

Runnymede Borough Council

CORPORATE MANAGEMENT COMMITTEE

Thursday 2 February 2012 at 7.30 p.m.

in the Council Chamber, Runnymede Civic Centre, Addlestone

**SUPPLEMENTARY AGENDA**

**PART I**

8. 2012/13 BUDGET AND COUNCIL TAX (ICHF)

1. **Purpose of Report**

1.1 **To approve the annual estimates for the year 2012/13, the probable outturn for 2011/12 and recommend to the Council the level of Council Tax for 2012/13 together with the underlying assumptions contained in the report.**

2. Background Information

2.1 The Committee considered the estimates for this Committee at its last meeting on 5 January 2012. The other Committees have also considered their estimates and the overall budget is now submitted to this Committee for approval and recommendation to full Council on 9 February 2012.

2.2 The overall Council Tax for 2012/13 will be the aggregate of the tax decisions made by Runnymede Borough Council, Surrey County Council and the Surrey Police Authority.

2.3 The precepting decisions of Surrey County Council and the Surrey Police Authority are not known at the time of writing, so it will be therefore necessary to submit a separate report with this information direct to Council.

3. Report

3.1 The report from the Interim Corporate Head of Finance on the overall budget is attached at pages 3 to 14.

3.2 Exempt Appendix 3 to this report, as referred to in Table 6 on page 7, is circulated separately with this Supplementary Agenda.

3.3 The comments of UNISON on the 2012/13 Budget And Council Tax are attached at page 15.

3.4 The new Localism Act requires a more simplified recommendation from previously as capping has now been abolished. Therefore it is now only necessary to determine a Council Tax requirement and not the previous arrangement of a budget requirement.

**OFFICERS' RECOMMENDATION that -**

i) **the revised revenue estimates for the year 2011/12 and the revenue estimates for 2012/13 as submitted, be approved;**

ii) **the Council Tax requirement for the year 2012/13 be agreed as £4,639,750;**

iii) **the basic amount of Council Tax for 2012/13 be fixed at £136.89 and the Council Tax base agreed at £33,894; and**

iv) **the Council Tax for each Valuation Band be as follows:**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£91.26</b>	<b>£106.47</b>	<b>£121.68</b>	<b>£136.89</b>	<b>£167.31</b>	<b>£197.73</b>	<b>£228.15</b>	<b>£273.78</b>

**(TO RECOMMEND)**

Background Papers

None

9. PAY POLICY STATEMENT (CE)

The proposed Pay Policy Statement for the financial year 2012/13 is attached at Appendix 'D' (pages 16 to 23). The comments of UNISON on this proposed Pay Policy Statement are attached at page 24.

# BUDGET REPORT

## Report of the Corporate Head of Finance on the General Fund Estimates and Recommendations for the Borough's Basic Amount of Council Tax for 2012/13.

### 1. INTRODUCTION

- 1.1 The challenge for this Council continues to be the need to achieve revenue savings in order to achieve a budget that satisfies Government Constraints on tax raising, whilst at the same time moving towards balancing income and expenditure.
- 1.2 In December 2011 the Council considered its **Financial Forecast** for the period from 2012/13 to 2016/17 and approved the following financial strategy:-
- i) no increase in the Council Tax in 2012/13;
  - ii) a target to make a further series of revenue reductions on top of the annual savings already approved.
  - iii) the disestablishment of certain reserves with the balances being transferred to the General Fund
- 1.3 This report also summarises the main changes that have taken place between the 2011/12 Original Estimate and the 2011/12 Probable Outturn and the 2012/13 Estimate. More detailed explanations are shown in the Budget Variations against each service budget.

### 2 PROBABLE ESTIMATES FOR 2011/12

- 2.1 The probable estimates for 2011/12 have generally been prepared on a similar basis to the original estimates to facilitate the comparison of budget heads. The projected final position on the General Fund for the 2011/12 financial year is summarised in the following table:

**Table 1 - Comparison of Original and Revised Estimates for 2011/12**

	Original Estimate	Projected Outturn	Variation
	£	£	£
Net Expenditure on Services	13,503,276	13,093,328	-409,948
Accounting & Other Adjustments			
- Reversal of depreciation charges	-1,724,100	-1,490,400	233,700
- Cost of capital charge to HRA	-37,200	-40,321	-3,121
Transfers to Reserves	324,000	0	-324,000
Transfer from Housing Revenue Account	0	-1,600,000	-1,600,000
Council Tax Freeze Grant	-115,172	-115,172	0
New Homes Bonus	-498,500	-430,103	68,397
Investment Income	-300,000	-330,000	-30,000
Net General Fund Expenditure	<b>11,152,304</b>	<b>9,087,332</b>	<b>-2,064,972</b>
Use of working balance	-2,103,877	-38,946	2,064,931
<b>Budget Requirement</b>	<b>9,048,427</b>	<b>9,048,386</b>	<b>-41</b>

2.2 The main reasons for the changes in budgeted expenditure on services are shown in Table 2:

<b>Table 2 – Summary of Budget Developments in 2011/12</b>	
<b>Developments</b>	<b>Amount</b>
	£ 000
<b>Increases:-</b>	
Budgets brought forward from 2010/11	292
Supplementary Estimates	183
Refuse – Weekly refuse collection for flats	50
Planning – Shortfall in Fee income	65
Planning – General savings target removed	25
<b>Total Cost Increases</b>	<b>615</b>
<b>Reductions:-</b>	
Changes in depreciation charges	(234)
Staff restructuring	(264)
Further Savings (CMC – Sept 11)	(155)
Community Alarm – Increased contract income (net)	(37)
Leisure Development – Savings in Play & Youth activities	(21)
Recycling – Increase in income / net reduction in costs	(112)
Corporate Properties – Contribution to legal Fees	(100)
Civic Centre – General savings	(59)
Other net changes	(43)
<b>Total Reductions, etc.</b>	<b>(1,025)</b>
<b>Decrease in Net Expenditure on Services in 2011/12</b>	<b>(410)</b>

2.3 As part of the Financial Forecast approved in December 2011, it was agreed to disband several of the specific replacement reserves and return the balances to the General Fund. Transfers totalling £224,000 will not now be required in the current year and are available to top up these reserves. In addition to this the £100,000 transfer to the various Leisure Centre reserves had already been saved following the transfer of the operation to Achieve Lifestyle Trust on 1 April 2011.

2.4 In December 2011 the Council agreed to a discretionary transfer from the Housing Revenue Account in the sum of £1.6million in order to support the General Fund whilst programmes of net revenue reductions were introduced to bring income and expenditure into balance.

