

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive

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NB - This agenda contains proposals, recommendations and options. These do not represent Council policy or decisions until they have received proper consideration through the full decision making process.

Contact: Committee Services
committee.services@tmbs.co.uk

23 January 2015

To: MEMBERS OF THE GENERAL PURPOSES COMMITTEE
(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at a meeting of the General Purposes Committee to be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Monday, 2nd February, 2015 commencing at 7.30 pm

Yours faithfully

JULIE BEILBY

Chief Executive

A G E N D A

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To confirm as a correct record the Minutes of the meeting of General Purposes Committee held on 1 September 2014

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The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

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Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

MEMBERSHIP

Cllr M A C Balfour (Chairman)
Cllr S R J Jessel (Vice-Chairman)

Cllr A W Allison
Cllr T Bishop
Cllr P F Bolt
Cllr C Brown
Cllr M A Coffin
Cllr R W Dalton

Cllr D A S Davis
Cllr Mrs C M Gale
Cllr N J Heslop
Cllr Miss A Moloney
Cllr H S Rogers
Cllr C P Smith

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Apologies for absence

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Declarations of interest

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TONBRIDGE AND MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

Monday, 1st September, 2014

Present: Cllr M A C Balfour (Chairman), Cllr S R J Jessel (Vice-Chairman), Cllr A W Allison, Cllr T Bishop, Cllr P F Bolt, Cllr R W Dalton, Cllr D A S Davis, Cllr Mrs C M Gale, Cllr N J Heslop, Cllr Miss A Moloney and Cllr C P Smith

Councillors Mrs J A Anderson, O C Baldock and Mrs S Murray were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors C Brown, M A Coffin and H S Rogers

PART 1 - PUBLIC

GP 14/16 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct.

GP 14/17 MINUTES

RESOLVED: That the Minutes of the meeting of the General Purposes Committee held on 23 June 2014 be approved as a correct record and signed by the Chairman.

DECISIONS TAKEN UNDER DELEGATED POWERS IN ACCORDANCE WITH PARAGRAPH 3, PART 3 OF THE CONSTITUTION

GP 14/18 EXTERNAL AUDITORS REPORT ON THE OUTCOME OF THE AUDIT OF THE STATEMENT OF ACCOUNTS 2013/14

Consideration was given to the report of the Director of Finance and Transformation inviting endorsement of the External Auditors Report on the outcome of the audit of the Statement of Accounts for 2013/14. It was also recommended that the Chairman be authorised to countersign the Letter of Representation prepared by the Director of Finance and Transformation, a revised copy of which had been circulated together with a schedule of uncorrected misstatements, at the appropriate time when the Engagement Lead issued the audit opinion. Mr D Wells (Engagement Lead) and Mr T Greenlee (Audit Manager) attended the meeting to present the report and answer questions raised by Members.

It was noted that there were no material issues that needed to be brought to the attention of the Committee and the Engagement Lead anticipated being able to issue an unqualified opinion on the financial

statements and value for money conclusion. However, attention was drawn to one recommendation in the action plan in the Audit Report and the management response.

Mr Wells commented on the high quality of the Statement of Accounts presented for audit, the Council's good governance arrangements and the value for money conclusion which had been assessed as "green" across all areas.

RESOLVED: That

(1) the External Auditors Report on the outcome of the audit and action plan of the Statement of Accounts 2013/14, as set out at Annex 1 to the report, be approved;

(2) the Chairman be authorised to countersign the Letter of Representation set out at the revised Annex 2 to the report in due course; and

(3) the Chairman be authorised to sign the Accounts in the appropriate place.

MATTERS FOR CONSIDERATION IN PRIVATE

GP 14/19 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

RESOLVED: That as public discussion would disclose exempt information, the following matters be considered in private.

PART 2 - PRIVATE

DECISIONS TAKEN UNDER DELEGATED POWERS IN ACCORDANCE WITH PARAGRAPH 3, PART 3 OF THE CONSTITUTION

GP 14/20 ESTABLISHMENT CHANGES

(LGA 1972 Sch 12A Paragraph 1 – Information relating to an individual)

The report of the Director of Central Services presented for approval a number of establishment changes recommended by the Management Team. It was noted that the changes contributed net permanent savings exceeding £45,000 per annum which could be set against the corporate savings target and incorporated in the Medium Term Financial Strategy.

RESOLVED: That the following proposals and establishment changes be endorsed:

- (1) post DJ0213 Building Control Technician (37 hours) scale 1/4 be deleted with immediate effect;
- (2) the payment of an annual Out of Hours allowance to Building Control post numbers DJ0202, DJ0205 and DJ0206 be confirmed; and
- (3) post DA0703 Printing Assistant (37 hours) scale 1/2 be deleted with immediate effect.

