------------------

**Fire Alarm Evacuation:** in the event of an alarm sounding please evacuate the building using the nearest fire exit, normally through the Council Chamber. You should assemble in the Nottingham Forest car park adjacent to the main gates.

**Toilets** are located opposite Committee Room 2.

**Mobile Phones:** For the benefit of others please ensure that your mobile phone is switched off whilst you are in the meeting.

**Microphones:** When you are invited to speak please press the button on your microphone, a red light will appear on the stem. Please ensure that you switch this off after you have spoken.

## Report of the Executive Manager - Neighbourhoods

### Cabinet Portfolio Holder - Councillor D G Bell

#### Summary

The report on the draft Housing Allocations Policy was considered by the Community Development Group on 6 December 2012. The Group recommended the policy should be forwarded to Cabinet for consideration and approval.

The report sets out the development of the Rushcliffe Allocations Policy as part of the wider sub-regional Choice Based Lettings Scheme (CBL) to ensure full compliance with the latest legislation and guidance governing social housing allocations.

The draft policy proposes to change the housing register to clarify who qualifies for housing and restrict access to the register to those who have a reasonable chance of being housed. Additional levels of priority for working households, foster carers and HM Forces personnel are also proposed.

#### Recommendation

It is RECOMMENDED that Cabinet approve:

- a) the draft Housing Allocations Policy, and
- b) give delegated authority to the Executive Manager - Neighbourhoods to approve minor amendments.

#### Background

1. The Council has a duty to publish an allocations scheme and allocations policy to set out who should get priority for social housing in the Borough. It is also required to review its allocations policy to ensure that it takes into account changes in legislation and statutory guidance.
2. In March 2011 the Council developed a joint CBL scheme and housing allocations policy with Gedling and Broxtowe Borough Councils. The joint allocations policy sets the criteria for who can join the Council's housing register.
3. The partnership currently has a joint allocations policy and operates an 'open' housing register, open to all applicants, whether within the Borough or not as long as they are eligible persons as defined by statute. The Council also has a statutory duty to give 'reasonable preference' to particular groups set out in

legislation i.e. people who are homeless, or have an urgent housing need because of medical circumstances.

4. Applicants are placed in one of four bands on the register according to their assessed level of priority for housing and local connection to the Borough:
  - Band 1 – Urgent housing need
  - Band 2 – High housing need
  - Band 3 – Moderate housing need
  - Band 4 – Low housing need
5. Applicants 'bid' for specific properties on the CBL scheme 'Homesearch'. The properties are provided by the local authority or by Registered Providers. Bids are made using the priority afforded by an applicant's place in the banding system. A higher band will outbid a lower band and within the same band an applicant with an earlier application date will outbid one with a later date.
6. A significant proportion of people on the housing register have limited chance of being housed within this system and many stay on the register a long time. Far fewer properties are available than there are applicants and as a result most bids are unsuccessful (see **Appendix A** for key statistics). The current system could be said to give false hopes and expectations to particular categories of applicants.
7. Recently there have been significant changes in the housing environment. The Localism Act 2011 offers local housing authorities considerably wider discretion on who qualifies to join the housing register and what relative priority is given to different circumstances.
8. In consultation with key stakeholders Broxtowe, Gedling and Rushcliffe Borough Councils have developed individual allocations policies to take into account the requirements introduced by the Localism Act, guidance on allocations and local priorities.
9. Rushcliffe Borough Council's draft social housing Allocations Policy (**Appendix B**), will apply to all properties let in Rushcliffe (but not in Broxtowe or Gedling) through the CBL system. The partners will continue to share the Homesearch website and software system to maximise efficiencies.

## **Consultation**

10. A key element in the development of the draft Allocations Policy has been to make sure that a wide range of views have been taken on board from stakeholders, including;
  - Stakeholder Inclusion event
  - Staff team briefings
  - Public consultation with the policy being available on the Homesearch website for four weeks
  - Paper copies sent to applicants who are known not to use the internet
  - The Community Development Group

11. A joint consultation event with Broxtowe and Gedling Borough Councils was held on 3 October 2012. Views were sought on how to operate the housing register:
- 68% agreed the housing register should exclude all applicants with no housing need, except for applicants over 50, those wishing to downsize or those who no longer require adapted properties.
  - 54% agreed the housing register should exclude all applicants without a local connection.
  - 32% agreed some classes of applicants should be excluded from the housing register, including applicants with anti-social behaviour (ASB), perpetrators of domestic violence, and those with rent arrears without a payment plan.
  - 63% agreed applicants in employment, foster carers and those under-occupying should be given priority. Only 25% agreed that applicants in training or those making a positive contribution to the community should be given priority.
  - 44% agreed Armed Forces applicants should be given additional priority on the housing register.
  - 50% considered transfer applicants should be removed from the housing register and let by a separate lettings criteria.
  - 83% agreed all social housing tenants wishing to transfer be awarded preference if they are under-occupying by one bedroom.
  - 60% agreed those under-occupying with minor rent arrears should be allowed to move but adhere to a payment plan.
12. The four week consultation period ended on 10 December 2012. Minor amendments, including the recommendations made by the Community Development Group have been made to the policy:
- Para 17.5, the definition of paid employment reduced from 9 to 6 months
  - Para 7.5, 1d, the words 'or equivalent' be added to Disability Living Allowance - A footnote has been included to take into account Personal Independence Payment when it is introduced from June 2013
  - Para 7.5, 1b the word 'area' has been replaced with 'property'

### **Draft proposals**

13. The Government still require local authorities to prioritise households with reasonable preference (people who are recognisably in need of rehousing). Beyond this councils can then select what criteria to apply. They may choose any criteria, so long as they are justifiable, they are not discriminatory, and they do not disqualify groups of people whose members are likely to have reasonable preference.

14. Normally, access will be restricted to applicants who can demonstrate a local connection with the Borough. The Government has made specific regulations to provide that if residency criteria are adopted, these may not be applied to Members of the Armed Forces or those who have served in the Armed Forces within the last five years. The principle is that these people should not be disadvantaged as a result of military service which may have required them to live away from the area they wish to live in.
15. If the Council adopt the proposed amendments to the draft allocations policy set out in **Appendix B**, the effect would be:
16. People who have no recognisable need to move, but want to move, would be unable even to apply for social housing. Exceptions include people wishing to downsize and people over 50 years who would not have to demonstrate a housing need, to guarantee a ready supply of tenants for less popular, hard-to-let sheltered schemes.
17. The reduced numbers on the housing register will be placed in one of three Bands:
  - Band 1 – Urgent Priority
  - Band 2 – High Priority
  - Band 3 – Moderate Priority
18. There will no longer be a low priority band. Applicants who do not have a need for housing that meets the criteria for Bands 1 – 3 will not normally qualify to join the housing register at all, but will be given advice and assistance about options other than social housing.
19. People who do not have a local connection to Rushcliffe (there are some exceptions) will not qualify and will not be placed on the housing register. The current proposal is to increase the length of residency criteria from 6 to 12 months. Other local connection criteria remain the same.
20. Greater priority will be given to working households, registered foster carers and current and former members of the Armed Forces, while meeting statutory obligations to offer 'reasonable preference'. These people will be awarded additional waiting time, so that they are placed higher within a single band than they would otherwise be.
21. Homeless households will move from Band 2 into Band 1 six weeks after being accepted as homeless, and will have bids placed on their behalf if they do not bid themselves
22. Some applicants for housing will see their priority for housing increased; for others it will be reviewed. In some instances, existing applicants will not be eligible to re-apply. Those that do not qualify will still be given advice and assistance about their housing options. In reality, this will not represent a material change in their circumstances, since the prospect of receiving an offer of a social housing tenancy is currently minimal. Rather, it will give them a realistic view of their housing options and prevent them from completing application forms and providing supporting documents for no purpose.

23. The benefits of allowing only those people with a housing need to register for housing would be to give households more realistic expectations, stop 'false hope' and greatly reduce the housing register (and associated administrative burdens). Conversely, it may also increase the number of appeals and the potential for customer dissatisfaction. The policy will be reviewed regularly to minimise any unintended consequences to ensure it continues to meet its objectives.
24. It is estimated that these changes will significantly reduce the housing register. This will allow for more efficient administration of the register and a higher quality and effective advice and assistance service for those who are vulnerable or in severe housing need and qualify for housing. The process of placing adverts, running shortlists and offering properties will not change for housing providers; it is only the number of applicants who will appear on the shortlist that will change.

### **Implementation, Monitoring and Review**

25. The CBL Steering Group made of representatives from Broxtowe, Gedling and Rushcliffe Borough Councils, Metropolitan and Gedling Homes will meet on a regular basis to monitor and review the allocations policy and scheme outcomes.
26. A provisional implementation date has been set for 1 April 2013, however this is dependent on the configuration of the CBL software to take account of the proposed policy changes.
27. Cabinet is also asked to give delegated authority to the Executive Manager – Neighbourhoods to approve minor amendments to the allocations policy set out in **Appendix B** to ensure it achieves its intended outcomes.

### **Financial Comments**

The current budget includes provision for the on-going revenue costs of the scheme, including the part time CBL post. The budget also assumes that RBC will continue to receive a £12,000 contribution from Metropolitan. Further budget provision of approximately £10,000 will be required to implement these proposals. These costs will relate to amendments to IT systems. It is anticipated that these costs will be met from existing budgets.

### **Section 17 Crime and Disorder Act**

The Housing Allocations Policy aims to develop an equitable housing allocation process to assist in creating balanced communities and delivering against our Section 17 obligations in the reduction of crime and anti-social behaviour.

### **Diversity**

The draft allocations policy has undergone an Equalities Impact Assessment and the outcomes and actions included in the scheme implementation and final policy. Ongoing customer consultation will assist in ensuring the scheme continues to meet the needs of various community individuals and groups.

**Background Papers Available for Inspection: Nil**

## Key Statistics

### The Housing Register

- a. As at 19 November 2012, there were 1,061 households on the housing register. Of these, 65% (690) were within the lowest priority band (4) and 92% (976) within the lowest two bands (3 and 4).
- b. In the 12 months up to 19 November 2012, there were 268 lettings to social housing in Rushcliffe. When transfers from all social housing are excluded, this drops to 193 lettings.
- c. Of 268 lettings; 46 - Band 1, 73 - Band 2, 85 - Band 3, and 64 - Band 4. Of the Band 4, 26 were 50+ and likely to qualify for Band 3 under the new policy
- d. Of 193 lettings which were not transfers; 24 – Band 1, 40 – Band 2, 66 – Band 3 and 54 – Band 4.
- e. 260 active applicants currently live outside the Borough.

### Choice Based Lettings

- a. In the 12 months up to 19 November 2012, Rushcliffe applicants placed 12,680 bids for properties.
- b. In that period, the average number of bids for 2 bed properties was 47, and the average for 3 beds was 42.
- c. In that period, the record number of bids for one property was 203 (for a 2 bed flat in Edwalton).
- d. 640 of the households on the Housing Register have only ever made 3 bids or fewer, or have never bid.
- e. 452 of the households on the Housing Register have never placed a bid for accommodation.
- f. Of that 452, 9 are in Band 1, 10 in Band 2, 70 in Band 3 and 364 in Band 4.



# Choice Based Lettings and Housing Allocations Policy

## Rushcliffe Borough Council



**Final draft  
February 2013**

## CONTENTS

1.	Introduction.....	3
2.	Equality and diversity.....	4
3.	Statement on offering choice.....	4
4.	Confidentiality.....	4
5.	How the allocation scheme will operate.....	5
6.	Eligibility.....	6
7.	Qualification.....	6
8.	Who cannot join the scheme.....	8
9.	Criminal and anti-social behaviour.....	9
10.	Application requirements.....	10
11.	Information you need to provide.....	12
12.	Assessing applications.....	13
13.	False statements and withholding information.....	14
14.	Allocations policy and banding scheme – Band 1 Urgent Priority.....	15
15.	Band 2 – High Priority.....	16
16.	Band 3 – Moderate Priority.....	18
17.	Additional preference groups.....	19
18.	Reviews.....	19
19.	Appeals.....	20
20.	Complaints.....	21
21.	Choosing a home.....	22
22.	Choosing the right property.....	22
23.	Restrictions.....	25
24.	How to bid (expressing your interest).....	26
25.	What happens next?.....	28
26.	Glossary.....	29

# 1. INTRODUCTION

## 1.1 **Broxtowe, Gedling and Rushcliffe Choice Based Lettings Scheme**

Applications for and allocations to social housing in Broxtowe, Gedling and Rushcliffe are administered through a Choice Based Lettings (CBL) scheme known as **Homesearch**. The three councils share a website and software system, but they each have their own allocations policy.

This document outlines how the scheme works, sets out how properties are advertised, who can bid, how bids are made and how lettings and offers of accommodation are made.

## 1.2 **Broxtowe, Gedling and Rushcliffe Allocations Policies**

Broxtowe, Gedling and Rushcliffe Borough Councils have individual allocations policies, which control the way the scheme operates in their respective areas. It is important that you make sure that you refer to the correct policy for the area in which you live to find out whether or not you qualify to join the scheme.

The Rushcliffe Allocations Policy sets out who can apply for social housing in Rushcliffe and how priority is given to different applicants.

## 1.3 **Legal Framework**

This policy has been drafted to comply with the requirements of Part VI of the Housing Act 1996, as amended by the Homelessness Act 2002 and Localism Act 2011, which states that all councils must have and publish an allocations policy and ensure that properties are let according to that policy.

## 1.4 Part VI of the Housing Act 1996 covers:

- Allocations of local authority housing to new tenants
- Transfers requested by local authority tenants with reasonable preference
- Transfers requested by current tenants of Registered Providers with reasonable preference; and
- Nominations that the Council makes to Registered Providers

## 1.5 This policy has regard to the latest guidance on the allocation of housing, published by the Secretary of State for Communities and Local Government in June 2012.<sup>1</sup>

## 1.6 This policy identifies the groups that will be given preference for social housing. The scheme applies to existing tenants wishing to transfer from one tenancy to another and to new applicants, including people who are homeless. When we refer to an “applicant” in this document, it will refer to both new applicants including homeless people and tenants wishing to transfer (unless otherwise stated).

## 1.7 This policy will be effective from 1<sup>st</sup> April 2013 and will be kept under regular review to reflect changes in legislation or local housing priorities.

---

<sup>1</sup> [Allocation of accommodation: guidance for local housing authorities in England.](#)

## 2. EQUALITY AND DIVERSITY

- 2.1 The Council will promote equality of opportunity and anti-discriminatory practices when providing services. Communities thrive and prosper where individuals and groups are treated fairly and with respect, and are given equality of access to services.
- 2.2 The aim of this document is to ensure that applicants for housing are treated fairly. In implementing this policy, people who can join this scheme will not be discriminated against on the grounds of race/ethnicity, age, disability, gender re-assignment, gender, religion or belief, marriage and civil partnership, pregnancy and maternity, sex or sexual orientation.
- 2.3 The Council has carried out an Equalities Analysis and this will be kept under review.

## 3. STATEMENT ON OFFERING CHOICE

- 3.1 The Council will offer the greatest choice possible in allocating social housing in the Borough. However, the ability to offer choice has to be balanced against a legal requirement for an allocation scheme to ensure that those in greatest housing need are given priority for social housing.
- 3.2 It must also be recognised that there is very high demand for affordable housing in the Rushcliffe area and that this demand cannot be fully met from the current social housing stock.
- 3.3 When an applicant has been in a high priority band for a long period of time, the Council may limit the applicant's choice by allocating a property directly to them. Details of when this will apply are set out in section 18.2.

## 4. CONFIDENTIALITY

- 4.1 Details about each applicant, including the fact that they are registered on the scheme, will not be given to any third party without the applicant's consent.
- 4.2 People are asked on the application form to give permission for the Council to share the information provided with other members of the Choice Based Lettings scheme (such as Registered Providers) and other relevant agencies. Information will only be shared if this permission is given.
- 4.3 Sometimes, information must be shared even without the applicant's consent, e. g. to the police to prevent and/or detect crime (Crime and Disorder Act 1998, section 17).
- 4.4 Subject to limited exceptions, you have the right to access the personal information we hold about you. This includes information we hold as paper and electronic records. If you would like to access the information we hold about you, please contact the Data Protection Officer at the Council.

## 5. HOW THE HOUSING ALLOCATION SCHEME WILL OPERATE

- 5.1 The Council and its partners will offer properties through **Homesearch**, a Choice Based Lettings scheme, which gives people looking for housing more choice in where they live. The scheme is designed to be simple to use and easy to understand:

**Register** –complete an application form (available from the Council) or register online

**Qualify** – the Council will decide whether you qualify for social housing in Rushcliffe (see section 7 for details)

**Bid** – Look at the property adverts or weekly newsletter and tell us about the property you are interested in by phone, post, text, website or in person. This is known as *bidding*.

- 5.2 When you apply to join the scheme, we will process your application and assess whether you *qualify* for social housing. If you do, we will give it a *priority band* (see pages 18-21), which reflects your level of housing need. We will also explain any limitations on the size and type of property you can bid for.
- 5.3 Properties are advertised every week, from Thursday at 00:01 to Tuesday at 23:59. This is known as the “advertising cycle”. The adverts can be found on the website or on free property sheets, which are available at libraries, advice centres and council offices. The adverts give information about each property, such as the number of bedrooms, location, rent, property type, and whether pets are allowed. The adverts also say who is eligible to bid for the property.
- 5.4 Once you have found a property that you are interested in that you are eligible to bid for, you can let us know by phone, via the website, by text or in person. Bidding does not involve any money (except the cost of a phone call, text message or postage). It is an expression of interest, not a financial offer. You can bid for up to three properties every week.
- 5.5 Before you bid for a property, make sure you read any eligibility criteria carefully to make sure that your bid is not wasted. During the bidding cycle, you can check your position in the queue for that property, and move your bids to different properties where you are better placed, to increase your chances of being successful.
- 5.6 Once the advertising cycle closes, all the bids received for each property are drawn together in a shortlist, and the property is normally offered to the person at the top of it (see section 31 for more details.)
- 5.7 The property is offered to the applicant who is in the highest priority band, has been waiting the longest and who meets the criteria of any local lettings policy. If that applicant refuses, the property is offered to the next highest placed applicant and so on, working down the shortlist until the property is let. If the property is subsequently refused and a period of four weeks has passed the property will be re-advertised.
- 5.8 Each week, you can see feedback from properties that have previously been let through Homesearch, including how many people bid for them, which band the successful applicant was in, and how long they had been waiting. This can help you to decide what type of properties to bid for in future, and see how likely you are to be successful.

## 6. ELIGIBILITY

6.1 To be eligible to join the housing register, you must:

6.1.1 **Be aged 16 or over; AND**

6.1.2 **Live in the Common Travel Area at the time of the application; AND**

(The Common Travel Area is the United Kingdom (England, Scotland, Wales and Northern Ireland), the Channel Islands, the Isle of Man and the Republic of Ireland)

6.1.3 **Belong to one of the following groups**

- British and Irish Citizens
- Commonwealth Citizens permitted to stay in the UK
- People from the European Economic Area who have the right to reside in the UK
- Refugees who have been granted leave to remain within the UK.