### 3. ESTIMATES FOR 2012/13

3.1 A comparison of the estimated net expenditure on services in 2011/12 with the 2012/13 estimates is summarised in Table 3. The net expenditure on services in 2012/13 is £12,407,967, which represents a reduction of £1,095,309 (from the 2011/12 original estimate).

**Table 3 - Estimates for 2012/13 compared with 2011/12**

Service	Original	Estimates	Variation
	2011/12	2012/13	
	£	£	£
Housing Committee	1,213,758	1,121,751	-92,007
Community Services Committee	4,644,985	4,123,926	-521,059
Environment & Sustainability Committee	3,177,531	2,897,028	-280,503
Corporate Management Committee	2,356,604	1,935,540	-421,064
Planning Committee	1,723,394	1,616,575	-106,819
Crime & Disorder Committee	763,896	600,114	-163,782
Licensing Committee	70,746	61,843	-8,903
Regulatory Committee	37,362	30,990	-6,372
Further savings approved February 2011	-441,600	0	441,600
Capitalisation of Building Works	-43,400	-19,800	23,600
<b>Net expenditure on services</b>	<b>13,503,276</b>	<b>12,367,967</b>	<b>-1,135,309</b>

3.2 The service estimates explain the changes for individual services in detail. The main developments in the budget are analysed in Table 4.

**Table 4 – Summary of reasons for the change in Expenditure on Services in 2012/13 compared to the 2011/12 estimates.**

Developments	Amount £'000
Allowance for inflation (Gross)	276
Movement in the Strategic Maintenance Plan	24
Planning – General savings target removed	25
Other movements (net)	(27)
<b>Total Cost Increases</b>	<b>352</b>
Offset by:-	
Net increase in income from fees & charges	(187)
Changes in depreciation charges	(124)
Recycling – Increase in income / net reduction in costs	(164)
Savings from existing revenue reduction programmes	(673)
Increase in Car parking charges (E&S – Jan 2012)	(40)
Additional Savings targets	(299)
<b>Total Savings, etc.</b>	<b>(1,487)</b>
<b>Net increase from 2011/12 Estimate to 2012/13 Estimate</b>	<b>(1,135)</b>

3.4 The overall position of the General Fund for the 2012/13 financial year is summarised in Table 5.

**Table 5 - Budget Requirement in 2012/13 compared with 2011/12**

Committee	Estimates	Estimates	Variation
	2011/12	2012/13	
	£	£	£
Net Expenditure on Services	13,503,276	12,367,967	-1,135,309
Accounting & Other Adjustments			
- Reversal of capital charges	-1,724,100	-1,600,700	123,400
- Cost of capital charge to HRA	-37,200	-39,540	-2,340
Transfers to Reserves	324,000	0	-324,000
Council Tax Freeze Grant	-115,172	-230,967	-115,795
New Homes Bonus	-498,500	-743,262	-244,762
Investment Income	-300,000	-239,000	61,000
<b>Net General Fund expenditure</b>	<b>11,152,304</b>	<b>9,514,498</b>	<b>-1,637,806</b>
Use of working balance	2,103,877	988,680	-1,115,197
<b>Budget Requirement</b>	<b>9,048,427</b>	<b>8,515,818</b>	<b>-532,609</b>

- 3.5 The provisional New Homes Bonus allocation of £743,262 for 2012/13 is £11,500 greater than the figure assumed in the Financial Forecast following the release of the provisional allocations from DCLG in December.
- 3.6 Investment income on receipts and reserves in 2012/13 has been based on achieving an average return of 1% level of income for cashflow purposes and 1.25% for longer term investments. This is lower than the forecast due to revisions in the Capital Receipts programme.
- 3.7 The Council's budget has been prepared on the basis of no tax increase in order to attract Council Tax Freeze grant of £115,798 from the government (see section 11). This produces a Budget Requirement of £8,515,518 in 2012/13. In order to achieve this it will be necessary to withdraw £998,680 from working balances to reduce net General Fund expenditure. The implications are considered in section 6.

#### **4. FEES AND CHARGES**

- 4.1 The Council derives more income from the fees and charges than it collects than from its share of the Council Tax. Continuing restraints on the Council's ability to raise its tax means that increasing income from other sources like fees and charges are an important feature of the Council's financial strategy. As part of the Financial Forecast approved in December, the Council agreed to increase fees and charges by 5% in 2012/13, other than those where specific targets exist or where commercial considerations take precedence.
- 4.2 The Council collects a wide range of fees and charges. Some are set by the Government (e.g. currently this applies to planning fees) and some are subject to legislative constraints (e.g. building control fees). For charges that are at the complete discretion of the Council, there are the social and service objectives to take into account as well as the market-place discipline of price sensitivity. There is already evidence that some charges are encountering customer resistance. These realities place a constraint on the extent to which charges can be raised.

## 5. GENERAL FUND STRATEGY FOR 2012/13 AND FINANCIAL FORECAST

- 5.1 This section of the report compares the 2012/13 Estimates with the Financial Forecast that was approved by the Council in December 2011 and reports the significant variations from the Council's financial strategy.
- 5.2 The approved Financial Forecast provided for a use of working balances in 2012/13 of £999,000. This figure included a target of £271,000 for further savings. Having reviewed a range of options, a further list of savings has now been identified totalling £299,000, which are highlighted below.
- 5.3 A revised Forecast summary is set out in the Appendix and shows a revised call on balances in 2012/13 of £999k. The reasons for the major differences are set out below:

**Table 6 – Changes to the 2012/13 Financial Forecast approved in December 2011**

Developments	Amount £'000
<b>Approved Financial Forecast:</b>	
• Use of Working balance	999
• Add back Further savings target	271
	<b>1,270</b>
<b>Changes:</b>	
• Removal of 2% pay award from July 2012	(169)
• Reduction in Flood Mitigation Works	( 50)
• Further restructurings (see Exempt Appendix 3)	( 80)
• Additional car parking Income (E & S Committee – 19 January)	(40)
• Planning – General savings target removed	25
• Other changes	(8)
• Recycling Income (Revised contract arrangements)	(40)
• Lower investment income	91
<b>Revised use of working balance for 2012/13</b>	<b>999</b>

### 5.4 Table 6 – Additional Explanations

- i) Removal of 2% pay award – Discussion with UNISON has taken place and the comments of UNISON are attached with this report.
- ii) The proposed pay freeze does not affect payment of increments which will continue as before to those staff progressing through their grades.
- iii) The impact of another pay freeze (now three years) has to be viewed against the size of the deficit facing the Council over the life of the Financial Forecast. Members have taken the line of protecting services and jobs whilst making efficiency savings and transforming some services.
- iv) Given the extremely difficult financial position of the Council it would not be advisable to allow any pay increase.