The meeting ended at 7.44 pm

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TONBRIDGE AND MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

Thursday, 13th November, 2014

Present: Cllr M A C Balfour (Chairman), Cllr S R J Jessel (Vice-Chairman), Cllr A W Allison, Cllr T Bishop, Cllr P F Bolt, Cllr C Brown, Cllr M A Coffin, Cllr R W Dalton, Cllr D A S Davis, Cllr H S Rogers and Cllr C P Smith

Councillors J A L Balcombe, B J Luker and Mrs S Murray were also present pursuant to Council Procedure Rule No 15.21.

An apology for absence was received from Councillor N J Heslop

PART 1 - PUBLIC

GP 14/21 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct.

MATTERS FOR RECOMMENDATION TO THE COUNCIL

GP 14/22 SOCIAL MEDIA POLICY

The report of the Central Services Director updated the Committee on the use of social media sites by the Council and presented for approval a draft policy providing a framework for staff to follow when using social media for business purposes. It was noted that the Social Media Policy had been developed in consultation with staff and incorporated comments made by Joint Employee Consultative Committee representatives and Unison.

RECOMMENDED: That

- (1) the conclusions of the report be endorsed; and
- (2) the Social Media Policy set out at Annex 1 to the report be approved by the Council subject to the replacement of the words "effort" with "resource" in the penultimate bullet point of paragraph 10.1 and "the workplace" with "public" in the fifth bullet point of paragraph 11.1.

***Referred to Council**



DECISIONS TAKEN UNDER DELEGATED POWERS IN ACCORDANCE WITH PARAGRAPH 3, PART 3 OF THE CONSTITUTION

GP 14/23 AMENDMENT TO PENSIONS DISCRETIONS POLICY

The report of the Director of Central Services presented an amended Pensions Discretions Policy in response to an administrative issue regarding the time allowed for an individual to make an application for absence contributions. Whilst the default for such a decision was previously 30 days, it was proposed to increase the time allowed to 60 days and state this discretion in the Policy.

RESOLVED: That the amended Pensions Discretions Policy set out at the Annex to the report be endorsed.

GP 14/24 COMMUNITY GOVERNANCE REVIEW

The report of the Chief Executive referred to the Community Governance Review conducted in 2013 when the Council had agreed that the boundary between Ryarsh and Leybourne parishes should be amended to follow the new ward boundary. Members were advised of a procedural problem relating to the grant of formal consent for the changes by the Local Government Boundary Commission for England which had apologised and suggested a process for rectifying the situation. This would involve revoking the previous Order and making a new one to confirm the amendment of the parish boundary.

The Chairman therefore agreed that this matter be raised as an urgent item of late business to enable the boundary changes to take place in time for the publication of the new Register of Electors on 1 December 2014.

RESOLVED: That approval be given to the revocation of the 2013 Order and the making of a new Order to implement the previously agreed boundary changes between Ryarsh and Leybourne parishes.

MATTERS SUBMITTED FOR INFORMATION

GP 14/25 ANNUAL AUDIT LETTER

The report of the Director of Finance and Transformation advised the Committee of the receipt of the Annual Audit Letter summarising the main outcomes from the work undertaken by the Council's external auditors for the year ended 31 March 2014. A copy of the Audit Letter was set out at the Annex to the report and Members were pleased to note that its key messages were that the Council's accounts were produced to a high standard and there was a strong focus on effective financial management with robust medium term planning and well established processes for budget monitoring. In addition the Letter

noted the effective framework for addressing financial pressures and delivering planned savings.

Thanks were recorded to the Director of Finance and Transformation and her team for their work in production of the high standard of accounts.

RESOLVED: That the report be received and noted.

MATTERS FOR CONSIDERATION IN PRIVATE

GP 14/26 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

RESOLVED: That as public discussion would disclose exempt information, the following matters be considered in private.

PART 2 - PRIVATE

DECISIONS TAKEN UNDER DELEGATED POWERS IN ACCORDANCE WITH PARAGRAPH 3, PART 3 OF THE CONSTITUTION

GP 14/27 ESTABLISHMENT CHANGES

(LGA 1972 Sch 12A Paragraph 1 – Information relating to an individual)

The report of the Management Team presented for approval a number of establishment changes. It was noted that the proposals would result in net base budget savings of £97,572 per annum which could be carried forward into the Medium Term Financial Strategy.