6.2 There are some other people who are eligible to apply, such as vulnerable British nationals formerly resident in Zimbabwe who are part of the UK Government's Zimbabwe Planned Resettlement Programme; if you think this may apply to you, you should contact your local council's Housing Options Team.

6.3 By regulations<sup>2</sup> made in November 2012, there are certain further persons who are not eligible to apply for housing. These are:

- Persons who have rights of residence in the UK as a result of regulation 15A(1) and (4A) of the Immigration (European Economic Area) (Amendment) (No 2) Regulations 2012
- Persons who have a right derived from Article 20 of the Treaty on the Functioning of the European Union, in a case where rights of residence arise because a British citizen would otherwise be deprived of the genuine enjoyment of the substance of their rights as a European Union citizen

6.3 If you are not sure whether you are eligible, you should contact the Housing Options Team for advice.

## 7. QUALIFICATION

7.1 The Localism Act 2011 has given local authorities greater freedom to set their own policies about who can apply for social housing in their area. This means that the Council has more freedom over how it operates its allocations scheme and can now set criteria for who *qualifies* to join the housing register. If an applicant does not qualify, the Council will not register their application

---

<sup>2</sup> [Allocation of Housing and Homelessness \(Eligibility\) \(England\) \(Amendment\) Regulations 2012](#)

- 7.2** Rushcliffe Borough Council has consulted partners and examined the housing applications that have been made since 2011. The vast majority of applications fall into the lowest priority band (previously band 4). A large number of these applicants wish to move house but are adequately housed where they are. Very few allocations were made to band 4 applicants, who therefore have a minimal chance of securing social housing.
- 7.3** The Council has therefore decided to restrict applications to people who have a clear need for rehousing, and that people who are adequately housed but have a desire to move will not qualify for social housing. The only exceptions to this are applicants willing to downsize to a smaller social housing property, and older applicants who would be eligible for retirement housing. This is because the supply of retirement housing is equivalent or higher to the demand for that type of housing, whereas demand for “general needs” social housing greatly outweighs the supply.
- 7.4** All applicants must also have a local connection to Rushcliffe, or must fall into an exemption category (see list 2 below) in order to qualify.
- 7.5** In order to qualify to join the housing register, applicants must meet at least one criterion from list 1, and one criterion from list 2:

<b>LIST 1</b>	<b>Need for housing</b>
1a	The applicant demonstrates the need for rehousing by meeting the criteria set out for Bands 1, 2 or 3 (see section 15 to 17).
1b	The applicant is occupying a social housing property in Rushcliffe and has one or more spare bedrooms, and is willing to move to a smaller property
1c	At least one applicant in the household is aged 50 or over, and are willing to move into a retirement living property
1d	Households with no children where at least one person is receiving Disability Living Allowance <sup>3</sup> , and are willing to move into a retirement living property

<b>LIST 2</b>	<b>Local connection, or exemption</b>
2a	The applicant has lived in Rushcliffe continuously for the last 12 months, or for 3 out of the last 5 years.
2b	The applicant currently works in paid employment in Rushcliffe for 16 hours per week or more, and has been employed in Rushcliffe for at least 6 months.
2c	The applicant has a parent, sibling or adult child who has lived in Rushcliffe for at least the last five years, and has demonstrated a need to move to Rushcliffe to support them or receive support from them (e. g. confirmation from social services – a GP’s letter is not sufficient to demonstrate this)
2d	The applicant’s circumstances require them to live close to special medical or support services which are only available to them in Rushcliffe.
2e	The applicant has been accepted by Rushcliffe Borough Council under the homelessness legislation
2f	The applicant has been accepted for priority re-housing as a reciprocal arrangement with another council or Registered Provider (RP)
2g	The applicant was placed in care as a child outside the area, but wishes to return to Rushcliffe (and previously lived in Rushcliffe)
2h	The applicant has been accepted as part of a witness protection

<sup>3</sup> This will be reviewed to take into account Personal Independence Payment when it is introduced from June 2013.



	recommendation by the police
2i	The applicant has been living in temporary accommodation provided by a local housing authority outside Rushcliffe, but had a local connection to Rushcliffe (2a, 2b, 2c) before they were placed there.
2j	The applicant is serving in the regular Armed Forces, or has left the regular Armed Forces in the last five years.
2k	At least one applicant in the household are aged 50 or over, and are willing to move into a retirement living property*
2l	Households with no children where at least one person is receiving Disability Living Allowance <sup>4</sup> , and are willing to move into a retirement living property*

- 7.6** People who have committed criminal or anti-social behaviour may not qualify to join the housing register, even if they meet the criteria set out in lists 1 and 2. The Council will assess each case on its own circumstances. Further details are set out in section 9.
- 7.7** Where an applicant does not qualify to join the scheme, the Council will give them advice about other housing options that may be available to them, such as renting a home in the private sector.
- 7.8** \*Applicants who have no local connection to Rushcliffe but qualify by virtue of 2k or 2i in List 2 above (older or disabled applicants who are willing to move into retirement living) will still be shortlisted below those with a local connection.

## 8. WHO CANNOT JOIN THE SCHEME

- 8.1 People under 16**  
You must be at least 16 years old or over at the time of applying.
- 8.2 People living outside the Common Travel Area**  
You must be resident in the Common Travel Area at the time of applying.
- 8.3 People who are not 'habitually resident' in the UK**  
If you have lived outside the Common Travel Area within the last two years, you may not be classified as 'habitually resident', even if you are a UK citizen. People who are not 'habitually resident' are not eligible for re-housing.
- 8.4 People subject to immigration control**  
People subject to immigration control, as described by the Asylum and Immigration Act 1996, are not eligible for social housing. These groups of people are set out by regulations.<sup>5</sup>
- 8.5 People who have no housing need (or exception)**  
People who do not meet the criteria set out in list 1 above.
- 8.6 People who have no local connection (or exception)**  
People who do not meet the criteria set out in list 2 above.

<sup>4</sup> This will be reviewed to take into account Personal Independence Payment when it is introduced from June 2013.

<sup>5</sup> [Allocation of Housing and Homelessness \(Eligibility\) \(England\) Regulations 2006 \(as amended\)](#)



### **8.7 People who have committed criminal or anti-social behaviour**

The Council will assess each case on its circumstances as to whether applicants with a history of criminal or anti-social behaviour qualify for the scheme. Details are set out in section 9.

### **8.8 Homeowners**

People who own part or all of a home will not be able to join the scheme unless:

- the only property they own is outside the United Kingdom, and it is not reasonable to expect them to occupy it; or
- at least one person in the household is aged 50 or over, or receives Disability Living Allowance, and is willing to move into a retirement living property; or
- there are exceptional circumstances, such as where they have a serious medical condition and they are no longer able to remain in the property they own;  
**and**
- they are unable to afford to purchase a property suitable for their needs.

The judgement about whether a homeowner is able to join the scheme is at the Council's discretion.

## **9. CRIMINAL AND ANTI-SOCIAL BEHAVIOUR**

**9.1** Some people's behaviour means that they are unsuitable to become tenants. People who have behaved or are currently behaving anti-socially may not be allowed to join the scheme. People who have or are currently behaving in the following ways may not qualify for the scheme:

- Current or former tenants who are or have been in serious breach of their tenancy conditions due to anti-social behaviour;
- People who have been served with an injunction;
- People who have been or are currently subject to another court order (such as a suspended possession order) on the grounds of anti-social behaviour;
- People who have been evicted by their landlord because of anti-social behaviour;
- Anyone who has caused wilful damage to a council or Registered Provider property. This includes the tenant, a member of the tenant's household or visitors to the property;
- Anyone with a history of, or currently perpetrating, serious anti-social behaviour and/or criminal behaviour.

**9.2** Behaviour likely to be considered as serious includes:

- Physical assaults (such as domestic, racial and homophobic violence);
- Severe damage to property (including buildings, cars etc.), for example, arson attacks;
- Threats of violence and/or damage, including threats to kill (this includes perpetrators of domestic violence);
- Persistent and offensive verbal abuse, due to a person's religion, ethnicity, sexuality, disability or other reason;
- The use of dwellings for the cultivation, supply or use of drugs;
- Persistent/widespread criminal activity such as burglaries or vehicle crime;

- Very serious and persistent noise nuisance continuing for long periods of time;
  - Anyone who has been violent to or threatened staff of Rushcliffe Borough Council, a Registered Provider, another previous landlord or the police.
- 9.3** All cases will be considered on their individual circumstances before a decision is made that they do not qualify for housing. The Council will take into account the nature and severity of the criminal or anti-social behaviour, and how long ago the incidents occurred, when deciding whether an applicant qualifies and, if not, how long this will apply for.
- 9.4** If at any time a partner in the Homesearch scheme obtains evidence that an applicant already accepted onto the scheme has exhibited unacceptable behaviour as outlined above, then their application may be suspended or cancelled. Applicants will be informed in writing of this, and will have the opportunity to appeal against this decision, in accordance with the appeals procedure.

## 10. APPLICATION REQUIREMENTS

**10.1** This section contains the requirements applicants will be expected to fulfil.

### **10.2 Family Applications**

Applicants will be considered as a family household where at least one dependent child is living permanently within the household. Dependent children are defined as children aged up to 18 and who must be living with the applicant as their main home. This includes children who are adopted or fostered on a long-term basis. Children aged over 18 but still living at home are regarded as adult members of the household.

**10.3** Children who do not live permanently in the applicant's home, or who have their main home elsewhere (for example, due to access arrangements), are not considered as permanent members of the household and will not be counted for bed spaces.

### **10.4 Joint Applications**

Joint applications can be accepted from couples and people who are not couples but have a long term commitment to live together. All applicants must agree that they are applying together.

Joint applications can include:

- People who want to share a home as partners
- Relatives wishing to live together where there is a long term commitment to a shared home
- Friends wishing to live together where there is a long term commitment to a shared home
- One of the parties is a carer for another

### **10.5 Applicants no longer wishing to apply jointly**

If one or both applicants in a joint application no longer wish to apply jointly, separate applications can be made from the original joint application. When a request to split the joint application is received, each party's circumstances will be reassessed separately and an appropriate band awarded from the original application date. However, if the re-assessment results in a higher band for one of the applicants, their waiting time will only be effective from the date of the re-assessment.

## **10.6 Single applications**

Single applicants can include single people living on their own, single parents with dependent children living with them or people wanting to apply for a tenancy in their own right who may have other people included in their household on their application. If a single applicant is offered and accepts a tenancy, the tenancy will be granted only in their name. A joint tenancy with a person who was not listed on the application will not normally be granted.

## **10.7 Pregnant Applicants**

If you are pregnant you will be accepted as a family applicant, requiring appropriately sized accommodation, as soon as your pregnancy has been confirmed.

## **10.8 16 and 17 year olds**

If you are aged 16 and 17, you can apply to Homesearch, but most landlords will only consider you for housing when you have reached 18. Landlords may consider granting a tenancy to the following 16 and 17 year olds if a suitable support package is in place:

- Young people accepted under homelessness legislation;
- Care leavers (referred by Children's Services);
- People referred and placed in specialist or supported accommodation by the Council who are ready to move on to independent living;
- Exceptional circumstances following an assessment by the Housing Options Team and where a guarantor will be available.

## **10.9 Members of HM Forces**

Former and serving members of the Armed Forces will qualify for housing only if they meet the criteria from list 1 in section 7 (recognised need for housing, or exception). They do not need a local connection to Rushcliffe in order to qualify.

Former and serving members of the Armed Forces do not need a local connection to Rushcliffe in order to qualify (see list 2 in section 7).

However, former and serving members of the Armed Forces who do not have a housing need, or do not meet the criteria set out in in list 1 in section 7, do not qualify to join the scheme.

Former and serving members of the Armed Forces who do qualify for housing are given additional preference by the Council, as described in section 17.

We define former and serving members of the Armed Forces as:

- People who left the regular Armed Forces within the last 5 years, except those dishonourably discharged
- Serving members of either the regular or reserve Armed Forces who need to move because of a serious injury, medical condition or disability sustained as a result of their service
- Bereaved spouses and civil partners of members of the Armed Forces leaving Services Family Accommodation following the death of their spouse or partner

## **10.10 Prisoners**

Prisoners serving a custodial sentence will not have their application activated until within 8 weeks of their release date. This is because it would not be fair for a prisoner to apply for

the scheme and build up waiting time while they are serving a custodial sentence and thus in no position to move home. The release date must be verified by probation or prison staff. A prisoner's last settled address is used to establish whether they have a local connection.

#### **10.11 Applicants with rent arrears**

Applicants with current or former rent arrears from a private, Council or Registered Provider tenancy may only join the Scheme where they have made arrangements to pay the arrears and can provide proof of this. An offer of accommodation will be made if they have adhered to a re-payment plan for an agreed period. Failure to adhere to the payment plan may result in their application being suspended. Any offers will be at the discretion of the landlord in accordance with their policy.

#### **10.12 Foster Carers**

Applicants who have been approved as a foster carer but who need an additional bedroom to commence a placement will be placed in Band 2 when this is confirmed by the local children's services authority.

#### **10.13 Homeless Applicants**

Applicants who have been accepted by the Council as homeless, in priority need and not intentionally homeless will be placed in Band 2, where they will have six weeks to choose to bid for the properties that become available.

**10.14** Applicants who have not been offered a property six weeks after receiving their homelessness acceptance decision will be placed in Band 1 and placed on *autobid*. This means that the system will place bids without the applicant's direct involvement. In exceptional circumstances, the Council may also look to identify a property which is suitable for their needs, and will *directly match* the household to that property.

**10.15** The Council will only offer one suitable property to a homeless applicant who has been placed in Band 1, and this offer will discharge the Council's duties to the applicant in full. If the homeless applicant refuses this offer, they will be moved from Band 1 to Band 3. Applicants can request a review if they do not believe the property to be suitable for their needs. However, they are advised to accept the tenancy while awaiting the outcome of this review as, if it proves unsuccessful, the Council will discharge its homelessness duties and the applicant may be required to leave any temporary accommodation provided.

**10.16** Homeless applicants with no fixed abode must provide a 'care of' address where post can be received. This could be a friend, a relative or a support agency's address.

## **11. INFORMATION YOU NEED TO PROVIDE**

**11.1** To accompany your application form, you will need to provide some information about you and your household. Your application cannot be registered without this information, so please make sure you have provided the following:

**11.2 Identification** – Proof of identity for all members of your household is required, such as a passport, driving licence or birth certificate. If you are a current tenant of a Homesearch member and you are struggling to supply proof of identity, please contact your housing provider.

- 11.3 Children** – You will need to provide proof for all children who live permanently at your address. This must be a letter confirming Child Benefit or Tax Credits for each child living with you permanently. Please make sure that the letter shows your child/children's name and date of birth.
- 11.4 Immigration status** – If you are not a UK citizen you will need to provide proof that you are eligible for social housing in the UK, such as Home Office documentation.
- 11.5 Residency Checking** – Your council has to confirm that you are living at the address you state on your application form. The council may use a credit reference agency to do this. If you are not registered for Council Tax or are not on the electoral roll, you will need to provide some other proof that you live at the address on your application form (such as a utility bill in your name, an NHS medical card, bank statements, benefit letters etc.)
- 11.6 Proof of local connection** – If you do not live in the borough at present, you will need to prove another local connection from list 2 in section 7, such as that you work in the borough or have immediate family living in the borough. This could include a family member's utility bill, driving licence, tenancy agreement, benefits letters, or a letter from your employer confirming your place of work.
- 11.7** Please see the "Supporting Documentation Checklist" in the application form, which will tell you the information required.

## 12. ASSESSING APPLICATIONS

### 12.1 Medical Need

If you are applying to move because you have a medical condition, a mobility problem or a permanent physical disability, you will need to provide information about your condition and how your condition is affected by your current housing (e.g. you need to move following a stroke which has affected your mobility to such an extent that you can no longer manage stairs and require ground floor accommodation).

**12.2** We may need further information regarding your need to move home. This could be a letter from your GP, social worker, occupational therapist or other health or social care professional who knows about your condition. We may also send out a medical form for you to complete to assist us to decide what level of medical need you have. A home visit by a Housing Options Advisor may also take place.

### 12.3 Welfare Need

You should provide as much information as possible about why you need to move. Examples of a need to move on welfare grounds could include: because you need to provide essential care to a relative, or because you need to be near essential services that you could not access without moving. You may need to provide proof of your need from your GP, social worker or other health or social care professional.

#### **12.4 Threatened with loss of accommodation**

If you have been asked to leave your home, you will need to provide proof, such as a copy of your notice to quit, possession order or letter from your employer (if you live in tied accommodation).

#### **12.5 Deliberate worsening of circumstances**

Deliberate worsening of circumstances arises where the council decides that you have given up accommodation that was suitable for your needs where there was no requirement or obligation to do so. To reduce the likelihood of people moving into poorer accommodation in order to qualify for quicker re-housing, if you are found to have deliberately worsened your circumstances, you will not normally qualify for housing based on this situation for 12 months after you deliberately worsened your own circumstances. Examples of deliberate worsening of circumstances might include:

- Selling a or giving up a privately rented property that was affordable and suitable for your household's needs
- Moving from a secure or assured tenancy to insecure or overcrowded accommodation with family or friends, where there is no good reason for this move
- Where there is evidence that it was reasonable that you could have remained in your original accommodation
- Arranging for another person to move into your home, creating an overcrowded situation, where there was no good reason for this move.

**12.6** Where you have little or no control over your move to alternative accommodation, this will not normally be considered as a deliberate worsening of circumstances.

### **13. FALSE STATEMENTS AND WITHHOLDING INFORMATION**

**13.1** Section 171 of the Housing Act 1996, as amended by the Homelessness Act 2002, states:

- (1) A person commits an offence if, in connection with the exercise by a local housing authority of their functions under the Act –
- a) he knowingly or recklessly makes a statement which is false in a material particular, or
  - b) he knowingly withholds information which the authority has reasonably required him/her to give in connection with the exercise of those functions.

**13.2** This means that it is an offence for which you may be prosecuted in the Magistrates Court to give false information or knowingly withhold information you have been asked for regarding your housing application.

**13.3** If you are found to have given false information, you may be excluded from registering with Homesearch. If you have given false information and have obtained a property through Homesearch, the landlord may bring proceedings for possession of the property.