## **6. HOUSING REVENUE ACCOUNT**

- 6.1 The report on the Housing Revenue Account estimates was presented to the Housing and Community Services Committee on 11 January 2012.
- 6.2 The approval of the Localism Act by parliament in November 2011 will impose big changes in the financing of local authority housing. In April 2012 the Government will replace the current housing subsidy system with a new self financing regime. This will mean that the Council will take on a debt of approximately £104million in order to 'buy' its way out of the old system. The affects of this change benefit the Council as the proposed interest payments payable to service the debt are forecast to be significantly lower than the payments the Council would have made under the old subsidy system.
- 6.3 The estimates for 2012/13 see the HRA begin the year with a surplus of £1,028,299 and end with a surplus of £4,708,290 by 31 March 2013.
- 6.4 Prior to the Localism Act the Council had been able to make use of any surplus on the Housing Revenue Account to assist the General Fund. Under the new arrangements this will not be possible from 2012/13 and therefore given the future favourable forecast for the Housing Revenue Account, it would seem reasonable to reduce the housing revenue account further to a minimum in 2011/12 and transfer any remaining surplus to the General Fund. It is, therefore, suggested that the balance be reduced to £28,299 and any excess paid to the General Fund in 2011/12.

## **7. TREASURY MANAGEMENT**

- 7.1 The Treasury Management Strategy covers the operation of the treasury function and its likely activities for the forthcoming year. The Treasury Management Strategy Report has regard to the statutory regulations and, the Prudential Code for Capital Finance in Local Authorities, and the 2011 Code of Practice on Treasury Management. The Strategy for 2012/13 would normally be reported to the same Committee as the budget report, however this has been delayed by a month to allow for the consequences of taking on the new housing debt to be fully examined.
- 7.2 In addition to Treasury Management, each year we are required to formally consider the impact of our capital spending plans on the level of the council tax, and make a judgement about the affordability of those plans. This is done via a number of prudential indicators which we are required to calculate. The details of these will be set out in a report to the next meeting of this Committee, again so that the consequences of taking on the new housing debt can be fully examined.

## **8. RESERVES AND PROVISIONS**

- 8.1 The Local Government Act 2003 requires the Director of Finance to report on the adequacy of financial reserves when consideration is given to the General Fund budget requirement for the year. Under the Local Government Finance Act 1988, all balances held by the Council are at the direct disposal of the General Fund with the exception of the Housing Revenue Account balance, the Collection Fund and those funds held in trust.
- 8.2 As part of the Financial Forecast approved in December 2011, it was agreed to disband several of the specific replacement reserves and return the balances to the General Fund. Table 7 shows in more detail the estimated changes in those revenue reserves that relate to the General Fund for the period to 31 March 2013.

**Table 7 - General Fund Revenue Reserves and Balances**

	Balance at 1.4.11	Movement in 2011/12	Balance at 31.3.12	Movement in 2012/13	Balance at 31.3.13
	£000	£000	£000	£000	£000
<b>Unallocated balances</b>					
Working Balance	2,993	2,150	5,143	-999	4,144
<b>Farmarked Reserves</b>					
IT Renewals Reserve	463	-463	0	-	-
Safer Runnymede Equipment Reserve	301	-301	0	-	-
Car Park Machines Replacement Reserve	92	-92	0	-	-
ELC Equipment Replacement Reserve	78	-78	0	-	-
ELC Football Pitch Reserve	120	-120	0	-	-
ALC Equipment Replacement Reserve	135	-135	0	-	-
Museum Purchases Fund	35	1	36	1	37
Maintenance of graves in perpetuity	2	0	2	0	2
Section 106 & other contributions	381	-141	240	-5	235

Justification of balances

- 8.3 The General Fund working balance comprises two elements: the **Working Balance** and an amount held as a **Contingency** against unforeseen events. A working balance is required so that the Council has sufficient funds available to meet its cash flow requirements. The Council, as part of the Financial Forecast agreed in December 2011, has decided that £2m is the minimum recommended level of unallocated General Fund reserves that it needs to hold as its contingency. After transferring the surplus balance of the HRA in 2011/12, the balance will increase to £4.144m.
- 8.4 The balances from the **IT Renewals Reserve**, **Safer Runnymede Equipment Reserve**, **Car Park Machines Replacement Reserve** and **Egham and Addlestone Leisure Centre Reserves** have all been returned to the General Fund in accordance with the recommendation agreed by the Council as part of the Financial Forecast.
- 8.5 The **Museum Purchases Fund** was set up under Section 15 of the Public Libraries and Museums Act 1964 to finance the cost of major museum acquisitions. Interest is earned on the fund balance and applied to the fund. The museum revenue budget contains a provision for conservation that is rolled forward each year until enough money is available to carry out work. This distorts the budget so it was agreed to add this element to the Purchases Fund. After allowing for interest and contributions of £1,500 both in 2010/11 and 2011/12, the balance is expected to be £34,000 on 31 March 2012.
- 8.6 The **Maintenance of Graves in Perpetuity** represents funds invested permanently for the benefit of the maintenance of specified cemeteries.
- 8.7 The **Section 106 and other Contributions Reserve** combines all monies received from third parties, mainly arising from planning agreements, which all relate to works that have not yet been undertaken. Should these works not be undertaken, the money must be returned.

Robustness of the Council's Budget

- 8.8 The Local Government Act 2003 requires me to report on the robustness of the estimates made for the purposes of setting the level of Council Tax. Invariably there are risks in the various assumptions that have been made in setting a sound budget. This is particularly so in recent times, given the general economic situation, the substantial and continuing cutbacks in Government grant and the levels of uncertainty on interest rates and their impact on the income that flows from the investment of capital receipts.
- 8.9 In addition, as far as this Council is concerned, a significant level of income is being assumed from interest earned from land sales together with the receipts of the New Homes Bonus. This was also

highlighted by the Council's Auditors, KPMG, when they issued the S.11 Notice recently and the Council's response will be made to this Committee at its March meeting.

- 8.10 Given the importance of achieving the forecast level of income, the previous assumptions on timescales have been further reviewed and, in some cases, appropriate adjustments made to ensure an over optimistic view is not taken. The consequences have been incorporated into the estimates for 2012/13. There does, however, remain an ongoing structural deficit in the forecast beyond 2012/13, which the Council will need to address as a matter of urgency. This could be achieved, for example, through an early programme of fundamental service reviews to be completed in the first quarter of 2012/13 for consideration in good time for 2013/14 and beyond. Unless this is done, the Council will face significant deficit in 2013/14 which would likely recur again in later years if land sales slip.
- 8.11 The level of balances predicted to be available at 8.3 should be sufficient to enable the approach outlined above to be completed and deliver the necessary options for savings that will be required going forward provided early action is taken.