RESOLVED: That the following proposals and establishment changes be endorsed:

- (1) post DB0101 Improvement and Development Manager be deleted with effect from 28 February 2015;
- (2) post DB0105 Improvement and Development Officer be deleted on 31 May 2015;
- (3) post DE0501 Parking and Office Manager be deleted on 31 March 2015;
- (4) post DE0202 Transportation Engineer be deleted with immediate effect;

- (5) post DE0211 Engineer be re-designated as scale 4/SO with immediate effect;
- (6) the hours of post DE0505 be reduced to 30 per week with effect from 1 April 2015;
- (7) a new post of Parking Manager (grade M8) be established on 1 April 2015; and
- (8) a new post of Economic Regeneration Officer (grade M9/M8) be established with immediate effect.

The meeting ended at 8.14 pm

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

02 February 2015

Report of the Director of Central Services

Part 1- Public

Matters for Recommendation to Council

1 LOCALISM ACT – PAY POLICY

Section 38(1) of the Localism Act 2011 requires English and Welsh local authorities to review their pay policy statement for each financial year. This report summarises the requirements of the Act and presents an updated Pay Policy Statement for 2015/16 in Annex 1. Members will note that as there have not been any changes in the Council's remuneration policy, the substantive content of the updated Pay Policy Statement in Annex 1 is identical to the Council's first Pay Policy Statement (adopted by the Council on 16 February 2012).

1.1 Contents of the Pay Policy

- 1.1.1 As members may recall, the Act requires the pay policy statement to include the level and elements of remuneration for each chief officer, a definition of the "lowest paid employees" and their remuneration, the policy on the relationship between the remuneration of its chief officers and other officers, the policy on pay on recruitment, increases in pay, use of performance related pay and bonuses, termination payments and transparency.
- 1.1.2 The title "chief officer" includes both statutory and non-statutory chief officers and their deputies. Therefore, within the Pay Policy Statement set out in Annex 1, the information about the remuneration of chief officers pertains to the current Establishment and therefore includes the posts of the Chief Executive, the Council's four Service Directors, the Head of Planning, the Chief Financial Services Officer and the Chief Environmental Health Officer, as well as the senior officers that are directly accountable to these "chief officers".
- 1.1.3 The Act's definition of remuneration includes pay, charges, fees, allowances, benefits in kind, enhancement of pension entitlements and termination payments. All of these elements have been covered in the pay policy statement attached in Annex 1.

- 1.1.4 In order to provide a holistic and transparent context for the remuneration of chief officers and their deputies, the pay policy in Annex 1 provides an overview of the pay elements for all Council employees.

1.2 Legal Implications

- 1.2.1 The policy set out in Annex 1 contains all of the elements of a statutory pay policy as stipulated in section 38 (1) of the Localism Act 2011.
- 1.2.2 The attached pay policy is also compliant with Regulation 7 of the Local Government (Early Termination of Employment)(Discretionary Compensation) (England & Wales) Regulations 2006 and the Local Government Pension Scheme (Administration) Regulations 2008 & 2014.
- 1.2.3 The definition of the terms “chief officer” and “deputy chief officer” is in accordance with section 2 of the Local Government and Housing Act 1989.

1.3 Financial and Value for Money Considerations

- 1.3.1 As set out in Section A of the attached Pay Policy, the Council’s approach to setting a pay multiple is broadly calculated on a base salary multiple of 8 being the gap between the remuneration of the lowest and the most highly paid employees and is enshrined within the Council’s locally determined job benchmarking evaluation scheme. Such an approach places an emphasis on cash reward as the corner stone of the Council’s pay policy, and ensures that pay is based on job requirements.

1.4 Risk Assessment

- 1.4.1 Given current media scrutiny of public sector remuneration it would be imprudent for the Council not to comply with the Localism Act’s requirement to have reviewed the Pay Policy Statement by 31 March 2015..

1.5 Equality Impact Assessment

- 1.5.1 The recommendation to adopt the Pay Policy Statement in Annex 1 has a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.6 Policy Considerations

- 1.6.1 HR Policy

1.7 Recommendations

- 1.7.1 It is recommended that this committee commends the pay policy in Annex 1 to this report for adoption at the Council meeting on 17 February 2015.

Background papers:

contact: Delia Gordon

Nil

Adrian Stanfield
Director of Central Services

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Annex 1

Pay Policy Statement 2015/16

Introduction

When determining remuneration levels the Council is mindful of the requirement to balance the needs of managing scarce public resources with the need to secure and retain high-quality employees. The Council aligns its reward strategy with organisational needs by an emphasis on cash rewards, and ensuring that pay is determined by job requirements. The Council aims to operate a consistent and equitable organisation-wide reward system by placing the responsibility for remuneration decisions with a committee of elected councillors, the General Purposes Committee, and the responsibility for administering the pay policy within the Council's Personnel team.