# ALLOCATIONS POLICY AND BANDING SCHEME

## 14. BAND ONE – URGENT PRIORITY

### 14.1 Urgent Medical Priority

Applicants who have a permanent (life-long or terminal) or chronic medical condition, illness or disability and as a result of this condition are unable to continue to occupy their current accommodation. An applicant's current home must be assessed by a housing, health or social care professional as no longer being accessible or suitable. Applicants will only be awarded Urgent Medical Priority where rehousing is the only realistic option. Examples include:

- Where the applicant cannot be discharged from hospital to their present home
- Where the applicant is unable to access essential parts of their home e.g. bathroom, kitchen

### 14.2 Urgent Property Factors

- Tenants of a partner Registered Provider who live in the borough and who are required to leave their home as a result of a regeneration scheme, major repair or demolition/clearance
- Applicants whose home is subject to a demolition order
- Applicants whose home is subject to Environmental Health action, such as statutory overcrowding, or has a Category 1 hazard which cannot be resolved and is likely to lead to homelessness, or which presents an immediate risk to the health and safety of the applicant.
- Emergency fire or flood – applicants who live in the Borough, and who are unable to return to their tenancy due to extensive works required following a fire or flood.

### 14.3 Statutory Overcrowding

Applicants whose current accommodation has been assessed as being statutorily overcrowded by an Environmental Health Officer. This assessment will take into account the number, ages, and gender of people resident in the property along with the number and sizes of rooms.

A claim of overcrowding is usually only considered where it arises as the product of natural growth (i. e. it occurs when a new child is born, adopted or fostered). Overcrowding caused by people of any age coming (back) to live in the property would not usually be awarded this priority, unless there is proof that the person causing the overcrowding had no other option but to move into the property. In this case, the application will only be placed in this band once the situation has existed for 6 months. The local authority will determine over-crowding after considering the best use of the rooms available to the household.

### 14.4 Urgent management cases

Tenants of a partner Registered Provider who currently live in the Borough, whose landlord has made a firm recommendation that they should move urgently. An award of Band 1 for a management move will only be awarded following approval by a manager from the registered provider and the relevant local authority.

### 14.5 Under occupation by two or more bedrooms

Tenants of a partner Registered Provider who live in the borough and whose current home is too big for the needs of their household by **two** or more bedrooms.

Only those tenants willing to move to a one-bedroom home or give up **two** bedrooms will be considered in this category. The property you bid for must have at least two bedrooms fewer than the property you currently live in. For example, if you live in a three bedroom house and apply on this basis, then bid for a two bedroom house, you will not be given Band 1 priority.

#### **14.6 Homelessness (six weeks after duty being accepted)**

Where the Council has accepted a duty to secure that accommodation is available for occupation by the applicant under Part VII of the Housing Act 1996 (i.e. eligible, homeless, in priority need and not intentionally homeless), and six weeks has passed since the date of the decision.

## **15. BAND TWO – HIGH PRIORITY**

#### **15.1 Homelessness**

Where the Council has accepted a duty to secure that accommodation is available for occupation by the applicant under Part VII of the Housing Act 1996 (i.e. eligible, homeless, in priority need and not intentionally homeless).

#### **15.2 Homelessness prevention**

Where an applicant is threatened with homelessness within 8 weeks and has been assessed by the council as likely to be eligible, homeless, in priority need and not intentionally homeless. This priority will only be awarded following an interview with a Housing Options Advisor and does not normally include family/parental exclusions. It may include:

- Private tenants who have been served with a valid notice to quit through no fault of their own and who do not have the available resources to secure further private accommodation;
- Owner-occupiers faced with repossession through no fault of their own, where mortgage rescue or other options are not viable, and who do not have available resources to secure accommodation in the private sector;
- Tenants of tied accommodation (for example, a caretaker in a school) retiring through age or ill health or who are being made redundant, who do not have available resources to secure accommodation in the private sector.

#### **15.3 Personal Protection/Harassment**

Applicants who are at risk in their current home in the borough because they are experiencing harassment (including racial and homophobic harassment), domestic violence or other threats of violence, and where all housing options have been explored. You will need to provide evidence from the police, anti-social behaviour unit or other relevant agency and will only be offered accommodation which is considered a safe distance from the threat.

#### **15.4 Succession**

Applicants who have succeeded to the tenancy of a property in Rushcliffe owned by one of the partner Registered Providers, where the property is unsuitable for the successor, because it is too big, or has special adaptations, and suitable alternative accommodation is being sought.



Applicants who are occupying a property owned in Rushcliffe by one of the partner Registered Providers where the landlord has not agreed to a non-statutory succession.

**15.5 16/17 year olds and young people leaving care**

Any young person leaving care or aged under 18 will be banded according to the procedures set out within the Nottinghamshire County-Wide Protocol.

**15.6 Move-on from specialist and supported accommodation**

Applicants who are ready to move on to independent living from supported accommodation. Applicants will be awarded this category following confirmation from the accommodation or support provider that they are ready to move on and have the life skills to maintain an independent tenancy. The referral should also detail any move-on support package in place. This band is available only where the council has referral arrangements with the accommodation provider.

**15.7 Severe Overcrowding**

Applicants whose household is subject to severe overcrowding, where the household is assessed as being two bedrooms short of the number of bedrooms required or where there is gender overcrowding. Gender overcrowding is defined as:

- Where a child aged 10 or over has to share a bedroom with a child or adult of the opposite sex;
- Where a child aged 10 or over has to share a bedroom with their parent or parents.

Household Member	Bedroom Eligibility
Couple/single parent	1 bedroom
Single adult (age 18+)* (siblings of the same sex over the age of 18 who are part of a family application will be expected to share)	1 bedroom
Person with confirmed medical need for own bedroom	1 bedroom
1 child or 2 children of the same sex	1 bedroom
2 children of different sexes, until the eldest is 10	1 bedroom
2 children of different sexes where one is aged 10+	2 bedrooms

**15.8 Under-occupation**

Tenants of a partner Registered Provider, who live in the Borough, whose present home is too big for the needs of their household by **one** bedroom, and who wish to move to smaller accommodation.

**15.9 High medical priority**

Applicants or a member of their household who have a serious medical condition, illness or disability which is made worse by their current accommodation, and as a result of this condition it is not reasonable to continue to occupy their current accommodation on long term basis.

**15.10 Foster carers**

Applicants who have been approved as a foster carer but who need an additional bedroom to commence a placement (when confirmed in writing by the local children’s services authority.)

## 16. BAND THREE – MODERATE PRIORITY

### 16.1 Lodgers with dependent children or who are pregnant

Applicants with dependent children, or who are pregnant, who share facilities (e.g. kitchen, bathroom) with family, friends, an ex-partner or a landlord who lives in the same property (but not people who are tenants, joint tenants or owners of the property they occupy).

### 16.2 Moderate medical priority

Applicants whose household includes a person whose illness or disability is made worse by their present home, and who need to move to improve their condition, but a move is not essential.

### 16.3 Social or financial hardship

Applicants who experience hardship in their current accommodation and who need to move to improve their situation, but a move is not essential.

This could include:

- People who need to be close to specialist educational facilities;
- People who need to move to take up employment or training for a minimum of 6 months;
- People who cannot afford to live in their current accommodation in the longer term, and have provided financial information to show that this is the case.

### 16.4 Homeless but not in priority need

Applicants who have been assessed by the Council as being homeless or threatened with homelessness, but not in priority need.

### 16.5 Intentionally homeless

Applicants who have been or could be assessed by the Council as being homeless or threatened with homelessness, but who have done or failed to do something as a consequence of which they have lost accommodation that would otherwise be available to them.

### 16.6 Discharged homelessness duty

Applicants who have been accepted as homeless by one of the partner councils, but then refused an offer of suitable accommodation by which the council discharged its homelessness duty (see section on “Homeless Applicants”).

### 16.7 General overcrowding

Applicants whose household is overcrowded by **one** bedroom (although households experiencing gender overcrowding are awarded additional priority in Band 2).

### 16.8 Applicants aged 50 or over with no other housing need

Applicants aged over 50 years of age who require sheltered accommodation but have no other housing need.

### 16.9 Applicants with no children under the age of 50 with no other housing need

Households with no children where at least one of the applicants is receiving the medium or high rate of the care element of Disability Living Allowance, and are willing to move into a retirement living property.

## 17. ADDITIONAL PREFERENCE GROUPS

**17.1** The Council has decided that it wishes to give additional preference to applicants from certain groups. It will achieve this by applying additional waiting time to these applicants, so that they are placed higher within a single band than they would otherwise be.

### **17.2 Armed Forces applicants**

The Council has pledged its support to the Armed Forces Community Covenant, which is a statement of mutual support between the Council and the local Armed Forces community. The aims of the Community Covenant are to:

- encourage local communities to support the Armed Forces community in their area and vice versa
- nurture public understanding and awareness amongst the public of issues affecting the Armed Forces community
- recognise and remember the sacrifices faced by the Armed Forces community
- encourage activities which help to integrate the Armed Forces community into local life; and
- encourage the Armed Forces community to help and support the wider community, whether through participation in events and joint projects, or other forms of engagement.

**17.3** In order to further these aims, applicants who qualify for housing (see section 7) and who are serving members of the regular Armed Forces, or who have left the regular Armed Forces in the five years prior to their application, will be awarded an additional nine months waiting time. This means that their effective date will be treated as being nine months prior to the date they provided all information necessary to assess and activate their application.

### **17.4 Applicants in paid employment**

Applicants who qualify for housing where at least one member of the household is in paid employment will be awarded an additional six months waiting time.

### **17.5 Definition of Paid Employment**

For the purposes of this policy, paid employment is described as having a permanent contract, working as a temporary member of staff or being self-employed. Applicants will only qualify if the worker has been employed for 6 out of the last 12 months. Verification will be sought at point of application as well as the point that a tenancy is offered, under the same terms. Applicants must provide pay slips, P60, bank statements or a verifying letter on their employer's headed paper in order to qualify.

## 18. REVIEWS

### **18.1 Priority Reviews**

If you are placed in Band 1 or Band 2, this represents an urgent situation, so you are expected to place bids for any properties that match your needs. There is a time limit of 12 weeks for applicants in Bands 1 and 2 (except applicants accepted as Band 2 Homeless, who will be allowed to bid for 6 weeks only), after which your application will be reviewed to check whether your circumstances still warrant that level of priority. This may result in your banding being reduced. This does not apply if you have Band 1 or Band 2 priority because you are under-occupying your current home.

## **18.2 Reviewing applications**

Your application will be reviewed each year, and we will ask you to tell us if your circumstances have changed in any way. It is important to complete and return your review form so that we have up to date information about your need for housing. If you do not return the form or otherwise contact us, we will assume that you no longer need housing and remove you from the housing register.

We may review your application at any time in order to confirm that we still have the correct information. If we are not able to contact you, we may suspend your application. If we do this, we will write to inform you. If we still do not hear from you, we may cancel your application.

## **18.3 Changes in circumstances**

You should let us know about any changes in your circumstances immediately. For example, someone moves in or moves out, or there is a change to your income. Changes will mean that we have to review your application and your priority banding may change.

If you are moved to a lower band, because your need for housing has reduced, you will keep the same “effective date” to determine how high up that band you will be. However some changes may mean you no longer qualify to remain on the scheme.

If you are moved to a higher band, because your need for housing has increased, your “effective date” will change to the date your change of circumstances request was agreed. This is so that applicants who have been in this high level of need for a long time will remain above applicants who have recently joined this band.

If you move to a new property, you will need to complete a new form or visit the website to find out if you still qualify to remain on the scheme

If you bid for a property successfully, and it is later found that your housing situation was different from the most recent details you provided, then the offer might be withdrawn or the landlord may take action to recover possession of the property.

# **19. APPEALS**

## **19.1 Appeals against qualification and banding decisions**

If you disagree with the band you have been placed in, or have been advised that you do not qualify to join the scheme, you have the right to ask for your application to be looked at again. You should submit any relevant additional information if you feel will that this will support your application. Your request for an appeal should be sent within 21 days of your original registration or banding notification letter. A senior officer will review your application and write to you to tell you the outcome of the appeal, usually within 10 working days.

If your appeal is accepted, and your application is placed in the higher band, your “effective date” will be backdated to the date the new information was provided, unless there are exceptional circumstances.

## 19.2 Appeals against non-qualification or anti-social behaviour

If you have been notified that you do not qualify to join the scheme, because of criminal or anti-social behaviour, you have the right to appeal against the decision. All appeals should be made within 21 days of you receiving the letter confirming that you are not able to join the scheme.

If you can provide evidence that your behaviour has improved and you are suitable to become a tenant (perhaps following a successful private tenancy or stay in supported accommodation) you may be allowed to reapply to join the scheme. The time needed to demonstrate a change in behaviour will depend on the circumstances of each case and is at the Council's discretion. Any offer of a property will still be at the landlord's discretion.

## 19.3 Appeals against suitability of accommodation as a final offer (accepted homelessness duty only)

If you are offered accommodation in discharge of a council's homelessness duty, you have the right to request a review of the offer if you think the accommodation offered is not suitable<sup>6</sup>. However, if you intend to request a review of this type, we strongly advise to accept the offer pending the outcome of the review so that you will have somewhere to live in the meantime. The request must be made within 21 days of you receiving the offer letter, giving clear reasons for the request.

# 20. COMPLAINTS

## 20.1 Complaints

If you are not satisfied with the way we have dealt with your application, or how we have considered your request for a review or appeal, then you can make a complaint to the Council in a number of ways:

- by using the online [Official Complaints Form](#)
- by email to [customerfeedback@rushcliffe.gov.uk](mailto:customerfeedback@rushcliffe.gov.uk)
- by using our Customer Feedback form (available at the Rushcliffe Community Contact Centre)
- by letter (to Civic Centre, Pavilion Road, West Bridgford, Nottingham NG2 5FE)
- by telephone on 0115 981 9911
- or in person at the Rushcliffe Community Contact Centre, Rectory Road, West Bridgford NG2 6BN.

## 20.2 You can also get someone else (for example, your local councillor or Member of Parliament) to send us feedback on your behalf.

If you make a complaint, we follow a two stage process internally:

Stage 1 - Your complaint will be sent to the most appropriate manager. It will be investigated and you will be informed about the outcome within 10 working days. Most problems are resolved at this stage.

<sup>6</sup> Section 202 (1A), Housing Act 1996 (as amended).

Stage 2 - If you are dissatisfied with the outcome of the initial investigation you can submit a further complaint which will be dealt with by the Corporate complaints Officer and a Head of Service. It will also be reviewed by a Deputy Chief Executive. These are classified as Official Complaints and, although we hope to deal with these within 10 working days, the response time may be longer than this, depending upon the complexities of the case. We will inform you of this when we acknowledge your complaint

- 20.3** If you are still dissatisfied, then you can contact the Local Government Ombudsman, who will investigate the complaint on your behalf. You can contact the Local Government Ombudsman at:

PO Box 4771  
Coventry  
CV4 0EH

Telephone: 024 7682 1960

Website: [www.lgo.org.uk](http://www.lgo.org.uk)

The Local Government Ombudsman has a leaflet called "Complaint about the Council? How to complain to the Local Government Ombudsman." You can get a copy by telephoning or writing to the address above, or you can download it from the Ombudsman's website.









If you contact the Local Government Ombudsman without giving the Council the opportunity to resolve the issue first, then your complaint will be judged as premature and passed to the Council to resolve.

## 21. CHOOSING A HOME

- 21.1** Properties are advertised every week. The adverts are available on the website at [www.home-search.org.uk](http://www.home-search.org.uk). The website can be viewed from any computer that has internet access (such as at the local library or through friends and relatives) and from the computer kiosks provided at Council offices. If you are not sure how to access the website, or don't have access to the internet, there are many other ways you can use the scheme – your local council can give you advice.
- 21.2** The council also provides free property advert sheets, which are available at:
- Council offices and contact points
  - Local libraries
  - Community centres
  - Advice centres
  - Housing support services and charities
  - Hostels and temporary accommodation
- 21.3** If you have no access to the internet, and cannot leave your home or access the adverts in any other way, we can send the free property sheet directly to you every week.

## 22. CHOOSING THE RIGHT PROPERTY

**22.1** The adverts contain details of the property type, who the landlord is, where the property is and how much the rent is. The adverts contain a range of symbols which give you more details about the property and help you to bid for the right property for your household.

	How many bedrooms the property has		Wheelchair accessible or adapted for disabled use
	Minimum age for bidders		Maximum age for bidders
	Property has a garden		No pets allowed
	Sheltered accommodation		Off-road parking

### 22.2 Property Types

The property advert will tell you who is allowed to bid for each property. The table below shows who is eligible for what type and size of property. Here are some general guidelines:

**2 Bed Houses** – Usually let to families with one or two children.

**3 Bed Houses** – Usually let to families with two or more children, dependent on the age and sex of the children.

**1 bed flats/maisonettes** – Let to single people or couples without dependent children.

**2+ bed flats/maisonettes** – Usually let to families with children.

**Parlour houses** – These are houses with two living rooms and are usually let to larger families or families who have a medical recommendation for a ground floor bedroom.

**1 Bed Bungalows – General Let** – Usually let to single people or couples who need single level accommodation.

**2 Bed Bungalows – General Let** – Usually let to families with one or two children where there is a need for single level accommodation.



**1 Bed Bungalow – Sheltered or Retirement Housing** – Usually let to single people or couples over 50 who need single level accommodation. Applicants will be treated in accordance with the usual priority criteria, which will be shown in the advert. If there are no suitable applicants over 50\* (in any priority band), younger applicants who receive Disability Living Allowance and need single level accommodation may be considered. If this happens, preference will then be given according to an applicant's level of DLA (high, medium or low) and then according to their age in decreasing age order.

**2 Bed Bungalows – Sheltered or Retirement Housing** – Usually let to single people or couples over 50\* who need sheltered accommodation with two bedrooms (for example, where they need for a second bedroom for a carer), and where there is a need for single level accommodation. If there are no applicants over 50, preference will be given as described for 1 bed sheltered or retirement bungalows, as above.

**Supported accommodation (sheltered or retirement housing)** – Usually let to people over 50\*. If there are no applicants over 50, preference will be given to younger applicants as described for 1 bed sheltered or retirement bungalows, as above.

**Group/Alarm linked** – Usually let to people over 50\*, who live independently but need low level support. If there are no applicants over 50, preference will be given to younger applicants as described for 1 bed sheltered or retirement bungalows, as above.

\* Many different housing providers participate in Homesearch, and each may have different age restrictions for their sheltered or retirement accommodation. The advert will state what the minimum age requirement for any property is.

### **22.3 Local Lettings Policies**

In some circumstances the council and the social landlord may agree a local lettings policy to allow some under-occupation, for instance, in order to reduce the number of children on a certain estate. The advert will indicate those properties to which the local letting policy applies. Please refer to the table below, which shows which types of household are eligible to bid for which type of property.