## 9. THE COLLECTION FUND

- 9.1. All transactions associated with Council Tax are shown in the Collection Fund. The legislation requires a calculation to be made of the estimated surplus or deficit on the Collection Fund at 31 March 2012 in order to distribute these amounts in 2012/13.
- 9.2 Any surplus or deficit arising from Council Tax transactions is shared between Runnymede Borough Council, Surrey County Council and Surrey Police (the precepting bodies) in proportion to their demands on the Collection Fund. The Council Tax yield in 2011/12 has been better than anticipated largely because completions of new properties have exceeded expectations. The result is that there will be an estimated surplus of £230,000 on the Council Tax Collection Fund at 31<sup>st</sup> March 2012. The surplus will be distributed as follows.

	£
Surrey County Council	176,900
Surrey Police Authority	31,400
Runnymede Borough Council	<u>21,700</u>
	<u>£230,000</u>

## 10. THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2012/13

- 10.1 The financial settlement for 2012/13 is the second year of a two year settlement announced by the Government in December 2010. The final debate for 2012/13 will only take place on the 8 February 2012 and although no significant changes are anticipated, current figures are based on provisional allocations.

### Formula Grant

- 10.2 **Formula Grant** is the name for the cash that the Council will receive from the Government. The Council's entitlement to Formula Grant is based on the following elements:-

**Table 8: Formula Grant from the Government - Runnymede's share**

2011/12 £		2012/13 £
1,873,400	• <b>Relative Needs</b> , assessed by ascribing values to a range of indices (mainly demographic)	1,667,600
(1,537,100)	• A deduction for <b>Relative Resources</b> , calculated by assessing the authority's taxbase in relation to its population	(1,527,400)
4,222,400	• A <b>Central Allocation</b> , paid on a population based formula	3,820,600
(129,100)	• <b>Floor Damping</b> , providing protection to those authorities whose entitlement would otherwise fall below the 2.7% increase announced by the Government (and paid for by reducing the entitlement of authorities whose increase is more than 2.7%)	(106,400)
<b>£4,429,600</b>	<b>Formula Grant</b>	<b>£3,854,400</b>

10.3 These amounts will be paid partly in the form of redistributed **National Non-Domestic Rates** (£3,778,900) and partly in **Revenue Support Grant** (£75,500). The 2012/13 entitlement represents a reduction of 13% from the previous year.

Relative needs

10.4 The calculation of Relative Needs is split between spending blocks. District Council services fall into one block called the Environmental Protection and Cultural Services (EPCS) block. The Council's relative needs is the sum of

- the EPCS calculation;
- a fixed cost element;
- a capital financing element.

Floor Damping

10.5 The floor damping methodology changed radically last year. The stated aim of the scheme is that no authority will get less than the floor change in formula grant support from central government. To do this it grouped authorities into four bands according to their dependence on grant and set a floor reduction that is less for Councils that are more dependent and greater for Councils that are less dependent. Runnymede is in Band 3 which means its reduction has to fall within the range minus 15.16% to minus 15.2%. Applying the floor damping formula means that Runnymede's grant is reduced by £106,400 to £3,854,400. Runnymede's entitlement has been reduced in order to pay for protection in more needy areas.

10.6 All of the above are still subject to final confirmation with Parliamentary approval only likely be given on the 8 February 2012.

**11 COUNCIL TAX FREEZE GRANT & REFERENDUMS**

11.1 The Chancellor of the Exchequer announced in October that the Government intends to make funding available to help councils freeze their council tax in 2012/13. If an authority sets its basic amount of council tax for 2012/13 at a level which is no more than its basic amount of council tax in 2011/12, it will be eligible to receive a grant equivalent to a 2.5% increase in its 2011/12 basic amount of council tax multiplied by the authority's tax base for 2012/13.

- 11.2 Unlike for 2011/12, the council tax freeze for 2012/13 will involve a single one-off payment and this will not be built into the baseline (ie no further grant payments will be made over the Spending Review period).
- 11.3 The Localism Act introduced a new chapter into the 1992 Act, making provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons. The Localism Act also abolished the capping regime in England. All these provisions are effective with respect to the setting of council tax for 2012/13.
- 11.4 The proposed principles are that local authorities will be required to seek approval of their local electorate in a referendum if, compared with 2011/12, they set council tax increases that exceed 3.5%. The result of the referendum will be binding if the electorate rejects the increases that have been set, the local authority will have to adjust the council tax accordingly

**12. THE BOROUGH'S BASIC AMOUNT OF COUNCIL TAX 2011/12**

- 12.1 The calculation of the Council's basic amount of Council Tax is made by deducting from the Budget Requirement the formula grant that will be received from the Government, together with the council tax freeze grant and the new homes bonus grant.
- 12.2 The result is divided by the Council Tax Base of 33,894.
- 12.3 The calculation of the Council's basic amount of Council Tax (i.e. at Band D) is set out below.

	£
Budget Requirement	8,515,819
Less Formula Grant	- 3,854,382
Less Collection Fund surplus	- 21,687
	4,639,750
<u>Divided by the Council Tax Base</u>	÷ 33,894
<b>Basic amount of Council Tax for the Borough</b>	<b>£136.89</b>

- 12.4 The Basic Amount of Council Tax of £136.89 equates to the charge on properties in Band D. The effect on each of the valuation bands is as follows:-

Band	A	B	C	D	E	F	G	H
Proportion	6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths
Amount	£91.26	£106.47	£121.68	£136.89	£167.31	£197.73	£228.15	£273.78

**13. SETTING OF THE COUNCIL TAX**

- 13.1 The Council in its capacity as billing authority is required to set an amount of Council Tax which is an aggregate of the amounts set by the Borough Council, the County Council and the Police Authority.
- 13.2 Surrey County Council and Surrey Police have yet to set their precepts. At this stage, therefore, it is not possible to formulate a combined recommendation in respect of Runnymede's budget and the precepts to be levied by the major precepting authorities. These figures will be presented to the meeting of the Council to be held on 9 February, when precepts will have been issued by all of the precepting authorities.