Section 38 (1) of the Localism Act 2011 requires the council to prepare an annual pay policy statement for 2015/16. The Act specifies that the following must be included in the pay policy statement:

- the level and elements of remuneration for each chief officer
- the policy on the remuneration of chief officers on recruitment
- increases and additions to their remuneration including performance related pay, bonuses, charges, fees, allowances, benefits in kind and termination payments
- a definition of the "lowest paid employees" and the policy on the remuneration of this group
- the policy on the relationship between the remuneration of its chief officers and other officers
- policy on re-employing someone who has been made redundant.

This statement will be published on the Council's website.

Section 1 – Remuneration of statutory and non-statutory Chief Officers and Deputy Chief Officers

The term "chief officer" within The Localism Act includes both statutory and non-statutory chief officers, and their deputies. The actual remuneration for these roles is available on the Council's website

(<http://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/transparency-senior-salaries>)

The salary scales for the statutory and non-statutory Chief Officers and Deputy Chief Officers in post in March 2015 is set out below.

No of chief officers	Grade	% of M2 benchmark	Pay Point Range
13	M6	56.0%	141- 144
9	M5	61.0%	147 - 150

3	M4	70.0%	151- 154
4	M2a	97.5%	181- 184
1	M1	125.0%	191- 194

Fee for acting as the Returning Officer

Tonbridge & Malling Borough Council is required to appoint a Returning Officer by virtue of section 35 of the Representation of the People Act 1983. In Tonbridge & Malling, the Chief Executive has been appointed as the Returning Officer. This is a personal appointment, separate from their other duties. In this capacity they are the Returning Officer for UK Parliamentary elections and elections to the Borough Council and to Parish Councils within this Borough. The Returning Officer fee is payable for the substantial additional duties undertaken, and leadership required of the Returning Officer in planning, delivering and undertaking the elections, and recognises the personal nature and personal responsibility of the role of the Returning Officer.

For Borough and Parish Council elections, the Returning Officer fee is calculated in accordance with an agreed Kent Scale of Fees. For National and European elections the fee rate is set by central government. Parliamentary, Borough and Parish & Town Council elections are scheduled for May 2015.

Section 2 – Remuneration of the lowest paid employees

In compliance with Section 38 of the Localism Act, for the purposes of this statement the “lowest paid employee” has been defined as those who are engaged as a Scale 1 clerical worker, i.e. those occupying the most technically unskilled full time positions within the Council. Individuals employed on this basis have made the transition from an apprenticeship to an “entry level” clerical post. In 2015/16 it is anticipated that there will be 1 such post with an annual salary in the region of £13,500.

Section 3 – Decision on pay

The pay of all council employees (including chief officers) is determined by the evaluated grade of the post. The pay band for most jobs within the council (including chief officers) is very narrow, based on 3 or 4 incremental points. Progression through the pay band is based on length of service, subject to the achievement of expected performance standards, and thus recognises development in a role over time based on the accumulation of experience and knowledge. It is anticipated that during 2014/15 the total number of permanent and fixed term contract staff on the Council’s payroll will be approximately 285 in any one month.

The Council has not adopted the national local government job evaluation or grading schemes but has developed a locally negotiated framework that more closely reflects its own particular requirements. Within this framework there are two remuneration “families”. The first has been developed for the Council’s professional and senior managerial cohorts, and includes chief officers. The second is for supervisory, technical and clerical staff.

All staff (including chief officers) are appointed to the organisation at the bottom of the grade, unless there are exceptional circumstances based on business need.

Annual Pay Award

The salary of all council employees (including chief officers) may increase annually by an annual pay award which is locally determined taking into consideration:

- “caps” on public sector pay rates set by the Government
- the council’s ability to pay
- inflation levels
- the “going rate” of pay awards in neighbouring authorities and nationally
- recruitment and retention levels.

Section 4 – Pay structure and pay relationships.

The Code of Recommended Practice for Local Authorities on Data Transparency September 2011 requires that there is a process established to monitor the rate of growth of senior earnings compared to all other employees in the organisation. During 2015/16 there will be a multiple of approximately 8.30 between the base level salary of the Chief Executive and a scale 1 clerical officer, reflecting the differences in skill sets, complexity and span of control from the lowest to the highest paid employees of the Council.

The total salary for the post of Chief Executive is in the region of £109,600. The median full time equivalent salary for all other employees in Tonbridge & Malling Borough Council is in the region of £25,000, the mean full time equivalent salary is in the region of £29,500. The pay multiple is therefore approximately 4.35 against the median and just over 3.71 against the mean.

The Council’s bespoke grading structure for employees with professional and specialised high level skill sets is entitled the “M” grade framework. All those referred to as chief officers within this pay policy statement fall within the “M grade” framework.