	Single person	Couple	Single pregnant/ couple and pregnant	Family with 1 child	Family with 2 children	Family with 3 or more children	Single person over 50	Couple both over 50	Single person with overnight carer
Studio flat	✓								
1 bed flat	✓	✓							
2 bed flat			✓	✓	✓				✓
3 bed flat			✓	✓	✓				
1 bed maisonette	✓	✓							
2 bed maisonette			✓	✓	✓				✓
3 bed maisonette					✓				
1 bed house	✓	✓							
2 bed house			✓	✓	✓				
3 bed house			✓	✓	✓	✓			
4+ bed house						✓			
1 bed bungalow (general)	✓	✓					✓	✓	
2 bed bungalow (general)			✓	✓	✓			✓	✓
1 bed bungalow (age restricted)							✓	✓	
2 bed bungalow (age restricted)							✓	✓	✓
Group/ alarm linked or Retirement Living							✓	✓	

## 23. RESTRICTIONS

### 23.1 Rural Exception Sites

These are properties that have been built in to meet the local need in rural communities. These properties are restricted to people who have a connection to the parish or village only and cannot be let to people who do not have a connection. The property advert will tell you if

this applies. If you indicate that you have a link to a particular parish in Rushcliffe, you will have to provide evidence of this at the time of your application.

### **23.2 Age**

Some properties are only suitable for people over a particular age (see section 22.2 for details). The property advert will tell you if there is any age restriction.

### **23.3 Local Lettings Policies**

These are policies that have been agreed with the landlord to help create sustainable communities. They are restricted to particular areas or estates and each have different criteria to meet the objectives of each scheme. The property advert will tell you if there is a local lettings policy in place and what the criteria are.

### **23.4 Sensitive Lets**

There will be occasions where certain properties are advertised in Homesearch as “sensitive lets”. These will generally be properties where it has been identified that it is in the best interest of the community for them to be allocated to a particular type of household, for instance, a person of a certain age. Each landlord will have their own procedures for identifying properties that will be subject to “sensitive lets”.

### **23.5 Direct Lets**

A direct let is where a property is let to a registered applicant without it being advertised. All members of the Homesearch partnership have the ability to undertake direct lets under certain circumstances. This may include (but is not limited to):

- Lets to homeless applicants who have not secured a property within a reasonable timescale (See section 10.14 for further information);
- Emergency re-housing when requested by the police or other statutory organisation (only by the agreement of a senior housing manager);
- In other exceptional circumstances (by agreement of a senior housing manager).
- Where a property has previously been advertised on Homesearch but there have been no suitable applicants.

Direct lets are rare and it is the intention of the Homesearch Partnership to let the vast majority of available vacancies via the property adverts.

### **23.6 Hard to Let Properties**

Where no bids have been placed on a property for two consecutive weeks and a direct let is not suitable, the Registered Provider will be able to advertise for a tenant by methods other than Homesearch (for example, in the local press).

## **24. HOW TO BID (EXPRESSING YOUR INTEREST)**

**24.1** Expressing your interest (also known as bidding) in a property lets the council know which properties you would like to be considered for. Bidding doesn't involve any money (except the cost of postage, a text message or telephone call). If you bid online it's completely free.

**24.2** You can bid for up to **THREE** properties in each advertising cycle.

**24.3** Bidding for a property is simple. Make a note of the **Property Reference Number** (at the top of each advert) for the properties you are interested in.

**Online** – Log on to the website at [www.home-search.org.uk](http://www.home-search.org.uk) and follow the “How to Express Your Interest” instructions

**By Telephone** – call 0300 011 0311 (available 24 hours a day). The automated service will then ask you to key in your application number, your memorable date and the reference number of the property you want to bid for. Calls are charged at no more than the UK national rate, even if calling from a mobile phone. Free minutes as part of a calls package can also be used with this number.

**By Text** - You need to text your registration number, followed by your memorable date, followed by the property reference number. For example, “73513 29/04/2010 12642”. The number to text is **07537 402595**. You can save this in your phone to make it easier to bid in future. You must send your bid in exactly this format. If you send it differently (e. g. “I want to bid for 100 Main Street – from Joe Bloggs”) the computer system will not recognise it.

**By Post** – If you wish to bid by post you must write to us by 12pm on Tuesday, providing your name, your reference number and address of the property(ies) you wish to bid for.

**In Person** – You can bid in person at the Rushcliffe Community Contact Centre.

**By Proxy** – You can have someone to place bids on your behalf if you wish. This could be a family member, support worker, social worker or someone else. This may be useful if you do not have a computer, or if you will struggle to use the methods above. Please let us know if you want someone to bid on your behalf.

#### **24.4 If you do not express your interest**

If you do not bid for suitable properties, especially if you are in Band 1 or 2, we may contact you to see if you require any help. If you are in Bands 1 or 2, and have not been bidding for suitable properties that come up, we may review your priority on the housing register.

#### **24.5 Automatic Bidding**

This is where the council makes bids on your behalf. Automatic bids will be placed on accommodation that best suit your situation, based on available properties and the general housing circumstances of the area.

Automatic bidding may be used in circumstances such as:

- Accepted homeless applicants (after a total of 6 weeks after being notified of the decision)
- Band 1 and Band 2 applicants (except homeless applicants) who have not placed a bid in the 12 weeks since they were awarded this band.
- Where vulnerable applicants ask Homesearch to make bids on their behalf

If you think you may need extra help to use Homesearch, or if you need this information in a different format (for example, another language), please contact us.

## 25. WHAT HAPPENS NEXT?

### 25.1 Shortlisting

Once the advertising cycle closes, Homesearch creates a shortlist of applicants who have bid for a property. The shortlist sorts all the bids by:

- Local connection (where an applicant has qualified with a need for retirement living but does not have a local connection, applicants with a local connection will be considered first)
- Priority band (i. e. Band 1, then Band 2, then Band 3)
- The date you were placed in the band (effective date)

**25.2** The landlord will normally offer the property to the applicant from the highest band who has been registered for the longest time. If they refuse the offer, the property will then be offered to the next person on the shortlist, unless a period of 4 weeks has passed in which case the property will be re-advertised or let on a direct let.

**25.3** However, there are some exceptions to this general rule, such as where local lettings policies apply, or where the landlord will not allow any under-occupation of the property. In the latter case, the landlord may offer the property to the highest-placed applicant whose household will make the most efficient use of the property within the band they are placed. For instance, this means that on a shortlist for a three bedroom house, a family with one child, or two young children, may be bypassed in favor of a lower-placed but larger family within that band that needs all three bedrooms. This is at the discretion of the landlord. Full details will be advertised with the property.

### 25.4 Offers

If you have been successful with your bid, the landlord that owns the property will contact you with details of the potential offer. Any offer will be followed up in writing. Each landlord may have a different process that they follow when offering a property.

**25.5** All landlords participating in the Homesearch scheme reserve the right to:

- Give preference to applicants who specifically need the services or facilities that are part of the property
- Carry out checks on the information you provided as part of your application
- Withdraw an offer if you have provided inaccurate information
- Withdraw an offer if the property becomes unavailable for letting
- Carry out a property inspection (if you are a current council or RP tenant)

### 25.6 Viewing

Each landlord may have a different process for viewings, but you should have the opportunity to view the property before deciding whether you wish to accept an offer.

### 25.7 Refusing Offers

Generally, there is no obligation to accept an offer of accommodation, and refusing an offer will not affect your application. However, if you refuse or do not respond to three offers, we will review your priority and may suspend your Homesearch application pending a review.

Different rules apply to applicants who have applied as homeless to the Council and had a main duty accepted. See section 10.14 for more details.

## 26. GLOSSARY

### **Adapted properties**

Property that has been adapted for an applicant with disabilities: for example a Stair lift, through floor lift or level access shower.

### **Allocation policy**

The document setting out the rules that determine how the Council and Registered Providers allocate social housing properties.

### **Autobid**

A feature in the Homesearch system that checks for any properties an applicant is eligible to bid for and automatically places bids on them just before the letting cycle closes each week.

**Bid** (also known as expressing an interest).

The way to let us know you are interested in an advertised property, which can be done via the website, by telephone, text message, post or in person.

### **Band**

The category of need an applicant will be placed on, based on their current housing situation.

### **Category 1 Hazard**

The meaning of Category 1 Hazards is set out in section 2 of the Housing Act 2004. Properties are assessed against prescribed hazards and an assessment of the level of risk associated with the hazards found is undertaken. If the risk is serious enough, this would be classed as a Category 1.

### **Choice Based Lettings**

A way of allocating housing through an advertising scheme, rather than by direct nominations.

### **Direct let**

When a property is offered to a household without it having been advertised.

### **Effective date**

The date an application is placed in a priority band, used as the date when shortlisting.

### **Eligibility**

The term used to describe who is able to apply for housing and what type of property they are eligible to bid for.

**Expressing an interest** (also known as bidding)

The way to let us know you are interested in an advertised property, which can be done via the website, by telephone, text message, post or in person.

### **Nomination**

The term used when a local housing authority provides the name and details of an applicant from its housing register to a landlord for an offer of housing.

### **Qualification**

The Council has to assess who qualifies for social housing in Rushcliffe. If you do not qualify, your application will not be accepted.

### **Registered Provider of Social Housing (RP)**

A housing association or other organisation registered by with the Homes and Communities Agency to provide social housing. Previously known as a Registered Social Landlord or RSL.

### **Retirement Housing**

Retirement housing (also known as sheltered housing) is a group of flats or bungalows where all residents are older people.

### **Social Services**

Services provided by the local children's services authority or local adult social care authority as appropriate (which for Rushcliffe is Nottinghamshire County Council in both cases).

## **ALTERNATIVE FORMAT OR LANGUAGE REQUIRED?**

If you would like a copy of this document in a different format such as large print, Braille, audio tape or translated into a different language, please contact us:

### **Rushcliffe Borough Council**

Rushcliffe Community Contact Centre  
Rectory Road  
West Bridgford  
Nottingham  
NG2 6BN

Tel: 0115 981 9911

Email: [customerservices@rushcliffe.gov.uk](mailto:customerservices@rushcliffe.gov.uk)

[www.home-search.org.uk](http://www.home-search.org.uk)

## Report of the Executive Manager Finance

### Cabinet Portfolio Holder – Councillor J N Clarke

#### Purpose of the Report

The purpose of the report is to:

- a. report back comments received by Members following the Member budget workshops held in January 2013;
- b. provide the background information to enable Cabinet to submit a draft revenue and capital budget for 2013/14 to Council on 7 March 2013;
- c. consider special expenses for West Bridgford, Ruddington and Keyworth;
- d. outline options for Council Tax for 2013/14 to enable Cabinet to make a recommendation to Council on 7 March 2013;
- e. update the Medium Term Financial Strategy and Forecasts;
- f. consider the main issues and risks that are likely to impact on the Council's budgets in the medium term.; and
- g. consider the Treasury Management Strategy and prudential indicators for 2013/14.

#### Recommendation

It is RECOMMENDED that

- a) Cabinet:
  - i. approves the Medium Term Financial Forecast as set out in paragraph 37;
  - ii. approves changes to the earmarked reserves outlined at paragraph 18;
  - iii. notes the risk analysis illustrated in **Appendix E**; and
  - iv. approves the treasury management strategy 2013/14 including prudential borrowing indicators as set out in **Appendix F**;

- b) Cabinet recommends to Council:
- i. The Budget 2013/14 as set out in **Appendix A**;
  - ii. The Capital Programme 2013/14 – 2017/18 as set out in **Appendix D**;
  - iii. The special expenses for West Bridgford, Ruddington and Keyworth as set out in **Appendix B**; and
  - iv. A preferred level of Council Tax (Band D equivalent) for 2013/14.

## **Background**

1. The background for the Council's 2013/14 budget continues to be difficult. In overall terms local government funding continues to contract and, as demonstrated in the Medium Term Financial Forecast, it is projected that this position will continue until at least 2017/18. Alongside this reducing level of resources 2013/14 sees two of the most significant changes to hit the financing of local government in the last 20 years, the localisation of non-domestic rates and the replacement of council tax benefit with a locally determined council tax reduction scheme. Both of these changes have not only had a financial impact upon the council but also introduce a degree of financial uncertainty that has not previously existed. As a result developing an understanding of these issues will be an important priority for the Executive Management Team during 2013/14.
2. Alongside the changing national environment the revenue and capital position for the current year provides useful context for Members when considering the budget and medium term financial projections. The budget position to the end of December 2012 is detailed in the Revenue and Capital Monitoring Report attached as Item 5 to this agenda. That report demonstrates the successful efforts of the Council's staff to maintain expenditure within the funding envelope approved by Council. As a result the report details a projected year end underspend on revenue budgets of £295,000 and recommends that these resources be earmarked to support service delivery across the life of the Medium Term Financial Forecast. In addition the capital programme is estimated to outturn £1,793,000 below budget with the main variances relating to delayed expenditure on the Cotgrave and Alford Road projects.

## **Revenue Budget 2013/14**

3. Details of the Council's detailed budget for 2013/14 are attached at **Appendix A** and summarised below. It is important to note that work is on-going to align the 2013/14 budget into the new management structure and as such the service level analysis may vary before the budget is finalised. Any such adjustments will not, however, impact upon the total net service expenditure figure of £10.61 million.



	<b>2013/14 Original Estimate</b>
	<b>£'000</b>
Corporate Governance and Operations	1,406
Communities	3,430
Neighbourhood	5,010
Finance and Commercial	4,366
Transformation	(103)
<b>Gross Budget</b>	<b>14,109</b>
Capital Accounting Adjustments	(2,475)
Grant Income	(939)
Revenue Contribution to Capital	390
Interest on Balances & Expenses	(250)
Transfer to/from reserves	(224)
<b>Total Net Service Expenditure</b>	<b>10,611</b>

4. The budget has been developed in line with the four year plan adopted in 2011/12 and this plan remains central to the council's need to maintain a balanced financial position in the medium term. Projected savings from this plan have been incorporated into the revenue budgets for 2013/14.
5. In line with the programme the following additional reviews are currently planned for 2013/14 with targeted savings for 2013/14 of £34,000 increasing to £333,000 in 2014/15.
  - Dog and Pest control
  - Back office services
  - Car parking
  - Strategic Housing, community safety, domestic violence
  - Environmental Promotion and biodiversity
  - Development control
  - Planning policy services
6. In addition to the four year plan, all budgets have been reviewed to identify areas where additional savings can be made or where additional inflationary pressures have occurred. Resultant changes have been incorporated into the budget outlined in this report.
7. It is important that Members do not consider a single year's budget and council tax setting in isolation as this can cause financial difficulties in the medium term. Such implications are considered and addressed as part of the Medium Term Financial Forecast outlined later in this report.

### **Special Expenses 2013/14**

8. The Council sets a special expense to cover any expenditure it incurs in a part of the borough which elsewhere is undertaken by a town or parish council. These costs are then levied on the taxpayers of that area. As with 2012/13 the three areas where special expenses are levied are West Bridgford, Ruddington and Keyworth.

9. **Appendix B**, summarised below, details the special expenses budgets for 2013/14. These figures reflect the decision made by Council on the 24 January 2013 to provide additional support to Parish and Special Expense Areas to mitigate the impact of the Council Tax Reduction Scheme from April 2013. Whilst this support has reduced overall costs this has been done to compensate for the impact on the ability to generate income caused by the introduction of the council tax reduction scheme. As the table below demonstrates this has enabled the Band D element of the precepts for the special expense areas to remain broadly similar to that charged in 2012/13.

	2012/13		2013/14	
	Cost £	Band D £	Cost £	Band D £
West Bridgford	742,800	54.20	698,714	54.69
Ruddington	6,650	2.50	5,341	2.21
Keyworth	3,970	1.49	3,630	1.47
<b>Total</b>	<b>753,420</b>		<b>707,685</b>	

### Use of Reserves

10. The proposed 2013/14 budget and Medium Term Financial Forecast both include figures for the proposed use of reserves. This usage of reserves comprises a number of adjustments relating to one off events and the treatment of funding from central government. This section provides an analysis of the usage of reserves as part of the 2013/14 budget and recommends a number of simplifications to the current earmarked reserve structure. Details of the current and proposed Earmarked Reserves are detailed at **Appendix C**.
11. The interim Medium Term Financial Forecast adopted by Cabinet on the 6 November 2013 identified the potential use of earmarked reserves to support planned service expenditure from 2013/14 to 2017/18. These comprised:
- Utilisation of £255,000 from the Interest Equalisation Reserve in 2013/14 followed by an on-going usage between 2014/15 and 2017/18 at the rate of £179,000 per annum.
  - Use of the Invest to Save Reserve at a rate of £100,000 per annum from 2013/14 onwards.
  - Utilisation of the Election Reserve of £200,000 in full during 2015/16.
12. The budget outlined at paragraph 3 and Medium Term Financial Forecast at paragraph 37 continues this allocation with the following adjustments.
13. As part of the 2012/13 budget process funding was allocated from the Organisational Development Reserve to help meet one off costs associated with staffing restructures, most notably the review of the Council's senior management arrangements. Due to the timing of the implementation of these changes the majority of these costs will now fall into 2013/14 and need to be

reflected accordingly. As a result it is proposed to allocate £450,000 from this reserve to meet such costs in 2013/14.

14. Funding of £290,000 is required to be allocated towards capital schemes. This will be funded from the New Homes Bonus Reserve (£250,000) to meet initial contributions towards the A453 widening project, and from the Council Assets and Service Delivery Reserve (£40,000) to meet costs associated with the Multi Use Games Area (MUGA) at the Hook.
15. In order to maintain a balanced budget it is also proposed to allocate a further £85,000 from the Interest Equalisation Reserve.
16. The potential impact on the earmarked reserves of these changes is a net transfer from reserves of £224,000. A detailed analysis of the changes is provided at **Appendix C**.
17. It is important to note that the use of earmarked or general reserves to support on-going expenditure is not a sustainable long term solution to funding reductions and only defers the requirement to make savings. However the Council has sufficient earmarked reserves to enable a controlled usage to support services in the medium term. However should such reserves not be replenished then the Council will have to identify additional savings by 2017/18 and 2018/19 to meet the resultant funding shortfalls.
18. To assist in the management of the Council's earmarked reserves it is proposed that a new Organisational Stabilisation Reserve be created combining the current Interest Equalisation and Organisational Development Reserves. If agreed this new reserve will be the route through which medium term support to service budgets will be delivered. In addition, to reflect the planned use of resources detailed above, it is also proposed that £500,000 be transferred into the Organisational Stabilisation Reserve from the Invest to Save Reserve.

### Capital Programme 2013/14 to 2017/18

19. Planned expenditure on the Council's Capital Programme is detailed at Appendix D and summarised below:

<b>Capital Expenditure</b>	<b>2013/14 £m</b>	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>
Transformation	1.123	0.825	0.025	0.025	0.025
Corporate Governance	0.320	0.220	0.100	0.100	0.100
Finance & Commercial	0.346	0.237	0.150	0.150	0.150
Communities	2.472	0.288	0.289	0.165	0.165
Neighbourhoods	1.737	1.911	1.691	5.692	1.503
<b>Total</b>	<b>5.998</b>	<b>3.481</b>	<b>2.225</b>	<b>6.132</b>	<b>1.943</b>

20. As demonstrated below based on current projections the Council's current capital reserves will be fully committed in 2016/17. This position will be managed through a number of activities including rescheduling of the capital

programme and identifying additional capital disposals. It may also be appropriate for some future capital schemes to be fully or partially supported by the earmarked reserves identified at **Appendix C**. This will be assessed on a project by project basis reducing pressure on the Council's capital reserves minimising or eliminating the need for alternate funding requirement for 2016/17.