	£
Runnymede Borough Council	136.89
Surrey County Council	?
Surrey Police Authority	?
<b>Total Band D Council Tax</b>	_____

Alan Hill  
Corporate Head of Finance  
February 2012

## GENERAL FUND SUMMARY REVENUE ACCOUNT

### COUNCIL BUDGET FOR THE YEAR ENDING 31st MARCH 2013

	<u>2009/10</u>	<u>2011/12</u>	<u>2011/12</u>	<u>2012/13</u>
	Actual	Estimate	Probable	Estimate
	£	£	£	£
<b><u>EXPENDITURE ON SERVICES</u></b>				
Housing Committee	1,131,484	1,213,758	1,257,548	1,121,751
Community Services Committee	4,961,616	4,644,985	4,379,852	4,123,926
Environmental & Sustainability Committee	3,178,522	3,177,531	3,096,413	2,897,028
Corporate Management Committee	3,365,886	2,356,604	1,903,689	1,935,540
Planning Services	1,652,243	1,723,394	1,765,314	1,616,575
Crime & Disorder Committee	650,202	763,896	643,110	600,114
Licensing Committee	53,407	62,910	58,114	52,246
Regulatory Committee	41,108	45,198	32,688	40,587
Further savings approved February 2011	-	(441,600)	-	-
Capitalisation of building works (AMP)	(30,487)	(43,400)	(43,400)	(19,800)
<b>NET EXPENDITURE ON SERVICES</b>	<b>15,003,981</b>	<b>13,503,276</b>	<b>13,093,328</b>	<b>12,367,967</b>
<b><u>TRANSFERS AND FINANCING ADJUSTMENTS</u></b>				
Accounting and other adjustments				
Reversal of depreciation charge	(1,572,916)	(1,724,100)	(1,490,400)	(1,600,700)
Revenue contributions to capital expenditure	38,365	0	0	0
Cost of capital charge to HRA	(37,647)	(37,200)	(40,321)	(39,540)
Transfer to Reserves:				
Information Technology Replacement Reserve	85,000	85,000	0	0
CCTV Equipment Replacement Reserve	129,000	129,000	0	0
Sports Centres	100,000	100,000	0	0
Car Park Pay & Display Equipment Reserve	0	10,000	0	0
Transfer from Reserves	(3,206,082)	0	(1,600,000)	0
Government Grants (non-service specific):				
Area Based Grant	(39,477)	0	0	0
Council Tax Freeze Grant	0	(115,172)	(115,169)	(230,967)
New Homes Bonus	0	(498,500)	(430,103)	(743,262)
Investment Income	(413,019)	(300,000)	(330,000)	(239,000)
<b>NET GENERAL FUND EXPENDITURE</b>	<b>10,087,205</b>	<b>11,152,304</b>	<b>9,087,335</b>	<b>9,514,498</b>
Use of Working Balance	109,239	(2,103,877)	(38,949)	(998,680)
<b>BUDGET REQUIREMENT</b>	<b>10,196,444</b>	<b>9,048,427</b>	<b>9,048,386</b>	<b>8,515,819</b>
Formula Grant	(5,620,261)	(4,429,627)	(4,429,627)	(3,854,382)
Surplus transferred from the Collection Fund	(12,955)	(12,000)	(12,000)	(21,687)
<b>NET DEMAND</b>	<b>4,563,228</b>	<b>4,606,800</b>	<b>4,606,759</b>	<b>4,639,750</b>

### COUNCIL TAX CALCULATION

Council Tax Base (note 1)	33,335	33,653	33,653	33,894
Basic Amount of Council Tax (note 2)	£136.89	£136.89	£136.89	£136.89

**Notes**

1. This represents the number of properties adjusted for discounts, exemptions and bandings.
2. Calculated by dividing the Net Demand by the Council Tax base.

GENERAL FUND REVENUE ACCOUNT - PROVISIONAL FORECAST SUMMARY										
	ACTUAL	ORIGINAL	PROBABLE	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	NOTES
	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Service Expenditure										
1 Housing Services	1,133	1,214	1,257	1,122	1,197	1,242	1,244	1,244	1,244	
2 Community Services	4,962	4,645	4,380	4,124	4,079	4,109	4,109	4,109	4,109	
3 Environmental Services	3,177	3,177	3,096	2,897	2,803	2,937	2,956	2,971	2,971	
4 Crime and Disorder	650	764	643	600	600	627	627	627	627	
5 Licensing & Regulatory	95	109	91	93	53	43	33	33	33	
6 Planning Services	1,652	1,723	1,765	1,616	1,532	1,562	1,582	1,582	1,582	
7 Corporate & Business Services	3,365	2,357	1,904	1,936	1,865	1,597	1,575	1,525	1,525	
8 Strategic Maintenance (capitalised)	(30)	(43)	(43)	(20)	(19)	(96)	(41)	(41)	(41)	Report to Committee October 2011
9 Further savings required	-	-442	-	-	-524	-	-	-	-	To achieve target use of reserves
<b>10 Net Expenditure on Services</b>	<b>15,004</b>	<b>13,504</b>	<b>13,093</b>	<b>12,368</b>	<b>11,586</b>	<b>12,011</b>	<b>12,085</b>	<b>12,050</b>	<b>12,050</b>	
11 Asset Management Revenue Account										
12 - Transfer to Replacement Reserves	314	324	-	-	-	-	-	-	-	Merged with Working Balance
13 - Capital financed from revenue	38	-	-	-	-	-	-	-	-	
14 - Reversal of depreciation charges	-1,611	-1,761	-1,530	-1,641	-1,641	-1,641	-1,641	-1,641	-1,641	
15 Investment Income										
16 - Revenue balances	-413	-300	-260	-175	-255	-429	-610	-625	-625	1.5% 11/12, 1.0% 12/13; 1.5% 13/14
17 - Capital balances	-40	-	-70	-64	-201	-539	-647	-552	-552	Long-term balances: 3% in 13/14
18 Area Based Grant	-	-	-	-	-	-	-	-	-	
19 New Homes Bonus	-	-499	-430	-743	-1,057	-1,459	-1,847	-2,206	-2,206	250 new homes in 13/14; 300 a year
20 Council Tax Freeze Grant: April 2011	-	-115	-115	-115	-115	-115	-	-	-	Covers Spending Review period (1)
21 Council Tax Freeze Grant: April 2012	-	-	-	-115	-	-	-	-	-	One-year grant only
22 Transfer from the HRA	-3,000	-	-1,600	-	-	-	-	-	-	
23 Inflation - Pay	-	-	-	-	318	629	948	1,272	1,272	2% July pay awards & increments
24 Inflation - Prices	-	-	-	-	109	224	343	471	471	OBR estimate of RPI for contracte
25 Inflationary increase in income	-	-	-	-	-109	-201	-294	-390	-390	5% increase 12/13, 4% 13/14, the
<b>26 Net General Fund Expenditure</b>	<b>10,292</b>	<b>11,153</b>	<b>9,088</b>	<b>9,515</b>	<b>8,635</b>	<b>8,480</b>	<b>8,337</b>	<b>8,379</b>	<b>8,379</b>	
27 Use of Working Balance	-96	-2,105	-39	-999	0	116	445	697	697	
<b>28 Budget Requirement</b>	<b>10,196</b>	<b>9,048</b>	<b>9,049</b>	<b>8,516</b>	<b>8,635</b>	<b>8,596</b>	<b>8,782</b>	<b>9,076</b>	<b>9,076</b>	
29 Formula Grant & Business Rates	-5,620	-4,429	-4,430	-3,854	-3,820	-3,600	-3,600	-3,700	-3,700	Grant and retained business rates
30 Transfer from the Collection Fund	-13	-12	-12	-22	0	0	0	0	0	RBC share of the Collection Fund s
<b>31 Net Demand</b>	<b>4,563</b>	<b>4,607</b>	<b>4,607</b>	<b>4,640</b>	<b>4,815</b>	<b>4,996</b>	<b>5,182</b>	<b>5,376</b>	<b>5,376</b>	
<b>32 Council Tax</b>	<b>£136.89</b>	<b>£136.89</b>	<b>£136.89</b>	<b>£136.89</b>	<b>£141.03</b>	<b>£145.26</b>	<b>£149.58</b>	<b>£154.08</b>	<b>£154.08</b>	