A feature of the M grade framework is that the remuneration levels for all M grade posts (including those of chief officers), are fixed as a percentage of a notional benchmark grade M2. Therefore, the grading structure specifies the pay multiples attached to each grade as a percentage of the lowest

incremental point of a notional benchmark M2. Posts are positioned within the M grade framework on the basis of the required specialist knowledge, professional skills, depth of professional and managerial judgement, and managerial span of control. Broadly speaking the range of capabilities required for junior M grade posts (M9 – M7 inclusive) equate to professional and/or managerial capability equivalent to Level 6 of the National Qualifications Framework (NQF). Those occupying senior managerial posts graded M6 to M2 are required to possess **both** professional and managerial skill sets equivalent to Level 7 of the NQF. All four director level chief officer posts are graded as M2a. The professional and managerial capabilities **and** span of control required at director level broadly equate to level 8 of the NQF. A Level 8 degree of professional and managerial expertise is also required for the post of the Chief Executive. This, alongside the extensive span of control intrinsic to the role of paid head of service for the entire Council workforce, merits the grade of M1.

Supervisory, technical and clerical grades

The council has developed a bespoke grading structure for its supervisory, technical and clerical staff that ranges from the grade of senior officer to clerical scale 1. Broadly speaking the managerial, professional and skill set required for posts graded Senior Officer equate to Level 5 of the NQF, posts graded scale 5-6 equate to Level 4 of the NQF, posts graded scale 3-4 to Level 3 of the NQF, posts graded scale 1-2 require a Level 2 skill set and those at entry level scale 1 at Level 1 of the NQF.

The Council considers that the relationship between the base salaries of its highest and lowest paid employees, as well as the relationship between the highest paid and the mean and medial salaries of the entire workforce, represents an appropriate, fair and equitable internal pay relationship.

Section 5 – Policies common to all employees

The following elements of remuneration are determined by corporate policies or arrangements which apply to all permanent employees of the Council (including its chief officers and deputy chief officers), regardless of their pay level, status or grading. Full details on any of the policies listed below can be provided on request.

The Council aims to have a streamlined and transparent pay structure and therefore it does not pay additional one off bonuses, market premiums, location allowances, subsidy towards child care costs or special awards for any staff (including chief officers). Pension contributions for all employees opting to join the Local Government Pension Scheme are nationally determined.

Payments on termination of employment

According to the Local Government (Early Termination of Employment)(Discretionary Compensation)(England and Wales) Regulations 2006 the Council has the power to make discretionary payments on early termination of employment. The Council has determined that it will calculate payments made to any eligible employee (including chief officers) who are made redundant or who depart on the grounds of the efficiency of the service by using the Government's statutory redundancy payment calculator formula and the employee's actual weekly pay. For those who depart on the grounds of redundancy or efficiency of the service, or who chose to retire "early", the Council does not increase the employee's total pension scheme membership or award additional pension. This response to the Local Government Pension Scheme (Administration) Regulations 2008 applies to all employees, including chief and deputy chief officers.

The Council's policy is that it does not re-employ anyone (including chief or deputy chief officers) who has left with a severance or redundancy payment, nor does it re-engage them on a self-employed basis with a contract for services.

Car allowances

For those posts where it is deemed that there is an essential requirement for the post holder to use a car to perform their job, and they are expected to travel in excess of 2,500 miles per annum in the course of their duties, the post holder either receives a lump sum allowance to contribute towards the associated running costs of the car in accordance with the rates previously set by the National Joint Council or they are allocated a lease car, or they receive a cash equivalent payment as an alternative to a lease car. Those who drive leased cars are required to make their leased car available for the use of all Council employees possessing a suitable driving licence, if so required, (the Council has the appropriate insurance cover).

Telephone allowances

Those employees who are deemed to be essential users of mobile telephones are either supplied with a mobile telephone for council related activities, or receive a mobile telephone allowance

Professional fees

Annual professional subscription fees to one relevant professional body are reimbursed to those employees where it is deemed an essential requirement for the post holder to belong to a professional institute.

Reimbursement of removal/relocation costs on appointment and mortgage subsidy scheme

The Council's relocation and mortgage subsidy schemes provide financial assistance (within pre-defined limits) to employees who re-locate from outside

a reasonable travel area to the Borough to take up an appointment with the Council.

Subsistence Allowance

The Council reimburses expenditure on meals, accommodation, and any other expenses necessarily (within pre-defined limits) incurred by employees who have to be away from home on Council business.

Standby and call out allowances

Any employee who is required to undertake standby and call-out duties will be paid at the appropriate rate in accordance with the negotiated policy and payment rate for their role.

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

02 February 2015

Report of the Chief Executive

Part 1- Public

Delegated

1 BOUNDARY REVIEW OF KCC ELECTORAL DIVISIONS

To outline the current review of the KCC Electoral Divisions, and to approve the response to the current consultation on electoral arrangements for the County Council.