<b>Capital Financing</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital receipts	4.982	2.879	1.810	2.669	1.623
Government Grants	0.726	0.377	0.220	0.220	0.220
Revenue contributions	0.290	0.225	0.225	0.100	0.100
<b>Total Financing</b>	<b>5.998</b>	<b>3.481</b>	<b>2.255</b>	<b>2.989</b>	<b>1.943</b>
Funding Requirement	Nil	Nil	Nil	3.143	Nil
<b>Total Financing and Funding</b>	<b>5.998</b>	<b>3.481</b>	<b>2.255</b>	<b>6.132</b>	<b>1.943</b>

21. The table below sets out the available capital funding for the life of the capital programme:

<b>Capital Receipts Position</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital Reserve B/Fwd	11.440	7.259	4.413	2.636	Nil
Projected receipts	0.801	0.033	0.033	0.033	4.033
Total Available receipts	12.241	7.292	4.446	2.669	4.033
Planned Use of Receipts	4.982	2.879	1.810	2.669	1.623
<b>Capital Reserve C/Fwd</b>	<b>7.259</b>	<b>4.413</b>	<b>2.636</b>	<b>Nil</b>	<b>2.410</b>

22. This demonstrates that the Council has sufficient available and potential capital resources to deliver its planned investment until at least 2017/18. In addition the Council has earmarked investment revenue reserves which currently total just over £5m, a figure which is likely to increase as additional New Homes Bonus is received. As identified at paragraph 20 it may be appropriate for elements of future projects to be supported from this additional resource enabling the council to maintain its debt free status past 2017/18.

### **Council Tax Setting 2013/14**

23. In determining the budget and resultant council tax levels Members also need to consider the government's referendum criteria and the potential additional funding that will be made available to those councils who choose to freeze or reduce their council tax.
24. The Government has announced that it intends to provide additional grant funding to local authorities that freeze their council tax for 2013/14. The grant will be the equivalent of a 1.0% council tax increase paid in both 2013/14 and 2014/15. For Rushcliffe this grant would be payable at £55,000 per annum for each of these years, after which continued funding is not guaranteed. To be

eligible for this grant Rushcliffe would have to maintain its Band D Council Tax at the same level as in 2012/13. Any council tax reduction would also make the Authority eligible for the freeze grant.

25. For those authorities who choose to increase council tax the Government has replaced the previous capping regime with local referenda. Under the new regime, councils that set an “excessive” council tax increase would be required to undertake a referendum of its council tax payers to sanction, or otherwise their proposed tax increase. The DCLG has now published these principles along with technical exemplifications of the calculations that would need to be undertaken. These principles have confirmed that the Authority has been given additional flexibilities with regard to its Council Tax increase but due to the calculations involved the maximum council tax increase which Rushcliffe could introduce without triggering a referendum would be **£4.77** rather than the headline £5.00 which had been announced by the DCLG in December.
26. The relaxation in the referendum criterion for low billing District Councils was not anticipated and reflects the government’s recognition that authorities such as Rushcliffe have worked hard to deliver efficiencies to keep the council tax down but, as a result, they are finding it increasingly difficult to find the further savings that are required. It is not known whether this flexibility will be made available in future years.
27. The financial ramifications of a council tax referendum are still unknown but have previously been estimated at between £150,000 and £200,000. This alone equates to a 4% increase in council tax and would represent a significant additional charge on the Council’s reserves.
28. For Rushcliffe a £4.77 increase would result in the district element of the council tax bill (at Band D) increasing from £113.22 to £117.99. This would yield Rushcliffe an additional £186,000 per annum, £131,000 more than is available from the council tax freeze grant. In addition, unlike the freeze grant, this funding would be a guaranteed element of the councils funding moving forward.
29. There are therefore two main council tax options available to the council.
  - a. No Council Tax Increase;
  - b. A Council Tax increase of £4.77
30. The table below outlines the different financial impact of the two options.

<b>Change to Band D</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Freeze	55	55	0	0	0
£4.77 Increase	186	191	195	200	205

31. In cumulative terms over the five years this means that a council tax freeze would yield £110,000 whilst a £4.77 increase would yield £977,000 (assuming two per cent per annum council tax increases from 2014/15 onwards), providing additional resources over the next five years of £867,000. If the government were to include the £55,000 in the council's base funding from 2015/16 onwards then this benefit would reduce to £702,000.
32. Cabinet could also choose to recommend an alternate council tax increase of up to £4.77. Should such an option or the council tax freeze be adopted then additional savings will be required to be identified and reported as part of budget reports considered by Council on the 7 March.

### **Member Budget Workshops**

33. Member budget workshops were held in October 2012, November 2012 and January 2013. These workshops were well attended and covered a number of issues impacting on the council's budget.
34. The workshops covered two main areas, the development of the Council Tax Reduction Scheme and delivery of a balanced budget for 2013/14 and the developing Medium Term Financial Forecast.
35. The January workshops focussed on establishing a collective understanding of the options available to the Council for balancing its 2013/14 budget and the Medium Term Financial Forecast. In particular Members were asked to consider the options available to them for bridging the 2013/14 funding gap.
36. In summary there was a clear preference for the Authority to make the maximum available council tax increase to help address the significant funding gaps that exist for 2013/14 and the Medium Term Financial Forecast. Alongside this there was some support for requiring the immediate realisation of additional efficiencies but concerns were expressed about the Council's ability to make such savings without impacting on service quality. As a result there was an emerging focus on maximising income streams and developing business / housing growth. There was less support for using new homes bonus to support core activity but a recognition that this did not preclude its use to promote growth or that the council may not be forced to rely on it to provide revenue funding for services in future budget rounds

### **Medium Term Financial Forecast 2013/14 to 2017/18**

37. The Council's Medium Term Financial Forecast is detailed below. It should be noted that, whilst the figures are predicated on taking the maximum available band D council tax increase of £4.77 in 2013/14 and indicative future council tax increases of 2% per annum from 2014/15 onwards, no formal decision regarding council tax increases can be made before Council meets to consider the 2013/14 budget on the 7 March 2013.

	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
<b>Net Service Expenditure</b>					
<b>Council Services</b>	<b>9,437</b>	<b>10,199</b>	<b>9,545</b>	<b>9,373</b>	<b>9,246</b>
<b>Special Expense Areas</b>	<b>708</b>	<b>730</b>	<b>740</b>	<b>750</b>	<b>760</b>
Projected Growth	0	415	497	500	500
One Off Allocations:					
• Contingency	550	80	80	80	80
• Revenue Contribution to Capital	390	225	200	200	200
• Elections	0	0	200	0	0
• Interest Receipts	(250)	(250)	(250)	(300)	(350)
• Use of Earmarked Reserves	(224)	(279)	(479)	(274)	(274)
<b>Total Expenditure</b>	<b>10,611</b>	<b>11,120</b>	<b>10,533</b>	<b>10,329</b>	<b>10,162</b>
<b>Funding</b>					
Central Government Grant	(3,131)	(2,399)	(2,010)	(1,642)	(1,292)
Localised Business rates	(2,152)	(2,216)	(2,282)	(2,350)	(2,420)
Collection Fund Surplus	(25)	0	0	0	0
Council Tax Income					
• Rushcliffe	(4,595)	(4,706)	(4,832)	(4,961)	(5,094)
• Special Expense Areas	(708)	(730)	(740)	(750)	(760)
Council Tax Freeze Grant	0	0	0	0	0
<b>Total Funding</b>	<b>(10,611)</b>	<b>(10,051)</b>	<b>(9,864)</b>	<b>(9,703)</b>	<b>(9,566)</b>
<b>Gross Budget Deficit</b>	<b>0</b>	<b>1,069</b>	<b>669</b>	<b>626</b>	<b>596</b>
Four Year Plan Savings	0	(479)	(100)	0	0
Savings to be Identified	0	(590)	(569)	(626)	(596)
<b>Net Budget Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

38. The Council's Medium Term Financial Forecast reflects a balanced budget for 2013/14. As identified at paragraph 28 if a decision is taken to freeze council tax an additional £131,000 of funding will need to be found in 2013/14. Should this shortfall be met by a further use of reserves then the funding gap for 2014/15 will increase by £131,000 to £1,200,000.
39. As noted from paragraph 11 onwards the Medium Term Financial Forecast is predicated on the controlled use of reserves over the next five years and the continued achievement of savings against the current four year. This plan will be revised and revisited during 2013/14 and the Gross Budget Deficit figures outline the scale of the challenges to be met as the Council looks to maintain a balanced budget in the medium term.

## **Risk Analysis**

40. The development of the 2013/14 budget has been hindered by an unprecedented level of uncertainty driven from changing approaches to funding, support for council tax benefit claimants and wider financial pressures. Whilst some clarity has now been established there are still a number of areas where uncertainty remains or where the Council's financial position is subject to increased levels of uncertainty. An initial analysis of these issues has been undertaken and is detailed at **Appendix E**.

## **Treasury Management Strategy & Prudential Indicators 2013/14**

41. The Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. This requires the Cabinet to annually consider the Council's Treasury Management Strategy and set Prudential Borrowing Indicators at the same time as setting the budget.
42. The indicators are a technical accounting requirement and are based upon a range of different external borrowing scenarios that may happen during the medium term. These are reviewed and updated annually by the Council and provide a statutory framework for officers to work within during the year.
43. The Treasury Management Strategy and Prudential Indicators are set out at **Appendix F**.

### **Financial Comments**

The financial impact of the Borough's spending plans is described in the report.

### **Section 17 Crime and Disorder Act**

The budget supports the Council's work in tackling crime and disorder

### **Diversity**

In the development of proposals within the financial strategy due regard is given to the potential equalities impact, in order to ensure fair financial decisions. Where necessary assessment will be made to measure and evaluate any such impact and this will help to identify methods for mitigating or avoiding it. This process will help to ensure that agreed courses of action are justifiable and, where necessary plans are in place to alleviate negative impact.

### **Background Papers for Inspection: Nil**



## Appendix A – Outline Revenue Budget for 2013/14

The table below outlines the 2013/14 budget in line with the activity definitions required by the Service Reporting Code of Practice (SerCOP).

	Corporate Governance and Operations	Community	Neighbourhood	Finance and Commercial	Transformation	Total
	£	£	£	£	£	£
<b>Central Services</b>	<b>1,321,600</b>	<b>300,700</b>	<b>105,500</b>	<b>2,566,923</b>	<b>(577,300)</b>	<b>3,717,423</b>
Central Services to the Public	342,000	230,700		1,418,600		1,991,300
Corporate & Democratic Core	979,600	70,000		394,400	31,000	1,475,000
Non Distributed Costs				533,500		533,500
Precepts & Levies				220,423		220,423
Trading Services			105,500		(608,300)	(502,800)
<b>Contingency</b>				<b>550,000</b>		<b>550,000</b>
General Contingency				100,000		100,000
Direct Restructure Costs				450,000		450,000
<b>Corporate &amp; Democratic Core</b>	<b>84,500</b>					<b>84,500</b>
Corporate & Democratic Core	84,500					84,500
<b>Cultural &amp; Related</b>		<b>1,365,700</b>		<b>1,270,400</b>	<b>338,200</b>	<b>2,974,300</b>
Culture & Heritage		154,200				154,200
Open Spaces		670,100			338,200	1,008,300
Recreation & Sport		541,400		1,270,400		1,811,800
<b>Direct Managed</b>	<b>0</b>			<b>0</b>	<b>0</b>	<b>0</b>
Direct Managed	0			0	0	0
<b>Environmental Services</b>		<b>205,400</b>	<b>4,051,600</b>		<b>132,400</b>	<b>4,389,400</b>
Cemetery, Cremation & Mortuary Services					40,800	40,800
Community Safety		136,800				136,800
Flood Defence & Land Drainage					36,600	36,600
Regulatory Services		68,600	1,071,600		55,000	1,195,200
Street Cleansing			684,200			684,200
Waste Collection			2,295,800			2,295,800
<b>Highways Roads &amp; Transport</b>			<b>24,100</b>	<b>(197,100)</b>		<b>(173,000)</b>

	Corporate Governance and Operations	Community	Neighbourhood	Finance and Commercial	Transformation	Total
	£	£	£	£	£	£
Environmental Safety & Routine Maintenance			24,100			24,100
Parking Services				(197,100)		(197,100)
<b>Housing Services</b>			<b>872,100</b>	<b>175,400</b>		<b>1,047,500</b>
Homelessness			227,100			227,100
Housing Advice			48,700			48,700
Housing Benefits				175,400		175,400
Housing Enabling			111,800			111,800
Housing Strategy			26,600			26,600
Housing Support			(26,900)			(26,900)
Private Sector Housing Renewal			484,800			484,800
<b>Planning &amp; Development</b>		<b>1,558,800</b>			<b>34,700</b>	<b>1,593,500</b>
Building Control		216,200				216,200
Business Support		0				0
Community Development		92,300				92,300
Development Control		491,700				491,700
Economic Development					34,700	34,700
Environmental Initiatives		163,800				163,800
Planning Policy		594,800				594,800
<b>Support Services</b>	<b>0</b>		<b>(43,500)</b>	<b>0</b>	<b>(31,000)</b>	<b>(74,500)</b>
Rechargeable Services			(43,500)			(43,500)
Support Services	0			0	(31,000)	(31,000)
<b>Grand Total</b>	<b>1,406,100</b>	<b>3,430,600</b>	<b>5,009,800</b>	<b>4,365,623</b>	<b>(103,000)</b>	<b>14,109,123</b>

## Appendix B – Funding Analysis for Special Expense Areas

	2012/13 £	2013/14 £
<b>West Bridgford</b>		
Parks and Playing Fields	417,980	392,000
West Bridgford Town Centre	50,990	39,400
Community Halls	39,300	89,300
Seats & Bins	1,840	1,890
Burial Subsidy	19,330	22,700
Contingency	15,550	1,900
Annuity Charges	97,810	101,600
RCCO	100,000	100,000
<b>Total</b>	<b>742,800</b>	<b>748,690</b>
Council Tax Reduction Support	<b>N/A</b>	<b>(49,976)</b>
<b>Total</b>	<b>742,800</b>	<b>698,714</b>
<b>Keyworth</b>		
Cemetery Maintenance	3,970	3,900
Council Tax Reduction Support	<b>N/A</b>	<b>270</b>
<b>Total</b>	<b>3,970</b>	<b>3,630</b>
<b>Ruddington</b>		
Cemetery & Annuity Charges	6,650	5,900
Council Tax Reduction Support	<b>N/A</b>	<b>559</b>
<b>Total</b>	<b>6,650</b>	<b>5,341</b>
<b>TOTAL SPECIAL EXPENSES</b>	<b>753,420</b>	<b>707,685</b>

## Appendix C – Use of Earmarked Reserves in 2013/14

	Projected Opening Balance £'000	Projected Income £'000	Projected Expenditure £'000	Net Change in Year £'000	Projected Closing Balance £'000
<b>Investment Reserves</b>					
Regeneration & Community Projects	2,101	0	0	0	2,101
Council Assets & Service Delivery	656	0	-40	-40	616
Local Area Agreement	294	0	0	0	294
New Homes Bonus	785	+956	-250	+706	1,491
Invest to Save	661	0	0	0	661
<b>Total</b>	<b>4,497</b>	<b>+956</b>	<b>-290</b>	<b>+666</b>	<b>5,163</b>
<b>Corporate Reserves</b>					
Organisational Stabilisation	2,683 <sup>1</sup>	0	-890	-890	1,793
Risk & Insurance	100	0	0	0	100
Planning Appeals	349	0	0	0	349
Elections	200	0	0	0	200
<b>Total</b>	<b>3,332</b>	<b>0</b>	<b>-890</b>	<b>-890</b>	<b>2,442</b>
<b>Operating Reserves</b>					
Planning	203	0	0	0	203
Building Control	0	0	0	0	0
Leisure Centre Maintenance	213	0	0	0	213
Lottery	54	0	0	0	54
Planned Maintenance	100	0	0	0	100
<b>Total</b>	<b>570</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>570</b>
<b>Total</b>	<b>8,399</b>	<b>+956</b>	<b>-1,180</b>	<b>-224</b>	<b>8,175</b>

<sup>1</sup> Assumes transfer of £295,000 underspend on 2012/13 revenue budgets

Appendix D – 2013/14 to 2017/18 Capital Programme

**CAPITAL PROGRAMME 2013/14**

	2012/13		2013/14	2014/15	2015/16	2016/17	2017/18
	Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
	£000	£000	£000	£000	£000	£000	£000
<b>EXPENDITURE SUMMARY</b>							
Transformation & Innovation	1,598	4,978	1,123	825	25	25	25
Neighbourhood & Infrastructure	1,428	1,550	1,737	1,911	1,691	5,692	1,503
Community Shaping	551	767	2,472	288	289	165	165
Corporate Governance	447	150	320	220	100	100	100
Finance and Commercial	239	75	346	237	150	150	150
<b>Total</b>	<b>4,263</b>	<b>7,520</b>	<b>5,998</b>	<b>3,481</b>	<b>2,255</b>	<b>6,132</b>	<b>1,943</b>
<b>FUNDED BY</b>							
Usable Capital Receipts	(2,212)	(4,356)	(4,982)	(2,879)	(1,810)	(2,669)	(1,623)
Disabled Facilities Grants	(220)	(287)	(220)	(220)	(220)	(220)	(220)
Use of Reserves	(821)	(165)	(290)	(225)	(225)	(100)	(100)
Grants and Contributions	(760)	(2,152)	(256)	0	0	0	0
Section 106 Monies	(250)	(560)	(250)	(157)	0	0	0
<b>Total</b>	<b>(4,263)</b>	<b>(7,520)</b>	<b>(5,998)</b>	<b>(3,481)</b>	<b>(2,255)</b>	<b>(2,989)</b>	<b>(1,943)</b>