Corporate Management Committee  
2 February 2012

Item 8: 2012/13 BUDGET AND COUNCIL TAX

UNISON has been made aware of the elements of budget savings contained within this report which directly affect staff.

UNISON has been corresponding separately with the Director of Technical Services regarding a proposed restructuring following the redundancy of a long serving and highly valued member of staff and other major changes within that department, some of which are the subject of another report elsewhere on this agenda.

UNISON has been assured that all staff involved will be fully consulted and looks forward to detailed proposals at an early stage as well as clarification in respect of several aspects of the proposals which are unclear which may give rise to a further period of change and reduced resilience whilst proposals are discussed and agreed with existing staff. This also applies to other sections and departments where unfortunately staff are leaving and further changes are expected.

We are very unhappy with the proposal to again make no pay award in 2012/13, saving a further £169,000, assuming that the 2% increase budgeted for is not made. This hits the lower paid particularly badly, although all staff are adversely affected.

Staff do not feel valued, morale is at its lowest point for a long time. Further savings are being sought from budgets that have nothing left to give, except cutting services and jobs to meet the targets for the next three years.

Whilst we recognise the Council's financial position and the efforts made to avoid compulsory redundancies, it is considered that as no guarantees exist to preserve jobs whether an award is made or not (and we understand the reasons for that), a pay rise for all staff but certainly for the low paid [earning less than £21,000] would be reasonable.

The Pay Policy item revealed the number of staff being paid barely above the national minimum wage and this needs to be addressed; as well as gauging the effects of any increase nationally which would have knock on effects for salaries above that level.

In addition, the Council is requested to again look at the arrangements for annual leave and flexi-leave - the latter being more generous in neighbouring authorities, including Spelthorne. An extra flexi-day a month would be a gesture of good will to staff, as long as something similar was done for those who do not benefit from those arrangements.

In the Christmas period of 2011/12 very few staff were in to justify the cost of keeping the building open. Therefore, the employer is urged again to consider extra leave at Christmas. If the Civic Centre was closed from 25 December and reopened on Wednesday 2 January 2013, then only 2 extra days are required, assuming the normal extra day is used in that period. This would have a cost saving for heating and lighting, and compensatory arrangements for staff not based at the Civic Centre would need to be put in place.

Significant numbers of staff are increasingly working in excess of their contracted hours, if this practice discontinues all services would suffer further and the effects would be felt across the organisation and by the residents.

In this Olympic year, where volunteers are likely to be sought to give extra support, the good will to assist is rapidly disappearing.

UNISON urges the Council to make tangible improvements to staff terms and conditions.

**Runnymede Borough Council**

**Pay Policy Statement**

**1. Purpose**

This Pay Policy Statement is the first annual statement as required by the Localism Act and applies for the financial year 2012-13. The purpose of this is to provide transparency about how Runnymede uses public funds to pay staff.

The statement sets out the remuneration of chief officers, the remuneration for the lowest paid employees, and the relationship between the remuneration of Runnymede Chief Officers and other employees. The information includes headings which have been prescribed by the Localism Act.

**2. Definitions**

For the purposes of this pay policy statement the following definitions will apply.

**2.1 Posts included as Chief Officers**

The following Runnymede posts are included in the definition of chief officers:

- a) The head of paid service designated under section 4(1) of the Local Government and Housing Act 1989.

This is the Chief Executive.

- b) The monitoring officer designated under section 5(1) of that Act.

This is the Corporate Head of Governance and Assets.

- c) A statutory chief officer mentioned in section 2(6) of that Act.

This is the Corporate Head of Finance.

- d) Non statutory chief officers mentioned in section 2(7) of that Act. Non-statutory chief officers are those people for whom the head of paid service is directly responsible (excluding those where the duties are secretarial / clerical or otherwise in the nature of support services).

Reporting directly to the Chief Executive:

Director of Housing, Leisure and Community Services  
Director of Technical Services  
Chief Internal Auditor (this is a part time post)  
Regeneration Manager  
Performance and Projects Manager  
Partnership and Policy Development Manager

The Head of Human Resources, Head of IT and Head of Communications also report directly to the Chief Executive for their work at Runnymede. These posts are shared posts with the postholders employed by Spelthorne Borough Council and working for Runnymede on a secondment basis. As they are not employed directly by Runnymede information on their remuneration is not covered in Runnymede's Pay Policy Statement; where they meet the definition of chief officer they will be included in Spelthorne Borough Council's Pay Policy Statement.

- e) Deputy chief officers mentioned in section 2(8) of that Act. These are posts reporting directly to any of the statutory or non-statutory chief officers listed above (excluding those where the duties are secretarial / clerical or otherwise in the nature of support services).

#### Reporting to the Corporate Head of Governance and Assets

Head of Legal  
Executive Assistant  
Borough Valuer  
Committee Section Manager  
Electoral Services Manager  
Customer Services Manager

#### Reporting to the Corporate Head of Finance

Head of Revenues  
Accountancy and Payments Manager  
Procurement Manager

#### Reporting to the Director of Housing, Leisure and Community Services

Head of Tenant Services  
Private Sector Housing and Enabling Manager  
Head of Leisure Services  
Head of Community Services

#### Reporting to the Director of Technical Services

Head of Planning  
Head of Engineering  
Head of Environmental Protection  
Safer Runnymede Marketing and Development Manager  
Community Safety Manager  
Safer Runnymede Operations Manager  
Administration Manager

The Emergency Planning Officer reports directly to the Director of Technical Services. This post is a shared post with the postholder employed by Spelthorne Borough Council. As the post is not employed directly by Runnymede the information on remuneration is not covered in Runnymede's Pay Policy Statement

The definition of chief officers and deputy chief officers for the purposes of this Pay Policy Statement is wider than the definition normally used at

Runnymede. The Chief Executive, two Directors and two Corporate Head posts are generally referred to as 'chief officers' at Runnymede and make up Runnymede's Corporate Management Team. The usual Runnymede definition of 'deputy chief officer' is those posts required to deputise for Corporate Management Team posts in their absence, which are the Head of Service posts.