1.1 Background

1.1.1 The Local Government Boundary Commission for England (LGBCE) are undertaking a review of the KCC electoral divisions (the County equivalent of Wards). The intention is to make any changes in readiness for the next scheduled elections in May 2017.

1.1.2 The overall timetable is as follows:

- 1) Completed December 2014
Preliminary period, to consider the proposed new Council size. KCC submitted a preference for single-member wards, and a preference to retain 84 councillors.
- 2) 9 December 2014 to 2 March 2015
Consultation on division arrangements. This is the opportunity for interested parties to submit potential electoral arrangements for the whole or part of the county. These proposals will then be considered by the LGBCE, with draft recommendations being produced by them thereafter.
- 3) 12 May 2015 to 6 July 2015
Consultation on draft recommendations.
- 4) 29 September 2015
Final recommendations, following consideration of previous consultations.

1.1.3 The current stage is the consultation on division arrangements. This is a complex and time-consuming task, and in reality requires consideration of the whole of Kent if we were to consider putting a proposal forward.

1.2 Response to the current consultation

- 1.2.1 At present, all county divisions within Tonbridge & Malling are coterminous with ward boundaries. It is important that any new county divisions remain coterminous, as it makes for more effective and convenient local government – for electors knowing who their councillors are, for Councillors understanding their Borough counterparts, and for administration of elections.
- 1.2.2 I therefore recommend that TMBC submit the response to the LGBCE consultation as set out below.

The KCC County Divisions within the Borough of Tonbridge & Malling are currently coterminous with our wards. This has proven to lead to more effective and convenient local government. Electors are able to identify their County and Borough Councillors more readily, County Councillors are able to work more closely and effectively with their local Borough counterparts, and elections are more effectively and efficiently managed.

We therefore propose that any new County Divisions also be coterminous with local Borough and District wards, and be based on the new wards that take effect within Tonbridge & Malling at the May 2015 elections.

1.3 Legal Implications

- 1.3.1 None. There is no legal requirement to respond to this consultation. However, doing so will help ensure the best interests of our residents are represented in the review of County electoral divisions.

1.4 Financial and Value for Money Considerations

- 1.4.1 There is no financial cost to TMBC to responding to this consultation in this way.

1.5 Equality Impact Assessment

- 1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.6 Recommendations

- 1.6.1 Members are invited to **approve** the response from TMBC to the consultation on KCC electoral divisions, as set out below paragraph 1.2.2.

Background papers:

contact: Richard Beesley

Nil

Julie Beilby
Chief Executive

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

02 February 2015

Report of the Chief Executive

Part 1- Public

Delegated

1 PAY AWARD 2015

Summary

This report requests Members to give consideration to the matter of a pay award for employees for 2015/16; and recommends a 1% pay award effective from 1 April 2015 subject to final ratification of the Council's 2015/16 budget by Full Council.

1.1 Introduction

- 1.1.1 Council employees have a term in their contracts which reads "your salary will be revised on 1 April each year by an amount determined by the Authority having regard to movements in the Retail Price Index, comparative pay settlements and prevailing economic conditions."
- 1.1.2 The last increase in employees' salaries was an award in June 2014 of 1%, backdated to 1st April 2014.
- 1.1.3 This report considers a range of factors that are relevant to the issue of a pay award for 2015/16.

1.2 Prevailing Economic Conditions

- 1.2.1 Whilst the UK economy continues to show signs of recovery, most economic commentators continue to predict that the rate of growth for the foreseeable future will be slow, not least because of the impact of the Government's on-going reductions in public expenditure.
- 1.2.2 Members will also be aware of the on-going requirement of the Medium Term Financial Strategy to make savings of approximately £1.5M over the next four years.

1.3 Comparative Pay Settlements

- 1.3.1 Kent Authorities are currently considering the issue of a pay award within the context of the continued Government's continued expectation of a 1% cap on public sector pay.
- 1.3.2 Those Councils that are not tied to the nationally agreed pay scales are currently considering increases averaging 1% for 2015/16.
- 1.3.3 Sevenoaks, Gravesham and Medway remain tied to the national collective bargaining process which, following protracted negotiations, resulted in agreement being reached on a 'two year' pay award which it is reportedly worth 2.2% overall. The agreement will be implemented from 1st January 2015 and will run until 31st March 2016.
- 1.3.4 By way of context, latest UK Labour Market Statistics published by the Office for National Statistics show that average earnings in the UK (covering both private and public sector pay inflation) increased by 1.4 per cent in the year to October 2014.

1.4 Retail Price Index

- 1.4.1 The latest inflation figures have very recently been published. The long-standing measure of UK inflation, RPI, stood at a rate of 1.6% for December 2014 and the RPIJ (the amended "Jevons" RPI measure) rate of increase in December was 1%.
- 1.4.2 The Government's preferred measure of inflation, the Consumer Price Index (CPI), reduced to 0.5% in December 2014, its lowest level for many years. In November, the figure had been 1%.
- 1.4.3 According to Economic analysts, inflation is expected to stay around 1.0% over the next 12 months.