## CAPITAL PROGRAMME 2013/14

Scheme	Risk Rating	2012/13		2013/14	2014/15	2015/16	2016/17	2017/18
		Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
		£000	£000	£000	£000	£000	£000	£000
<b>Transformation</b>								
Civic Centre Enhancements	M			631				
Acquisition of Office Accommodation	H		2,115					
Rushcliffe Community Contact Centre	L	0	0	0	0	0	0	0
Community Contact Centre - Spokes	H			150	300	0	0	0
Carbon Management Plan Lighting	M		20	72	0	0	0	0
Park Lodge Structural Repairs	M	23	23	0	0	0	0	0
Bridgford Hall Refurbishment	H			0	500	0	0	0
Footpath Enhancement	L	25	25	25	25	25	25	25
Cotgrave Masterplan	H	1,550	2,795	0	0	0	0	0
Nottinghamshire Broadband	M			245	0	0	0	0
<b>Sub total</b>		<b>1,598</b>	<b>4,978</b>	<b>1,123</b>	<b>825</b>	<b>25</b>	<b>25</b>	<b>25</b>
<b>Neighbourhood</b>								
New Depot	H			0	0	0	4,000	0
Nitrogen Dioxide Monitor	L	16	8	0	0	0	0	0
Wheeled Bins	L	63	63	60	60	60	60	60
Vehicle Replacement	L	549	334	827	1,001	781	782	593
Support for Registered Housing Providers	H	250	550	250	250	250	250	250
Decent Homes Grants	L		15	0	0	0	0	0
Disabled Facilities Grants	M	550	580	600	600	600	600	600
<b>Sub total</b>		<b>1,428</b>	<b>1,550</b>	<b>1,737</b>	<b>1,911</b>	<b>1,691</b>	<b>5,692</b>	<b>1,503</b>

## CAPITAL PROGRAMME 2013/14

Scheme	Risk Rating	2012/13		2013/14	2014/15	2015/16	2016/17	2017/18
		Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
		£000	£000	£000	£000	£000	£000	£000
<b>Community Shaping</b>								
Partnership Grants	H	67	111	62	63	64	65	65
Nottinghamshire Cricket Club	L			2,000				
Contribution to the A453	M			250	125	125		
Gresham Pavilion Legionella	L		75					
Play Areas - Special Expense	L	100	100	0	100	100	100	100
The Hook M.U.G.A. - Special Expense	M			40	0	0	0	0
Community Partnership Reward Grants	L		72	0	0	0	0	0
RCP Play Area				120	0	0	0	0
RCP Climbing Frame	L		25	0	0	0	0	0
Alford Road Pavilion								
Re-development - Special Expense	H	384	384	0	0	0	0	0
<b>Sub total</b>		<b>551</b>	<b>767</b>	<b>2,472</b>	<b>288</b>	<b>289</b>	<b>165</b>	<b>165</b>
<b>Corporate Governance</b>								
Information Systems Strategy	M	447	150	320	220	100	100	100
<b>Sub total</b>		<b>447</b>	<b>150</b>	<b>320</b>	<b>220</b>	<b>100</b>	<b>100</b>	<b>100</b>

## CAPITAL PROGRAMME 2013/14

Scheme	Risk Rating	2012/13		2013/14	2014/15	2015/16	2016/17	2017/18
		Original Estimate	Latest Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate	Indicative Estimate
		£000	£000	£000	£000	£000	£000	£000
<b>Finance and Commercial</b>								
Pitch Upgrade Keyworth LC	M			25	0	0	0	0
Changing Room Supply and Extraction Unit - Rushcliffe LC	H	14	0	14	0	0	0	0
Warm Air Unit - Rushcliffe Gym Hall	H			17	0	0	0	0
Car Park Surfacing - Rushcliffe LC	M			0	29	0	0	0
Car Park Resurfacing Cotgrave LC	M	75	75	0	0	0	0	0
Bowls Rink Cloth - Arena	L			36	0	0	0	0
Sports Hall Floor - Arena	L			0	58	0	0	0
Roof Replacement Bingham LC	M			104				
Contingency		150	0	150	150	150	150	150
<b>Sub total</b>		<b>239</b>	<b>75</b>	<b>346</b>	<b>237</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>PROGRAMME TOTAL</b>		<b>4,263</b>	<b>7,520</b>	<b>5,998</b>	<b>3,481</b>	<b>2,255</b>	<b>6,132</b>	<b>1,943</b>



## Appendix E – Medium Term Risk Assessment

Risk	Likelihood	Implication
Future government funding levels varying from those projected in this report.	High	<p>The figures included in this report are based on the 2013/14 local government settlement. As such they provide a reasonable baseline for projections but may be subject to change (beneficial or negative) which will need to be dealt with in the final budget report and future iterations of the Medium Term Financial Forecast.</p> <p>Projections for 2015/16 onwards are based on a projected annual funding reduction of 7% per annum. However these are assumptions for long term planning purposes and will be amended as better indications are provided to the Authority in the future</p>
Locally Retained Non-Domestic Rates varying from the levels in this report.	High	<p>This is a new system incorporating a funding stream that can be volatile due to the reliance on a small number of sites with large rateable values. Risks are mitigated by the Authority's membership of the Nottinghamshire Pool which will provide support to cap the loss of income at five percent should yields reduce. The Pool also provides potential benefits for the Council due to the retention and sharing of additional income in instances where Non-Domestic Rates levels increase above inflation.</p>
Variations to levels of support required through the Council Tax Reduction Scheme.	High	<p>The Council Tax Reduction Scheme is being introduced from April 2013 transferring responsibility for such support from the Government to the Council. As such Rushcliffe will have to absorb any changes in entitlements and support levels that arise in year. Rushcliffe's Council Tax Reduction Scheme is also reliant upon additional funding that was provided by the DCLG to cap increases in taxpayer liabilities to 8.5%. There is no guarantee that this funding will remain available in 2014/15 which may result in a new scheme being required from April 2014 which would impact on the levels of liability for individual taxpayers and further changes to the Council Tax property base.</p>
Insufficient efficiencies being delivered and / or impacts on service delivery.	Medium	<p>As the Medium Term Financial Forecast demonstrates in order to maintain a balanced budget the Council will have to deliver significant efficiencies in each of the next five years. Due to the scale of these requirements there is an increasing risk that the resultant changes will result in a diminution of some</p>

		service areas.
Material reduction in Council Tax collection rates	Low	The introduction of the Council Tax Reduction Scheme will extend liability to a range of individuals whose Council Tax bill is currently paid in full through benefit. While such changes could have an impact on overall collection rates these are unlikely to be material.
Council investments held by a failing financial institution.	Low	The Treasury Strategy at Appendix F outlines how the Council manages the risks associated with investment activity in the current market. Through taking a cautious approach linked to professional advice the risks of exposure to an Icelandic scenario are minimised.

## **Appendix F – Treasury Management Strategy and Prudential Indicators**

### **TREASURY MANAGEMENT POLICY STATEMENT**

#### **1. INTRODUCTION AND BACKGROUND**

1.1 The Council adopts the key recommendations of CIPFA’s Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 4 of the Code.

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

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

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

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Corporate Governance Group and for the execution and administration of treasury management decisions to Executive Manager Finance and Commercial, who will act in accordance with the organisation’s policy statement and TMPs and CIPFA’s Standard of Professional Practice on Treasury Management.

1.5 The Council nominates Corporate Governance Group to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

#### **2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES**

2.1 The Council defines its treasury management activities as:

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

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

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

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

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

## Treasury Management Strategy Statement and Investment Strategy 2013/14 to 2015/16

### 1. Summary

- 1.1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the CLG's Investment Guidance.
- 1.2. In accordance with the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management Code at a meeting of its Council on 7 March 2013.
- 1.3. The purpose of this TMSS is, therefore, to approve:
  - Treasury Management Strategy for 2013/14 including the Annual Investment Strategy
  - Prudential Indicators for 2013/14, 2014/15 and 2015/16
  - MRP Statement
- 1.4. Rushcliffe Borough Council has a healthy reserves position in excess of £26m is expected to remain a feature of the Authority's financing until at least 2017/18. The Authority does not have external debt but has a sizeable investment portfolio which currently totals £49m and which is expected to average £35m in 2013-14. The successful identification, monitoring and control of credit risk and interest rate risks as well as legal/regulatory risks, are therefore central to the Authority's treasury management strategy.
- 1.5. With an interest rate outlook of UK base rates expected to remain low for even longer, there is relatively little meaningful scope to secure additional yield from short-dated money market deposits and investments in Money Market Funds. The Authority will explore the potential to use collective investment schemes (pooled funds) to provide a diversified portfolio of fixed income assets with the potential to achieve a higher return than from call accounts and deposits.

### 2. Capital Financing Requirement

- 2.1 An Authority's underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR).
- 2.2 The Authority is currently debt free and whilst its capital expenditure plans do identify the need to utilise internal balances in 2016/17 the overall position does not currently imply any external borrowing requirement prior to 2018/19. The Authority has sufficient balances and reserves to avoid the need for external borrowing.

Table 1: Balance Sheet Summary Analysis

	31/3/2012 Estimate £m	31/3/2013 Estimate £m	31/3/2014 Estimate £m	31/3/2015 Estimate £m	31/3/2016 Estimate £m
<b>A. Capital Financing Requirement</b>	(£ 0.505)	(£ 0.505)	(£ 0.505)	(£ 0.505)	(£ 0.505)
Less: B. Existing Profile of Borrowing	Nil	Nil	Nil	Nil	Nil
Less: C. Other Long Term Liabilities	Nil	Nil	Nil	Nil	Nil
<b>D. Cumulative Maximum External Borrowing Requirement [A - (B+C)]</b>	Nil	Nil	Nil	Nil	Nil
E. Available Resources	(£21.809)	(£14.974)	(£10.097)	(£6.969)	(£5.067)
<b>F. Cumulative Net Borrowing Requirement/(Investments) [D + (E)]</b>	(£21.809)	(£14.974)	(£10.097)	(£6.969)	(£5.067)

<b>INVESTMENT BALANCES AND LIQUIDITY</b>		31/3/2013 Estimate £m	31/3/2014 Estimate £m	31/3/2015 Estimate £m	31/3/2016 Estimate £m
Cash and Investments		£27.428	£21.430	£17.949	£15.694

### 3. Interest Rate Forecast

- 3.1 Forecasts provided by the Council's Treasury Advisors, Arlingclose, show that interest rates will remain low. Indeed, the forecast is for official UK interest rates to remain at 0.5% until 2016 given the moribund outlook for economic growth and the extension of austerity measures announced in the Chancellor's Autumn Statement. Until there is a credible resolution of the problems in the Eurozone - then the UK's safe haven status and minimal prospect of increases in official interest rates will continue to combine and support the theme within the forecast.
- 3.2 The economic and interest rate forecast provided by Arlingclose is attached at *Appendix iii*. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

### 4. Annual Investment Strategy

- 4.1 In accordance with Investment Guidance issued by the CLG and best practice this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments is secondary, followed by the yield earned on investments which is a tertiary consideration.
- 4.2 The Authority and its advisors remain vigilant for signs of credit or market distress that might adversely affect the Authority.
- 4.3 Investments used by the Authority are categorised as "Specified" or "Non-Specified" within the investment guidance issued by the CLG. Specified investments are sterling denominated investments with a maximum maturity of one year. They also meet the "high credit quality" as determined by the Authority or are those made with the UK government or a local authority in England, Scotland and Wales, and are not deemed capital expenditure investments under Statute (i.e. these are

not 'share capital in a body corporate'). Non specified investments are, effectively, everything else.

- 4.4 The types of investments that can be used by the Authority and whether they are 'specified' or 'non-specified' are in the table below. The table provides the scope for their use, rather than an indication that these will feature as part of the investment portfolio at all times.
- 4.5 The Executive Manager - Finance and Commercial, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the Corporate Governance Group.

**Table 2: Specified and Non-Specified Investments**

Investment	Specified	Non-Specified
Term deposits with banks and building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Investments with Registered Providers of Social Housing (housing associations)	✓	✓
Certificates of deposit with banks and building societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	x
Bonds issued by Multilateral Development Banks	✓	✓
Commercial Paper	✓	x
Corporate Bonds	✓	✓
AAA-Rated Money Market Funds	✓	x
Collective Investment Schemes (Pooled Funds)	✓	✓
Debt Management Account Deposit Facility	✓	x

- 4.5 Giving due consideration to the Authority's spending commitments and diminishing level of balances over the next three years, the need for liquidity and provisioning for contingencies, a limit of 60% of overall investments will apply for investments whose maturity exceed one year in 2013/14. Further details can be found in Appendix iv & v.
- 4.6 Registered Providers of Social Housing (RPs) have been included within specified and non-specified investments for 2013/14. Investments with RPs will be analysed on an individual basis and discussed with Arlingclose prior to investing.
- 4.7 The minimum credit rating for non-UK sovereigns is AA+ (or equivalent). For 'specified investments' the minimum long term rating for counterparties is A- (or equivalent). As detailed in non-specified investments in Appendix v, the Executive Manager - Finance and Commercial will have discretion to make investments with counterparties that do not meet the specified criteria on advice from Arlingclose.

- 4.8 The other credit characteristics, in addition to credit ratings, that the Authority monitors are listed in the Prudential Indicator on Credit Risk (PI 12, page 21).
- 4.9 Any institution will be suspended or removed should any of the factors identified above give rise to concern. Specifically credit ratings are monitored by the Authority on a weekly basis. Arlingclose advises the Authority on ratings changes and appropriate action to be taken.
- 4.10 The countries and institutions that currently meet the criteria for investments are included in Appendix iv.
- 4.11 **Authority's Banker** - The Authority banks with HSBC. At the current time, the bank's ratings meet the Authority's minimum credit criteria. Should the ratings happen to fall below the Authority's minimum criteria A- HSBC will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.

## 5 **Investment Strategy**

- 5.1 With short term interest rates low for some time, an investment strategy will typically result in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. However, the problem in the current environment is finding an investment counterparty providing acceptable levels of counterparty risk.
- 5.2 In order to diversify a portfolio largely invested in cash, investments will be placed with approved counterparties over a range of maturity periods. Maximum investment levels with each counterparty will be set to ensure prudent diversification is achieved.
- 5.3 Money market funds (MMFs) will be utilised but good treasury management practice prevails and whilst MMFs provide good diversification the Authority will also seek to mitigate operational risk by utilising a number of MMFs. The Authority will also restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In the case of Government MMFs, the Council will ensure exposure to each Fund does not exceed 2% of the net asset value of the Fund.

### Collective Investment Schemes (Pooled Funds):

- 5.4 Investment returns continue to be important to the Council's overall finances, however seeking a higher return by taking higher credit is not deemed prudent by the Authority.
- 5.5 Returns earned from cash instruments (term deposits and call accounts, Constant Net Asset Value Money Market Funds) which the Council has utilised up until the current time have fallen significantly over the past 24 months and are expected to remain low. To give an example, the rate for a 12-month deposit with the UK banks used by the Council range from 0.6% to just under 1%.
- 5.6 The Authority will evaluate the use of Pooled Funds which operate on a Variable Net Asset Value (VNAV) basis and determine the appropriateness of their use within the investment portfolio. Such pooled funds will enable the Authority have a more diversified portfolio of fixed income assets than is the case at the current time with the potential to achieve a higher return than from call accounts and deposits. As the funds operate on a VNAV basis, capital values can move up as well as down, an investment time frame of 18-24 months to ride out periods of potential market volatility is recommended.



- 5.7 Investments in pooled funds will be undertaken with advice from Arlingclose about their performance and continued suitability in meeting the Authority’s investment objectives will be regularly monitored.
- 5.8 The advantages and disadvantages of collective investment schemes can be summarised below:

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Potentially enhanced investment returns</li> <li>• Minimum investment thresholds generally £1m upwards</li> <li>• Diversifies opportunity and risk</li> <li>• More appropriate to prevailing economic conditions</li> <li>• Access to fund manager resources</li> <li>• Unitised approach can work regardless of scale</li> <li>• Resource efficient management of funds</li> </ul>	<ul style="list-style-type: none"> <li>• Volatility of returns may increase as capital values may move up as well as down</li> <li>• Some funds may use more complex investment instruments</li> <li>• There may be new accounting treatments to consider</li> <li>• There may be liquidity restrictions in some funds</li> </ul>

**6. Policy on Use of Financial Derivatives**

6.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities’ use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

6.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk.

6.3 Derivatives are complex; the Authority will only use derivatives after seeking expertise, a legal opinion and ensuring that officers have the appropriate training and skills for their use.

**7 2013/14 MRP Statement**

7.1 The Council is required to set an annual policy on the way it calculates the prudent provision for the repayment of borrowing (MRP). This year’s policy can be found in Appendix vi of this report.

**8 Monitoring and Reporting on the Treasury Outturn and Prudential Indicators**

8.1 The Executive Manager - Finance and Commercial will report to the Corporate Governance Group on treasury management activity/performance and Performance Indicators as follows:

- Six monthly against the strategy approved for the year.

- The Authority will also produce an outturn report on its treasury activity to the Corporate Governance Group no later than 30<sup>th</sup> September after the financial year end.
- Corporate Governance Group will be responsible for the scrutiny of treasury management activity and practices.

## **9 Other Items**

### **Training**

- 9.1 CIPFA's Code of Practice requires that all Members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.
- 9.2 Arlingclose run periodic training courses on Treasury Management principles and final accounts workshops. CIPFA also hold courses on Prudential Indicators and Treasury Management.

### **Treasury Management Advisors**

- 9.3 The Authority uses Arlingclose as Treasury Management Advisors and receives the following services:
  - Credit advice
  - Investment advice
  - Technical and treasury accounting advice
  - Economic and interest rate forecasts, market intelligence
  - Workshops and training events.
- 9.4 The Authority maintains the quality of the service with its advisors by holding quarterly meetings and tendering periodically.

Appendix i - Existing Investment & Debt Portfolio Position (Section 2.2)

	31/12/12 Actual Portfolio £m	31/12/12 Average Rate %
External Borrowing	Nil	Nil
Other Long Term Liabilities	Nil	Nil
<b>Total Gross External Debt</b>	Nil	Nil
<b>Investments:</b> <i>Managed in-house</i>		
Short-term investments	£40.725	0.62%
Long-term investments	Nil	Nil
<b>Total Investments</b>	£40.725	0.62%
<b><i>Net Debt / Investments</i></b>	£40.725	0.62%

## Appendix ii

### Prudential Indicators 2013/14 - 2015/16

#### 1. Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

#### 2. Gross Debt and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with **gross** external debt.

The Executive Manager - Finance and Commercial reports that the Authority had no difficulty meeting this requirement in 2012/13, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Where the **gross debt is greater than the capital financing requirement the reasons** for this should be clearly stated in the annual treasury management strategy.

#### 3. Estimates of Capital Expenditure:

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
General Fund	4.263	7.520	5.998	3.481	2.225
<b>Total</b>	<b>4.263</b>	<b>7.520</b>	<b>5.998</b>	<b>3.481</b>	<b>2.225</b>

Capital expenditure will be financed or funded as follows:

Capital Financing	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital receipts	2.212	4.356	4.982	2.879	1.810
Government Grants	1.230	2.999	0.726	0.377	0.220
Revenue contributions	0.821	0.165	0.290	0.225	0.225
<b>Total Financing</b>	<b>4.263</b>	<b>7.520</b>	<b>5.998</b>	<b>3.481</b>	<b>2.255</b>
Supported borrowing	Nil	Nil	Nil	Nil	Nil
Unsupported borrowing	Nil	Nil	Nil	Nil	Nil
<b>Total Funding</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total Financing and Funding</b>	<b>4.263</b>	<b>7.520</b>	<b>5.998</b>	<b>3.481</b>	<b>2.255</b>

Table 1 shows that the capital expenditure plans of the Authority can be funded entirely from sources other than external borrowing.