## **2.2 Pay**

In addition to salary, remuneration includes fees, allowances, benefits in kind and termination payments.

## **2.3 Lowest paid employees**

Refers to those staff employed on the lowest grade on the Council's pay scales, which is Scale 1. There are currently 13 posts at this level, 2.85% of the council's workforce.

## **2.4 Employees who are not a chief officer**

Refers to all staff who are not covered under the 'Chief Officer' group above, including the lowest paid employees.

# **3. Pay framework**

## **3.1 General approach**

Remuneration at all levels needs to be adequate to recruit, retain and develop a skilled and flexible workforce to deliver services to the community and fulfil the Council's business objectives. Remuneration must be fair and reasonable in the circumstances and not unnecessarily excessive. Each Council has responsibility for balancing these factors in the light of the unique challenges locally and retaining flexibility to deal with circumstances that might apply. Pay arrangements must comply with UK legislation. Salary payments for individual postholders are pro-rated where they are employed for less than full time. Salary payments are pensionable payments except where specified in the pension regulations.

## **3.2 Responsibility for decisions on remuneration**

Decisions on pay are made in accordance with Runnymede's scheme of delegations and in accordance with employment policies, procedures and arrangements in place and staff terms and conditions of employment.

The Chief Executive, Directors and Corporate Heads can approve changes to gradings and establishment within the overall salary budget for their area: where proposals for changes cannot be contained within budget Committee approval is required. The Chief Executive's approval is required before recruitment to any post. Approval for any change to salary range for Corporate Management Team posts must be approved by Corporate Management Committee. Runnymede Pay Awards are approved by the Corporate Management Committee.

### **3.3 Salary grades and grading framework**

Grades are determined by taking account of the full scope of the job including the complexity of work, range of responsibilities and the skills and experience required to undertake them, having regard to the need for equal pay for work of equal value. Each grade consists of a pay range within the Runnymede salary scale, except where a single point salary is appropriate (e.g. where the post is for a temporary period). The top of the salary range is considered to be the rate of pay for a fully experienced, qualified and competent postholder. Incremental progression is withheld if the postholder is under formal disciplinary or capability proceedings. Accelerated progression within the grade can be agreed in exceptional circumstances.

### **3.4 New starters joining the Council**

The policy is to appoint at the bottom of the salary scale, or at an appropriate point taking into account relevant skills and experience, and for staff to progress through the scale to the maximum of the grade over a number of years as experience is gained. New staff may be eligible to claim relocation expenses if they meet the criteria set.

### **3.5 Allowances and additional payments**

Additional payments may be approved in the case of a member of staff undertaking additional duties for an extended period of time outside the normal responsibilities of their post. For example to cover the duties of a vacant post which is at a higher grade, to undertake additional work in relation to a time-limited project, where staff are required to undertake emergency standby duties or in other circumstances where there are additional duties, responsibilities, complexity or working hours and it is not appropriate to otherwise change the grade of the post.

Car allowances may be payable where staff are required to provide or use their own vehicle for council business.

### **3.6 Pay awards**

Pay awards are considered annually for staff. Runnymede pay awards are agreed by the Corporate Management Committee taking account of affordability, local factors including local recruitment market movement, and the rate of any national pay award by the JNC for Chief Executives, the JNC for Chief Officers and the NJC for Local Government Services. The policy is that the annual pay award will be not less than the level of NJC and JNC awards. Runnymede's Corporate Management Committee on 24 November 2011 agreed to suspend the link to national pay until 31 March 2013, and staff have been given notice of a change to their terms and conditions of employment to that effect.

There has been no pay award since July 2009.

### **3.7 Pension scheme**

All Runnymede staff employed for longer than 3 months including Chief Officers are eligible to join the Local Government Pension Scheme with

employee contributions ranging from 5.5% for the lowest paid to 7.5%.  
Current employee contribution rates are:

- 5.5% for pensionable pay (full time equivalent) up to £12,900
- 5.8% for pensionable pay from £12,901 – £15,100
- 5.9% for pensionable pay from £15,101 – £19,400
- 6.5% for pensionable pay from £19,401 – £32,400
- 6.8% for pensionable pay from £32,401 – £43,300
- 7.2% for pensionable pay from £43,301 – £81,100
- 7.5% for pensionable pay above £81,100

The Council's pension contribution as employer is currently 16.3%. Employer contribution rates are reviewed every 3 years following a revaluation of the pension fund and pension liabilities in relation to current and past members.

### **3.8 Policy on employing someone who has taken redundancy from another authority**

An individual who has been made redundant from another council may apply to work at Runnymede and would be considered against the criteria for the post. If they accept an offer of employment with Runnymede before the end of their employment with the other council to take effect within 4 weeks of leaving then they will not be due a redundancy payment from the previous employer and will retain continuity of service. If the gap is longer than 4 weeks their continuous service is broken, which means that they would have no eligibility for redundancy payments until they have 2 years' further service.

### **3.9 Policy on employing someone who is also drawing a pension**

In line with the pension regulations Runnymede has a flexible retirement policy and will consider requests from staff who wish to draw their pension and continue working in a reduced capacity. Requests will only be agreed where it is in the Council's interests to do so.

An individual who is drawing a pension in relation to a previous employment may apply to work at Runnymede and would be considered against the criteria for the post. If they are appointed, the salary will be in accordance with the grade for the job, with abatement of their pension subject to the rules of the appropriate pension scheme of the pension in payment, as apply at the time.

### **3.10 Policy on increase in or enhancement to pension entitlements**

Runnymede's Pension Policy was agreed by Corporate Management Committee on 27 November 2008 and applies to all staff including Chief Officers. There is no policy to routinely enhance pension entitlements in any particular circumstances; any proposals for pension enhancements in exceptional circumstances would require approval by the Corporate Management Committee.

### **3.11 Election fees**

These are paid separately for additional duties and responsibilities. All expenditure properly incurred by a Returning Officer in relation to the holding

of elections is to be paid by the council in accordance with the Surrey Fees and charges order agreed annually. Any expenses paid must not exceed this scale as fixed. Elections payments for local elections are solely the responsibility of the Returning Officer and not the council. The role of the Returning Officer is separate from his/her duties as a local government officer directly accountable to the courts as an independent statutory office holder. Fees properly incurred are reimbursed at national elections from central government. The Chief Executive currently acts as Acting Returning Officer for Parliamentary elections for the Runnymede and Weybridge constituency and Returning Officer for local elections.