1.5 General Discussion

- 1.5.1 The factors that are relevant to a consideration of a pay award have been identified in the previous sections of this report. The impact of pay restraint over a number of years and the current rate of inflation favours a similar level of pay award.
- 1.5.2 However, the overriding imperative for the Council is to contain its expenditure on salaries in order to retain a stable employment position that, in turn, will be to the overall benefit of staff, continue the delivery of good quality services and help to achieve a balanced budget. It is worth adding that in the current financial climate the Council has effectively no options for raising the revenue that would be required to fund an 'inflation-proof' pay award that would not impact adversely on council tax payers and those who pay for the use of Council services.

- 1.5.3 The Council's employees have been fully informed of the financial challenges facing the Council, via both the JECC and through Unison.
- 1.5.4 A provision for a pay award in 2015/16 was made in the Medium Term Financial Strategy in line with the Government's 'cap' on public sector pay, and I feel that it continues to be appropriate to consider a measured award in recognition of the continuing efforts of staff to 'do more with less', particularly given the awards being considered elsewhere in Kent and the National Employers settlement.
- 1.5.5 In addition, an award, albeit modest, would reinforce a message of support and encouragement to our staff who continue to face significant challenges in dealing effectively with the implications of overall cost reduction through shared services, deletion of posts and the prospect of future change as the transformation agenda is expanded.

1.6 Legal Implications

- 1.6.1 The Council has a contractual requirement to review our salary levels annually but has no obligation to increase them by any set amount or in response to movement in the RPI, RPIJ or the CPI.

1.7 Financial and Value for Money Considerations

- 1.7.1 I believe that the recommended 1% pay award for 2015/16 is an appropriate response in the light of the Council's budget position.
- 1.7.2 Financial provision in the Revenue Budget for 2015/16, subject to confirmation by Full Council, assumes a 1% pay award (in line with the Government's 'cap'). The recommended 1% award would therefore be 'within budget'.

1.8 Risk Assessment

- 1.8.1 I see no significant risk in the recommendation. However, the Council will need to closely monitor movements in pay awards in future years not only amongst neighbouring authorities but also in the private sector as there is a slight risk that some staff, whom it may be in the Council's interest to retain for the future, may be attracted to the potentially higher rewards of the private sector.

1.9 Equality Impact Assessment

- 1.9.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.10 Policy Considerations

- 1.10.1 Human Resources

1.11 Recommendations

1.11.1 I **RECOMMEND**, subject to final ratification of the Council's 2015/16 budget by Full Council, a 1% pay award for the 2015/16 financial year, payable from 1 April 2015.

Background papers:

contact: Julie Beilby

Nil

Julie Beilby
Chief Executive

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

02 February 2015

Report of the Director of Finance and Transformation

Part 1- Public

Delegated

1 ACCOUNTING POLICIES FOR 2014/15 FINANCIAL STATEMENTS

This report presents the Accounting Policies proposed for the 2014/15 Financial Statements.

1.1 Introduction

1.1.1 The Accounting Policies to be used in the preparation of the Financial Statements are attached at **[Annex 1]** for Members' consideration and approval.

1.1.2 The Accounting Policies were presented to the Audit Committee on 26 January 2015 and Members will be updated at the meeting of the outcome of its consideration of the Accounting Policies.

1.1.3 The only change is as a result of Grant Thornton's recommendation following the audit of the 2013/14 Accounts in respect of the interim revaluation of assets. The intention is to ask the Council's external valuers to provide a valuation of the asset category subject to revaluation in year and also interim valuations in respect of our major assets, i.e. council offices leisure premises and car parks where appropriate. The new accounting policy can be found below.

Land and Buildings

The Borough Council has a policy of revaluing its property assets on a rolling programme such that the intervals between valuations do not exceed 5 years. The programme is as follows:

<i>Asset Category</i>	<i>Year of Valuation</i>	
<i>Properties for Community Use</i>	<i>2008/09</i>	<i>Completed</i>
<i>Public Conveniences</i>	<i>2009/10</i>	<i>Completed</i>
<i>Council Offices</i>	<i>2010/11</i>	<i>Completed</i>
<i>Car Parks</i>	<i>2011/12</i>	<i>Completed</i>
<i>Leisure Premises</i>	<i>2012/13</i>	<i>Completed</i>
<i>Properties for Community Use</i>	<i>2013/14</i>	<i>Completed</i>

In addition to the valuation of the asset category above the Code requires the Council to consider material changes in other assets not due for revaluation in year under the five year rolling programme. The Council's external valuers will undertake interim valuations in respect of our major assets, i.e. council offices, leisure premises and car parks where appropriate. Where the interim valuation shows a movement of £100,000 or more the Balance Sheet values will be updated accordingly. The Council's external valuers will also advise annually on any further work required to identify material changes in asset valuations.