#### 4. Ratio of Financing Costs to Net Revenue Stream:

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

The ratio is based on costs net of investment income and is negative as the result of investment yields exceeding borrowing costs (nil).

Ratio of Financing Costs to Net Revenue Stream	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
General Fund	-4.75	-2.92	-2.35	-2.24	-2.37
<b>Total</b>	<b>-4.75</b>	<b>-2.92</b>	<b>-2.35</b>	<b>-2.24</b>	<b>-2.37</b>

#### 5. Capital Financing Requirement:

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Capital Financing Requirement	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
General Fund	(0.505)	(0.505)	(0.505)	(0.505)	(0.505)
<b>Total CFR</b>	<b>(0.505)</b>	<b>(0.505)</b>	<b>(0.505)</b>	<b>(0.505)</b>	<b>(0.505)</b>

#### 6. Incremental Impact of Capital Investment Decisions:

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2012/13 Approved £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £
Increase in Band D Council Tax	-0.17	0.21	-0.09	-0.24

The Council's capital plans, as estimated in forthcoming financial years, have a neutral impact on council tax and/or housing rents. This reflects the fact that capital expenditure is predominantly financed from internal resources (grants, contributions, revenue and capital receipts) and that any increase in the underlying need to borrow is supported through the Revenue Support Grant system.

#### 7. Authorised Limit and Operational Boundary for External Debt:

The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.

The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Authorised Limit for Borrowing	12.500	12.500	13.000	13.500	14.500
Authorised Limit for Other Long-term Liabilities	Nil	Nil	Nil	Nil	Nil
<b>Authorised Limit for External Debt</b>	<b>12.500</b>	<b>12.500</b>	<b>13.000</b>	<b>13.500</b>	<b>14.500</b>
Operational Boundary for Borrowing	4.000	4.000	4.500	5.000	5.500
Operational Boundary for Other Long-term Liabilities	Nil	Nil	Nil	Nil	Nil
<b>Operational Boundary for External Debt</b>	<b>4.000</b>	<b>4.000</b>	<b>4.500</b>	<b>5.000</b>	<b>5.500</b>

#### 8. Adoption of the CIPFA Treasury Management Code:

This indicator demonstrates that the Authority has adopted the principles of best practice. The Authority has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at its Full Council Meeting 7 March 2013.

#### 9. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments / net interest paid (i.e. interest paid on fixed rate debt net of interest received on fixed rate investments).

Due to the Authority's debt free nature these indicators, as calculated would result in a nil return. Therefore the details below outline the extent to which the Council is willing to enter into fixed and variable interest rate investments.

	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Upper Limit for Fixed Interest Rate Exposure	35%	35%	35%
Upper Limit for Variable Interest Rate Exposure	100%	100%	100%

The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Authority's treasury management strategy.

**10. Maturity Structure of Fixed Rate borrowing:**

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment. As the Council has no current need or plans to borrow within 2013/14 any borrowings would need to be made for specific and defined purposes and would result in a proportion of borrowing of up to 100% for each element of maturity.

<b>Maturity structure of fixed rate borrowing</b>	<b>Existing level (or Benchmark level) at 31/03/12 %</b>	<b>Lower Limit for 2013/14 %</b>	<b>Upper Limit for 2013/14 %</b>
under 12 months	Nil Borrowing	0	100
12 months and within 24 months	Nil Borrowing	0	100
24 months and within 5 years	Nil Borrowing	0	100
5 years and within 10 years	Nil Borrowing	0	100
10 years and within 20 years	Nil Borrowing	0	100
20 years and within 30 years	Nil Borrowing	0	100
30 years and within 40 years	Nil Borrowing	0	100
40 years and within 50 years	Nil Borrowing	0	100
50 years and above	Nil Borrowing	0	100

**11. Credit Risk:**

The Authority considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.

The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

**12. Upper Limit for total principal sums invested over 364 days:**

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
	18.400	16.500	12.900	10.800	9.400



## Appendix iii - Economic & Interest Rate Forecast (Sections 4.1 & 5.1)

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
<b>Official Bank Rate</b>													
Upside risk			0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>3-month LIBID</b>													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.50	0.55	0.55	0.55	0.60	0.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>1-yr LIBID</b>													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.90	0.90	0.95	0.95	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.10
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>5-yr gilt</b>													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	0.80	0.90	0.90	0.90	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.20	1.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>10-yr gilt</b>													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
Central case	1.90	1.90	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>20-yr gilt</b>													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	2.80	2.80	2.80	2.80	2.90	2.90	2.90	2.90	3.00	3.00	3.00	3.00	3.00
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>50-yr gilt</b>													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	3.30	3.30	3.30	3.40	3.40	3.40	3.50	3.50	3.50	3.50	3.60	3.60	3.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

### Underlying Assumptions:

- Consumer Price Inflation has fallen to 2.7% from a peak of 5.2%. Near term CPI is likely to be affected by volatility in commodity prices and its decrease towards the 2% target is expected to be slower than previously estimated.
- Strong Q3 growth data has provided encouragement with the larger than expected 1% rise in GDP. Consumers are yet to loosen purse strings and businesses are still reticent to make long-term investments. The momentum in growth is unlikely to be sustained whilst uncertainty over the economic outlook persists.
- In the absence of large, unexpected decline in growth, QE is likely to remain on hold at £375bn for now. The availability of cheaper bank borrowing and subsequently for corporates through the Funding for Lending Scheme (FLS) is a supporting factor.
- The US Federal Reserve's shift in its rate guidance from a date-based indication to economic thresholds (6.5% unemployment, inflation 1 - 2 years out projected to remain below 2.5%, longer term inflation expectations remain well anchored) is likely to increase market uncertainty around the highly volatile US employment data releases.
- The US 'fiscal cliff' still remains unresolved. (A last minute agreement on 1st January between the US President and Congressional Republicans to increase taxes on higher earning Americans partly averted the fiscal cliff, which would have meant automatic tax hikes and spending cuts. However the issues of spending cuts, cutting the budget deficit and raising the country's debt ceiling remained unresolved. A failure to address these by March 2013 could lead to a similar showdown and risks a downgrade to the US sovereign credit rating by one or more agencies.)
- The Eurozone is making slow headway (the European Stability Mechanism is now operational, announcements on the OMT programme, slow progress towards banking union) which has placated markets and curtailed some of the immediate risks although peripheral countries continue to struggle. Full-fledged banking and fiscal union is still some years away.

**Appendix iv - Current Recommended Sovereign and Counterparty List as at 31/12/2012  
(Section 8)**

Country/ Domicile	Counterparty	Maximum Counterpart y Limit %	Maximum Group Limit (if applicable ) %	Maximum Maturity Limit (term deposits and instruments without a secondary market) <sup>2</sup>	Maximum Maturity Limit (negotiable instrument) <sup>3</sup>
UK	Santander UK Plc (Banco Santander Group)	15%		2 years	2 years
UK	Bank of Scotland (Lloyds Banking Group)	15%	22.5%	2 years	2 years
UK	Lloyds TSB (Lloyds Banking Group)	15%		2 years	2 years
UK	Barclays Bank Plc	15%		2 years	2 years
UK	HSBC Bank Plc	15%		5 years	5 years
UK	Nationwide Building Society	15%		2 years	2 years
UK	NatWest (RBS Group)	15%	22.5%	2 years	2 years
UK	Royal Bank of Scotland (RBS Group)	15%		2 years	2 years
UK	Standard Chartered Bank	15%		2 years	2 years
Australia	Australia and NZ Banking Group	15%		2 years	2 years
Australia	Commonwealth Bank of Australia	15%		2 years	2 years
Australia	National Australia Bank Ltd (National Australia Bank Group)	15%		2 years	2 years
Australia	Westpac Banking Corp	15%		2 years	2 years
Canada	Bank of Montreal	15%		2 years	2 years
Canada	Bank of Nova Scotia	15%		2 years	2 years
Canada	Canadian Imperial Bank of Commerce	15%		2 years	2 years
Canada	Royal Bank of Canada	15%		5 years	5 years
Canada	Toronto-Dominion Bank	15%		2 years	2 years
Finland	Nordea Bank Finland	15%		2 years	2 years
France	BNP Paribas	15%		2 years	2 years
France	Credit Agricole CIB (Credit Agricole Group)	15%	22.5%	2 years	2 years
France	Credit Agricole SA (Credit Agricole Group)	15%		2 years	2 years
France	Société Générale	15%		2 years	2 years
Germany	Deutsche Bank AG	15%		2 years	2 years

<sup>2</sup> 2 years is the maximum approved duration for term deposits and illiquid investments (those without a secondary market), although in practice the Authority may be investing on a shorter term basis depending on operational advice of the authority's treasury management adviser.

<sup>3</sup> 5 years is the maximum approved duration for negotiable instruments such as Certificates of Deposits, Medium Term Notes and Corporate Bonds, although in practice the Authority may be investing for shorter periods depending on operational advice of the authority's treasury management adviser.

Netherlands	ING Bank NV	15%		2 years	2 years
Netherlands	Rabobank	15%		2 years	2 years
Netherlands	Bank Nederlandse Gemeenten	15%		2 years	2 years
Sweden	Svenska Handelsbanken	15%		2 years	2 years
Switzerland	Credit Suisse	15%		2 years	2 years
US	JP Morgan	15%		2 years	2 years

*Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools or a new suitable counterparty comes into the market. Alternatively, if a counterparty is downgraded, this list may be shortened.*

**Group Limits** - For institutions within a banking group, the Authority executes a limit of 1.5 times the individual limit of a single bank within that group.

## Appendix v - Non-Specified Investments

Instrument	Maximum maturity	Max % of portfolio	Capital expenditure?
Term deposits with banks, building societies which meet the specified investment criteria (on advice from TM Adviser)	2 years	100	No
Term deposits with local authorities	2 years	20	No
CDs and other negotiable instruments with banks and building societies which meet the specified investment criteria (on advice from TM Adviser)	5 years	50	No
Investments with banks and building societies which <b>do not meet</b> the specified investment criteria (on advice from TM Adviser and authority from S151 Officer)	3 months	10	No
Deposits with registered providers of social housing	5 years	10	No
Gilts	10 years	10	No
Bonds issued by multilateral development banks	5 years	25	No
Sterling denominated bonds by non-UK sovereign governments	5 years	25	No
Money Market Funds and Collective Investment Schemes	1 year	100	No
Corporate and debt instruments issued by corporate bodies purchased from 01/04/12 onwards	2 years	10	No
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573 and subsequent amendments	These funds do not have a defined maturity date	£5M	Yes

**The Authority will have a maximum of 68% of its investment portfolio in non-specified investments.**

#### **Appendix vi - MRP Statement 2013/14**

CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

*NB This does not preclude other prudent methods.*

MRP in 2013/14: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) capital expenditure funded from borrowing. Methods of making prudent provision for unsupported capital expenditure include Options 3 and 4 (which may also be used for supported capital expenditure if the Authority chooses).

The MRP Statement will be submitted to Council before the start of the 2013/14 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Authority at that time.

The Authority's CFR at 31st March 2013 is estimated to be nil and as such under Option 2 (the CFR Method) there is no requirement to charge MRP in 2013/14.

## Report of the Executive Manager - Finance

### Cabinet Portfolio Holder – Councillor J A Cranswick

#### Purpose

The purpose of the report is to present the budget position for revenue and capital as at 31 December 2012.

#### Recommendation

It is RECOMMENDED that Cabinet:

- a) Note the current projections for revenue and capital outturn;
- b) Approve the proposed rephasing of £54,000 into the 2013/14 capital programme;
- c) Approve the transfer of any year end revenue underspend to the Organisational Development reserve.

#### Revenue Monitoring

1. The revenue monitoring statement by service area is attached at **Appendix A** with detailed variance analysis for December 2012 attached at **Appendix B**. This shows an underspend against profiled budget to date of £568,000 which it is anticipated will reduce during the remainder of the year to £295,000. It is therefore projected that overall expenditure for 2013/14 will remain within the funding envelope agreed by the Council when the budget was set on 1 March 2012.
2. There are currently no proposals to utilise the £591,000 of earmarked reserves that Council made available for the current financial year. However this position is being reviewed in light of relevant one-off costs which have arisen due to the implementation of the senior management restructure. This may result in some costs being charged to this area at year end.
3. As previously reported and identified at **Appendix A** Financial Services is currently forecast to overspend at year end. This reflects the significant cost pressures arising from one off staffing costs and significant reductions in investment income. These costs are being partially offset by savings on non distributed costs and management staffing. It should also be noted that since the last meeting the forecast outturn for Transformation has changed from an overspend to an underspend.

4. **Appendix B details** the under and overspending to date which reflects a number of variances including the increased income from the Green Waste scheme, savings on contributions made towards non-distributed costs and staff savings across the Council.

### Earmarked Reserves

5. Unless a specific decision is by taken by Cabinet any revenue underspend would be transferred to the Council's general reserve. However the Council's Medium Term Financial Forecast proposes that between 2013/14 and 2017/18 £1.7m of earmarked reserves would be utilised to support on-going service expenditure. In order to help replenish these resources it is recommended that Cabinet agree that any underspend on the Council's revenue budgets (currently estimated at £295,000) be transferred at year end to the Organisational Development Reserve. This will enable currently planned levels of support from earmarked reserves to be increased or extended to 2018/19.

### Capital Monitoring

6. The updated Capital Programme monitoring statement for December 2012 is attached at **Appendix C**. A summary of the projected outturn and funding position is shown in the table below: -

<b>CAPITAL PROGRAMME MONITORING - DECEMBER 2012</b>			
<b>EXPENDITURE SUMMARY</b>	<b>Current Budget £000</b>	<b>Projected Actual £000</b>	<b>Projected Variance £000</b>
Revenues and ICT Services	150	107	(43)
Partnerships & Projects	109	75	(34)
Transformation	2,863	2,083	(780)
Environment & Waste Management	1,108	985	(123)
Community Shaping	1,357	630	(727)
Planning & Place Shaping	0	0	0
Contingency	86	0	(86)
	<b>5,673</b>	<b>3,880</b>	<b>(1,793)</b>
<b>FINANCING ANALYSIS</b>			
Capital Receipts	(2,570)	(1,258)	1,312
Government Grants	(2,231)	(2,150)	81
Other Grants/Contributions	(746)	(386)	360
Use of Reserves	(126)	(86)	40
	<b>(5,673)</b>	<b>(3,880)</b>	<b>1,793</b>
<b>NET EXPENDITURE</b>	-	-	-

7. The projected outturn for the capital programme is currently lower than budgeted. The main variances are detailed below.

## **Revenues and ICT Services**

8. The projected underspend of £43,000 wholly relates to the ICT Strategy. The projected actual of £107,000 is made up of spending commitments to complete schemes from the old ICT Strategy together with new projects for ICT replacement and infrastructure. As a result the current budget of £150,000 is sufficient to meet the current spending commitments and provides some flexibility for later in the year.

## **Partnerships and Projects**

9. The projected underspend of £34,000 comprises two areas. Additional funding of £20,000 has been secured towards the implementation costs of the Universal Credit pilot project. In addition £14,000 needs to be rephased and included in the 2013/14 programme in order to replace the Changing Room Supply and Extraction Unit at Rushcliffe Leisure Centre, a scheme that has been delayed due to remedial works required to be carried out by Nottinghamshire County Council.

## **Transformation**

10. The projected underspend of £780,000 primarily relates to the Cotgrave Masterplan. This is a high risk/high reward project involving a range of partners. It is difficult to predict the likely expenditure position at the year-end so the projected actual only includes the estimated costs of strategic acquisitions likely at this stage. It should be noted that the investment property acquisition approved by Council on 13 December 2012 is still being progressed and due to the commercially sensitive nature of the transaction will only be included in the programme once completed.

## **Environment and Waste Management**

11. The projected underspend of £123,000 arises primarily from undertaking a review of the vehicle replacement programme (£100,000). The result of the review is that the replacement of several vehicles can be deferred to next year on the grounds of low mileage and their condition. £15,000 may remain unspent in the event that no applications for Decent Homes grants are received and approved. In addition, a favourable tender for the acquisition of the Nitrogen Dioxide has saved a further £8,000.

## **Community Shaping**

12. The projected underspend of £727,000 arises primarily from the delayed outcome of the Alford Road Options re-appraisal together with predicted underspends on grants given for affordable housing. In addition the Hook's multi use games area. scheme will not be commissioned this year and as a result the provision of £40,000 will need to be rephased and included in the 2013/14 capital programme.

## **Summary**

13. This report continues previous trends of the Council's managers maintaining expenditure within the funding strategy agreed by the Authority and identifies that savings will continue to be delivered on capital and revenue budgets



throughout the remainder of the current financial year. Against this backdrop due cognisance must be given to the significant external financial pressures from developing issues such as changes in national funding associated with the localisation of Business Rates, Universal Credit, new arrangements for Council Tax Support and continued financial pressures on individuals, businesses and partners. Against such a background it is imperative that the Council continues to keep a tight control of its expenditure and maintains positive progress against its four year plan.