#### 4. Level and elements of remuneration for chief officers

##### 4.1 Salary

Runnymede policy is to pay chief officers according to the Runnymede salary grade appropriate for the duties and responsibilities of the job, or a single point salary if appropriate (eg for a temporary appointment). Each grade consists of a salary range, except where the appointment is for a temporary period when a single salary point may be used.

The current full time salary range for chief officer posts are set out in the table below. Where posts are filled on a part time basis the postholders are paid pro-rata to their contractual hours.

Post	Bottom of salary range	Top of salary range
Chief Executive	£100,000	£110,000
Corporate Head of Governance and Assets	£61,200	£70,000
Corporate Head of Finance	£61,200	£70,000
Director of Housing, Leisure and Community Services	£70,000	£86,073
Director of Technical Services	£70,000	£86,073
Chief Internal Auditor	£51,135	£56,772
Regeneration Manager	£60,000	£60,000
Performance and Projects Manager	£38,574	£44,736
Partnership and Policy Development Manager	£38,574	£44,736
Head of Legal	£40,574	£46,736
Executive Assistant	£38,574	£44,736
Borough Valuer	£44,736	£51,135
Committee Section Manager	£38,574	£44,736
Electoral Services Manager	£31,713	£38,574
Customer Services Manager	£31,713	£38,574
Head of Revenues	£56,772	£61,200
Accountancy and Payments Manager	£51,135	£56,772
Procurement Manager	£38,574	£44,736
Head of Tenant Services	£56,772	£61,200

Private Sector Housing and Enabling Manager	£38,574	£44,736
Head of Leisure Services	£56,772	£61,200
Head of Community Services	£56,772	£61,200
Head of Planning	£56,772	£61,200
Head of Engineering	£56,772	£61,200
Head of Environmental Protection	£56,772	£61,200
Safer Runnymede Marketing and Development Manager	£31,713	£38,574
Community Safety Manager	£31,713	£38,574
Safer Runnymede Operations Manager	£31,713	£38,574
Administration Manager	£31,713	£38,574

#### **4.2 Other pay elements**

In addition Runnymede Chief Officers are entitled to claim for attendance at Council or other meetings outside of normal working hours, for telephone use and for business mileage. Some elements are not claimed by postholders currently.

Lease cars are provided as part of the total remuneration package for some posts or a cash allowance paid as an alternative. The car provision amount is £450 per month for the Chief Executive, £380 per month for Directors, £320 per month for heads of division and £270 for other eligible posts. Lease cars and cash alternatives are taxable but not pensionable. A mileage rate of 15p per mile for petrol vehicles / 12p per mile for diesel vehicles applies.

Professional fees required to perform the duties of the post are paid.

Election fees are paid separately for additional duties and responsibilities undertaken by chief officers as elections fall. The Chief Executive acts as Returning Officer for the Runnymede and Weybridge constituency and for local elections. Other chief officers may receive payments for any additional work during a national or local election as deputy returning officers, presiding officers or poll clerks at polling stations or for working at the election counts.

#### **4.3 Remuneration of chief officers on recruitment**

Starting salaries are at the bottom of the salary scale, or at an appropriate point taking into account relevant skills and experience.

New appointments may be eligible for removal expenses and/or payments under the mortgage / rent equalisation policy.

#### **4.4 Increases and additions to remuneration for each chief officer**

No pay award was given for 2010/11 or 2011/12; any Runnymede pay award for 2012/13 will be confirmed as part of the budget setting process.

#### **4.5 Performance related pay for chief officers**

Runnymede's performance related pay scheme, which applies to all staff including chief officers, is currently suspended until 31 December 2013. While

the PRP scheme is suspended progression through the scale is by annual increments of 3%, subject to there being no formal disciplinary or capability proceedings ongoing. While the PRP scheme is suspended an employee who reaches the top of their salary scale has no opportunity to earn more.

**4.6 Bonuses for chief officers**

There are no bonuses available for chief officers.

**4.7 The approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority**

Runnymede's discretionary compensation policy was agreed by the Corporate Management Committee on 3 March 2011 and sets out the approach for payments in the event of termination on the grounds of redundancy and efficiency of the service. There is a consistent method of calculating redundancy pay which is applied to all redundant employees, including chief officers, with the level of redundancy pay calculated using the statutory matrix with a multiplier of 1.5 and at actual weekly earnings. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment and applies when a post is deleted. In the case of termination on efficiency grounds payments would depend on the circumstances of the case up to the statutory maximum of 104 weeks.

**5. The remuneration of the lowest paid employees**

The lowest paid employees are those in posts graded at Scale 1, which has a salary range from £12,612 to £13,284 per annum. The lowest Runnymede pay rate is £6.53 per hour compared to the national minimum wage of £6.08 per hour (NMW rate from 1 October 2011).

**6. The relationship between the lowest and highest paid staff**

The ratio between the lowest and highest paid staff is less than 1:9. The lowest salary rate is £12,612, the top of the Chief Executive's salary scale is £110,000 which is a pay multiple of 1:8.72.

**7. The relationship between the highest paid employee and employees who are not chief officers**

The ratio between the mean average earnings across the organisation and the taxable pay of the highest paid employee (the Chief Executive) is 1:4.45.

**8. The publication of and access to information relating to remuneration of chief officers**

The annual pay policy statement will be published on the Runnymede Borough Council website where it can be easily accessed by tax payers and external organisations.



Corporate Management Committee

2 February 2012

Item 9 : Pay Policy Statement

UNISON has been invited to comment on the draft Pay Policy Statement, being produced as a requirement of the Localism Act 2011.

Greater transparency with regard to salaries is welcomed; it exposes the gap between the most well paid and our lowest paid staff. That our lowest paid staff are only being paid 44p an hour above the National Minimum wage, with a significant swathe of staff a little above that level is not sustainable, particularly in the light of a continued pay freeze.

In respect of the section on 'General Approach' UNISON would like to have seen this mirror the original pay policy statement with a more explicit reference to the commitment to match or better the NJC agreement, whatever that might be. That also applies to the section on 'Pay Awards'. The current policy is not to 'take account' of the NJC/JNC – it is to match or better (albeit suspended).

Particularly disappointing is the move from a commitment to being competitive to paying 'adequate' remuneration and the lack of a reference to 'pay benchmarking' to ensure that salaries do not fall behind others locally and in the South East generally.

UNISON questions whether the good intentions set out in the section on 'Salary grades and grading framework' always happen in practice and would recommend that a further equal pay audit and pay benchmarking exercise are undertaken.

There is no perfect Job Evaluation scheme as the authority has found. However, without any formal system which everyone understands, the element of subjectivity and inherent prejudice towards lower graded posts can be perpetuated and the scope for making 'individual deals' on appointment (or promotion) is increased.