**Financial Comments**

Financial comments are included within the body of the report

**Section 17 Crime and Disorder Act**

There are no section 17 implications

**Diversity**

There are no diversity implications

**Background Papers Available for Inspection: Nil**

## Appendix A

### Revenue Variance Analysis by Service Area April 2012 - December 2012 (9 Months)

	Actual vs Budget to Date			Projected Outturn vs Budget		
	Budget YTD £'000	Actual YTD £'000	Variance (Under)/Over £'000	Current Budget £'000	Projected Outturn £'000	Variance (Under)/Over £'000
Community Shaping	903	827	(76)	1,346	1,277	(69)
Corporate Services	1,065	1,041	(24)	1,427	1,424	(3)
Environment & Waste	2,234	2,005	(229)	3,196	3,042	(153)
Financial Services	1,616	1,779	163	2,098	2,346	248
Partnerships & Performance	607	529	(78)	897	876	(21)
Planning & Place Shaping	177	109	(68)	328	235	(93)
Revenues & ICT	14,728	14,651	(77)	1,386	1,309	(77)
Transformation	525	418	(107)	742	688	(55)
<b>Total Service Expenditure</b>	<b>21,855</b>	<b>21,359</b>	<b>(496)</b>	<b>11,420</b>	<b>11,197</b>	<b>(223)</b>
Contingency	72	0	(72)	72	0	(72)
<b>Total</b>	<b>21,927</b>	<b>21,359</b>	<b>(568)</b>	<b>11,492</b>	<b>11,197</b>	<b>(295)</b>
Budgeted Use of Balances						(591)
<b>Net Available Funding</b>						<b>(886)</b>

**REVENUE BUDGET MONITORING  
MAJOR VARIATIONS AT 31 DECEMBER 2012**

	<b>Variance To 31/12 £'000</b>	<b>Projected Outturn £'000</b>
<b>ADVERSE VARIANCES</b>		
<b>Community Shaping</b>		
Sports Development - Employee costs	7	10
Arts & Events - Employee costs	13	12
Homelessness - Agency staff costs	13	10
<b>Corporate Services</b>		
Elections and Electoral Registration savings not yet achieved	26	26
<b>Environment &amp; Waste</b>		
Pest Control - Income reduced due to weather.	20	20
Waste Collection & Recycling - Impact of agency costs	40	39
Increase in Waste Collection & Recycling diesel costs.	24	39
Animal & Public Health - Work in Default activity reduced	1	20
Food Safety - Additional contractor payments	24	24
<b>Financial Services</b>		
Staffing and agency costs	156	173
Anticipated efficiency savings not yet achieved	-	25
Investment Interest - Reduced returns on investments	106	168
Insurances - Additional renewal costs	-	20
<b>Partnerships &amp; Performance</b>		
Car Parks - Loss of income due to low usage	42	15
Car Parks - Partnership cost adjustment.	11	12
<b>Revenues &amp; ICT</b>		
None		
<b>Transformation Team</b>		
Estates Open Spaces - S106 monies will not materialise	-	21
Property Services - Net loss on termination of Gedling SLA	11	29
<b>Total Adverse Variances</b>	<b>494</b>	<b>663</b>

	<b>Variance To 31/12 £'000</b>	<b>Projected Outturn £'000</b>
<b>FAVOURABLE VARIANCES</b>		
<b>Community Shaping</b>		
Local Strategic Partnership - Additional income generated.	(15)	(15)
Health Development & LDF - Savings on employee costs	(22)	(21)
Health Development - Savings on Equalities & diversity budget	(11)	(13)
Health Development - Funding received for Health Dev Officer	(11)	(11)
Community Parks & Open Spaces - Security services savings at Rushcliffe Country Park	(19)	(27)
Local Development Framework - Underspending on local plan	-	(25)
<b>Corporate Services</b>		
Legal & Print Room - Staffing savings	(10)	(13)
Savings on Mayor's transportation costs	(8)	(8)
Legal - Savings on publications through negotiating better terms.	(8)	(7)
<b>Environment &amp; Waste</b>		
Waste & Recycling - Green waste income	(79)	(107)
Licensing - Income greater than anticipated	(22)	(15)
Employee costs down due to vacancies being held.	(73)	(56)
Street Cleansing & Grounds Maintenance - various savings	(68)	(42)
Cesspools & Septic Tanks - Increase in income due to extra business.	(9)	(15)
<b>Financial Services</b>		
Precepts & Levies - Internal Drainage Board precepts set at a level lower than that budgeted for.	(13)	(13)
Non Distributed Costs - Reduced superannuation contributions for back funding and pensions increase act payments	(98)	(130)
<b>Partnerships &amp; Performance</b>		
Leisure Centres - 2011/12 accrual adjustment	(73)	(12)
Leisure Centres - Reduced management fees due to utility costs issues	(12)	(15)
Projects & Information - Staff savings due to vacant post.	(19)	(16)

	<b>Variance To 31/12 £'000</b>	<b>Projected Outturn £'000</b>
Projects & Information - Savings on supplies & services	(23)	(13)
<b>Planning &amp; Place Shaping</b>		
Development Control & Building Control - Staff savings	(65)	(60)
Development Control - Introduction of increased fees during autumn.	-	(30)
<b>Revenues &amp; ICT</b>		
Staff savings within Revenues and Benefits.	(55)	(77)
Underspend on rechargeable Accounts	(24)	(10)
<b>Transformation Team</b>		
Office Accommodation, Industrial Sites & Investment Properties - Additional rental income.	(31)	(31)
Employee savings due to vacancies	(30)	(55)
Contribution of Notts Police towards staff costs	(19)	(23)
<b>Total Favourable Variances</b>	<b>(737)</b>	<b>(860)</b>
<b>Sum of Minor Variances</b>	<b>(253)</b>	<b>(26)</b>
<b>TOTAL VARIANCE</b>	<b>(496)</b>	<b>(223)</b>

<b>CAPITAL PROGRAMME MONITORING - DECEMBER 2012</b>
-----------------------------------------------------

	<b>Budget YTD £000</b>	<b>Actual YTD £000</b>	<b>Variance £000</b>	<b>Current Budget £000</b>	<b>Projected Actual £000</b>	<b>Variance £'000</b>
<b>REVENUES &amp; ICT SERVICES</b>						
IS Strategy	37	16	(21)	150	107	(43)
	<b>37</b>	<b>16</b>	<b>(21)</b>	<b>150</b>	<b>107</b>	<b>(43)</b>
<b>PARTNERSHIPS &amp; PROJECTS</b>						
Rushcliffe Community Contact Centre	0	0	0	20	0	(20)
RLC Changing Room Supply and Extraction Unit	0	0	0	14	0	(14)
CLC Car Park Resurfacing	0	0	0	75	75	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>109</b>	<b>75</b>	<b>(34)</b>
<b>TRANSFORMATION</b>						
Park Lodge Structural Repairs	0	0	0	23	0	(23)
Footpath Enhancements	0	0	0	25	0	(25)
Civic Centre Energy Efficiency	0	0	0	20	3	(17)
Cotgrave Masterplan	1,820	1,821	1	2,795	2,080	(715)
	<b>1,820</b>	<b>1,821</b>	<b>1</b>	<b>2,863</b>	<b>2,083</b>	<b>(780)</b>
<b>ENVIRONMENT &amp; WASTE MANAGEMENT</b>						
Disabled Facilities Grants	413	496	83	580	580	0
Decent Homes Grants	0	0	0	15	0	(15)
Nitrogen Dioxide Monitor	8	8	0	16	8	(8)

	<b>Budget YTD £000</b>	<b>Actual YTD £000</b>	<b>Variance £000</b>	<b>Current Budget £000</b>	<b>Projected Actual £000</b>	<b>Variance £'000</b>
Wheeled Bins Acquisition	45	55	10	63	63	0
Vehicle Replacement	0	0	0	434	334	(100)
	<b>466</b>	<b>559</b>	<b>93</b>	<b>1,108</b>	<b>985</b>	<b>(123)</b>
<b>COMMUNITY SHAPING</b>						
Support for Registered Housing Providers	63	63	0	550	300	(250)
Gresham Pavilion Legionella	0	0	0	75	75	0
Partnership Grants	79	35	(44)	111	59	(52)
Alford Road Pavilion Redevelopment	0	0	0	384	0	(384)
Community Partnership Reward Grants	51	18	(33)	72	72	0
RCP Climbing Frame	25	24	(1)	25	24	(1)
Skate Park Facilities, The Hook	0	0	0	100	100	0
The Hook M.U.G.A.	0	0	0	40	0	(40)
	<b>218</b>	<b>140</b>	<b>(78)</b>	<b>1,357</b>	<b>630</b>	<b>(727)</b>
<b>PLANNING &amp; PLACE SHAPING</b>						
	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CONTINGENCY</b>						
	0	0	0	86	0	(86)
<b>TOTAL</b>	<b>2,541</b>	<b>2,536</b>	<b>(5)</b>	<b>5,673</b>	<b>3,880</b>	<b>(1,793)</b>



**Cabinet**

**12 February 2013**

**Pay Policy Statement 2013/14**

**7**

## **Report of the Executive Manager Operations and Corporate Governance**

**Cabinet Portfolio Holder – Councillor J N Clarke**

### **Summary**

Section 38 of the Localism Act 2011 requires local authorities to publish a Pay Policy Statement by 31 March each year. This report sets out the Council's Pay Policy Statement 2013/14 for consideration by Cabinet prior to referral to Council for approval.

### **Recommendation**

It is RECOMMENDED that Cabinet, having considered the Pay Policy Statement, 2013/14 forward it to Council for approval.

### **Background**

1. The Localism Act 2011 received royal assent on 15 November 2011. Section 38 of the Act placed a new requirement on local authorities to publish a Pay Policy Statement by 31 March each year. The Statement must set out the Council's policies relating to the:
  - a) remuneration of its Senior officers,
  - b) remuneration of its lowest-paid employees, and
  - c) the relationship between the remuneration of its Senior officers and the remuneration of its employees who are not Senior officers.
2. Senior officers have been defined as the posts of Chief Executive, Deputy Chief Executives and the seven Heads of Service under the old structure and Chief Executive and Executive Managers under the new structure for the purposes of the Pay Policy Statement.
3. At the Council meeting on 27 September 2012 a report was approved that agreed a re-structure of the Senior Management Team, this was to accomplish the Chief Executives commitment to achieve cost savings in line with the Council's four year plan. The subsequent changes have resulted in cost savings over and above those highlighted within the four year plan resulting in ongoing future revenue savings of approximately £254,000.
4. Attached as appendix A to this report is the proposed Pay Policy Statement 2013-14. The Statement sets out the Council's policies in relation to the pay of its workforce, particularly its senior officers. It does not supersede the responsibilities and duties placed on the Council in its role as an employer and



under employment law. These responsibilities and duties have been considered when formulating the Statement.

5. This Statement aims to ensure the Council's approach to pay attracts and retains a high performing workforce whilst ensuring value for money. It sits alongside the information on pay that the Council already publishes as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency.
6. The Statement has been put together taking into account the relevant sections within Chapter 8 'Pay Accountability' of the Localism Act 2011. In its development consideration has also been given to the draft guidance produced by the Department for Communities and Local Government (DCLG) entitled 'Openness and Accountability in local pay – draft guidance under section 40 of the Localism Act'. Additionally consideration has been given to the Code of Recommended Practice for Local Authorities on Data Transparency published by the DCLG in September 2011.
7. The Council is required to approve the Statement before 31 March each year and as soon as possible publish it on its website demonstrating an open and transparent approach to pay policy.

#### **Financial Comments**

There are no direct financial implications arising from this report as the Pay Policy Statement sets out the Council's policies relating to remuneration. It does not serve to set or agree specific rates or numerical amounts.

#### **Section 17 Crime and Disorder Act**

There are no direct implications arising from this report.

#### **Diversity**

This Pay Policy Statement aims to ensure the Council's presents and open and transparent approach to pay which attracts and retains a high performing and diverse workforce whilst ensuring value for money.

#### **Background Papers Available for Inspection:**

Openness and Accountability in local pay – draft guidance under section 40 of the Localism Act - Department for Communities and Local Government (DCLG)

Code of Recommended Practice for Local Authorities on Data Transparency by the DCLG - September 2011 (DCLG)

Localism Act 2011 – Chapter 8 'Pay Accountability'

## Rushcliffe Borough Council

### Pay Policy Statement 2013 / 14

#### 1. Introduction

- 1.1 This Statement sets out the Council's policies in relation to the pay of its workforce, particularly its Senior Officers, in line with Section 38 of the Localism Act 2011. The Statement is approved by full Council each year and published on the Council's website demonstrating an open and transparent approach to pay policy.
- 1.2 This Statement draws together the Council's policies relating to the payment of the workforce particularly:
- Senior Officers
  - its lowest paid employees; and
  - the relationship between the pay of Senior Officers and the pay of other employees
- 1.3 For the purposes of this statement 'pay' includes basic salary, pension and all other allowances arising from employment.

#### 2. Objectives of this Statement

- 2.1 This Statement sets out the Council's key policy principles in relation to pay evidencing a transparent and open process. It does not supersede the responsibilities and duties placed on the Council in its role as an employer and under employment law. These responsibilities and duties have been considered when formulating the Statement.
- 2.2 This Statement aims to ensure the Council's approach to pay attracts and retains a high performing workforce whilst ensuring value for money. It sits alongside the information on pay that the Council already publishes as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency. Further details of this information can be found on the Council's website at the following address:  
<http://www.rushcliffe.gov.uk/councilanddemocracy/aboutthecouncil/seniorofficers/roleandremuneration/>

#### 3. Senior Officers

- 3.1 For the purposes of this Statement Senior Officers are defined as those posts with a salary above £58,200 which is the current Senior Civil Service minimum pay band. This definition is in line with the Code of Recommended Practice for Local Authorities on Data Transparency published in September 2011. Following the restructure in 2012 Senior Officers within Rushcliffe currently consists of 6 posts out of a current establishment of 365. The posts are as follows:-:

**Chief Executive**  
**Executive Manager Finance and Commercial (Section 151 Officer)**  
**Executive Manager Operations and Corporate Governance (Monitoring Officer)**  
**Executive Manager Transformation**  
**Executive Manager Neighbourhoods**

## **Executive Manager Communities**

The posts under the previous structure were as follows:-

**Chief Executive**  
**Deputy Chief Executive Section 151 officer**  
**Deputy Chief Executive**  
**Head of Corporate Services**  
**Head of Environment and Waste Management**  
**Head of Community Shaping**  
**Head of Financial Services**  
**Head of Planning and Place Shaping**  
**Head of Revenues and ICT Services**  
**Head of Transformation**

- 3.2 The policies the Council consults in setting pay for all employees is shown at Appendix One. The Council will meet or reimburse authorised travel, accommodation and subsistence costs for attendance at approved business meetings and training events. The Council does not regard such costs as remuneration but as non-pay operational costs.

## **4. Pay of the Council's Lowest Paid Employees**

- 4.1 The total number of Council employees is presently 365. The Council has defined its lowest paid employees by taking the average salary of five permanent staff (employed on a part-time basis) on the lowest pay grade the Council operates, who are not undergoing an apprenticeship. On this basis the lowest paid full-time equivalent employee of the Council earned £12,145 in 2013/1 which continues to be above the minimum wage.

## **5. Pay Relationships**

- 5.1 The Localism Act 2011 requires the Council to set out its policy relating to the relationship between the pay of its Senior Officers and the pay of the rest of its employees. This relationship is demonstrated by the Council's grading structure and the information is available from the Council's Website.
- 5.2 The Council does not explicitly set the pay of any individual or group of posts by reference to a pay multiple. The Council feels that pay multiples cannot capture the complexity of a dynamic and highly varied workforce in terms of job content, skills and experience required. In simple terms, the Council sets different levels of basic pay to reflect differences in levels of responsibility. Additionally the highest paid employee of the Council's salary does not exceed 10 times that of the lowest paid group of employees.
- 5.3 The Head of paid service, or this delegated representative, will give due regard to the published Pay Policy Statement before the appointment of any Officers. Full Council will have the opportunity to discuss any appointment exceeding £100,000 before an offer of appointment is made, in line with the Council's Officer Employment procedure rules within Part 4 of the Council's Constitution.

### **Policies on other aspects of pay**

#### **Process for setting the pay of Senior Officers**

The pay of the Chief Executive is based on an agreed pay scale which is agreed by Council prior to appointment. Changes to this are determined by the Leader, Deputy Leader and Leader of the Opposition, who are advised by an agreed external professional and the Monitoring Officer.

The pay of all Officers including Senior Officers is determined by levels of responsibility, job content and the skills and experience required. Consideration is also given to benchmarking against other similar roles, market forces and the challenges facing the authority at that time and to maximise efficiency. The pay of these posts is determined through the Chief Executive, or his nominated representative, in consultation with the Strategic Human Resources Manager and in line with the Council's pay scales and its agreed scheme of delegation.

The Council moved away from the national conditions of service in 1990 and pay scales are set locally.

As with all employees, the Council would look to appoint on the lowest point of the scale to secure the best candidate. However, there are factors that could influence the rate offered to an individual, including the relevant experience of the candidate, their current rate of pay and market forces.

All Senior Officers are expected to devote the whole of their service to the Authority and are excluded from taking up additional business, ad hoc services or additional appointments without consent as set out in the Council's code of conduct.

#### **Terms and Conditions – All Employees**

All employees are governed by the local terms and conditions as set out in the Employee handbook.

#### **Local Government Pension Scheme**

All employees may join the Local Government Pension Scheme. The Scheme is a statutory scheme with contributions from employees and from employers. For more comprehensive details of the local government pension scheme see: <http://www.lgps.org.uk/>

Neither the Scheme nor the Council adopt different policies with regard to benefits for any category of employee and the same terms apply to all staff. It is not normal Council policy to enhance retirement benefits but there is flexibility contained within the policy for enhancement of benefits and the Council will consider each case on its merits.

#### **Car Lease Scheme – Discontinued**

The Council operated a car lease scheme until March 2011 which provided a scaled contribution towards the annual cost of a lease car. The scheme was discontinued as part of a review of management costs across the authority resulting in a phased withdrawal of contributions with all contributions being withdrawn by April 2014.

#### **Car Allowances**

The Council pays car allowances in accordance with the National Joint Council scales which are the same for the Senior Officers and other staff. These rates can be found on the Council's website.

The car allowances and mileage rates are reviewed in line with the publication of the nationally agreed scales.

### **Pay Increments**

The Executive Manager posts are on a spot salary without incremental progression. Increments for all other employees are paid on an annual basis until the maximum of the scale is reached. The Chief Executive, or his nominated representative, has the discretion to award and remove increments of officers' dependant on satisfactory or unsatisfactory performance in consultation with the Strategic Human Resources Manager.

### **Relocation Allowance**

Where it is necessary for a newly appointed employee to relocate to take up appointment, the Council may make a contribution towards relocation expenses. The same policy applies to Senior Officers and other employees. Payment will be made against a range of allowable costs for items necessarily incurred in selling and buying a property and moving into the area. The costs include estate agents fees, legal fees, stamp duty, storage and removal costs, carpeting and curtains, short term rental etc. The Council will pay 80% of some costs and 100% of others or make a fixed sum available. If an employee leaves within two years of first employment, they may be required to reimburse a proportion of any relocation expenses.

### **Professional fees**

The Council currently meets the cost of professional fees and subscriptions for employees where it is a requirement of their employment or their contract. Only one professional fee or subscription is paid.

### **Returning Officer Payments**

In accordance with the national agreement the Chief Executive is entitled to receive and retain the personal fees arising from performing the duties of returning officer, acting returning officer, deputy returning officer or deputy acting return officer and similar positions which he or she performs subject to the payment of pension contributions thereon, where appropriate.

Fees for returning officer and other electoral duties are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda. As these relate to performance and delivery of specific elections duties they are distinct from the process for the determination of pay for Senior Officers.

### **Managing Organisational Change Policy**

The original Managing Organisation Change Policy was agreed by Council in March 2007. The Council's policy on the payment of redundancy payments is set out in this policy. The redundancy payment is based on the length of continuous local government service which is used to determine a multiplier which is then applied to actual pay.

The policy provides discretion to enhance the redundancy and pension contribution of the individual and each case would be considered taking into account individual circumstances. Copies of the policy are available on the Council's website.

### **Payments on termination**

The Council does not provide any further payment to employees leaving the Council's employment other than in respect of accrued leave which by agreement is untaken at the date of leaving or payments that are agreed or negotiated in line with current employment law practices.

### **Publication of information relating to remuneration of Senior Officers**

The Pay Policy Statement will be published annually on the Council's website following its approval by full Council each year.