The valuations reviews are carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institution of Chartered Surveyors (RICS) and based on the market value for existing use or where a market value cannot be determined as the property is of a specialist nature the depreciated replacement cost. The method used will be explained in the notes to the Accounts. Items of plant that are integral to the operation of a building are included in the valuation for that building.

All buildings are subject to straight line depreciation over their estimated useful lives which range between 15 and 50 years depending on the building. In accordance with the Code land is not depreciated.

The Note to the Core Financial Statements in respect of Non-Current Assets provides details of the asset class, Land and Buildings, rather than for each of the categories listed above that make up that asset class. This departure from the requirements of the Code has no financial impact and is not considered to detract from the message being given to the reader of the accounts.

Under the Code the Council is required to consider componentisation of significant parts of an asset, where they are of a material financial nature or have significantly differing life expectancies. The Council, following a review of the property, plant and equipment asset registers has decided that the Council's offices and major leisure facilities will be the subject of componentisation if the replacement value of the component is in excess of £100,000.

1.2 Legal Implications

- 1.2.1 Under the Code the Council is required to prepare and follow Accounting Policies for its Financial Statements.

1.3 Financial and Value for Money Considerations

- 1.3.1 None.

1.4 Risk Assessment

- 1.4.1 Failure to follow Accounting Policies could result in misrepresentation of the Financial Statements and ultimately qualification of the Accounts.

1.5 Equality Impact Assessment

1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.6 Recommendations

1.6.1 The Committee is requested to:

- 1) **Approve** the Accounting Policies to be used in the preparation of the Financial Statements as set out at **[Annex 1]**.

Background papers:

contact: Paul Worden

Nil

Sharon Shelton
Director of Finance and Transformation

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1. ACCOUNTING POLICIES

a) General

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year-end. The Accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15*. The Code is based on a hierarchy of approved accounting standards:

- International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB).
- International Accounting Standards (IAS) approved by the International Accounting Standards Committee (IASC).
- Interpretations originating from the International Financial Reporting Interpretations Committee (IFRIC).
- Interpretations originating from the Standing Interpretations Committee (SIC).
- International Public Sector Accounting Standards (IPSAS) approved by the International Public Sector Accounting Standards Board (IPSASB).
- Financial Reporting Standards (FRS) approved by the Accounting Standards Board (ASB).
- Statements of Standard Accounting Practice (SSAP) approved by the Accounting Standards Committee (ASC).
- Urgent Issues Task Force's (UITF) Abstracts.

The accounting convention adopted for the preparation of these Accounts is an historical cost basis modified for the revaluation of certain categories of assets.

b) Qualitative Characteristics of Financial Information

- Relevance - in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the objective of the principal statements is to provide information on the Council's financial performance that is useful for assessing the stewardship of public funds and for making economic decisions.
- Reliability - the financial information can be depended upon to represent accurately the substance of the transactions that have taken place. The Accounts are unbiased, free from material error, have been prepared in a prudent manner and have included all issues that would assist users to make adequate decisions on the Council's financial standing.
- Comparability - the Accounts contain comparative information about the Council so that performance may be compared with a prior period.
- Understandability - although a reasonable knowledge of accounting and local government is required, all efforts have been made in the preparation of the financial statements to ensure that they are as easy to understand as possible.
- Materiality - an item of information is material to the Accounts if its misstatement or omission might reasonably be expected to influence assessments of the Council's stewardship and economic decisions.

c) Accounting Concepts

- Going concern – it is assumed that the Council will continue in operational existence for the foreseeable future and accordingly the Accounts have been prepared on a going concern basis.
- Accruals - the financial statements, other than the Cash Flow Statement, have been prepared on an accruals basis. The accruals basis requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.
- Primacy of legislation - local authorities derive their power from statute and their financial and accounting framework is closely controlled by legislation. Where there is conflict between a legal requirement and an accounting standard, the legal requirement will take precedence.

d) Accruals of Income and Expenditure

Income and expenditure is accrued to ensure it is accounted for in the period to which it relates. Exceptions to this principle, for example, are electricity, gas and similar periodical payments which are charged at the date of meter reading rather than being apportioned between financial years; and penalty charge notices and licensing fees which are accounted for on the day of receipt. This policy is consistently applied each year and its effect on the Accounts is not considered to be material.

e) Assets Held for Sale

Non-current assets that have been identified for sale by the Council will be reclassified as current assets when the asset is being actively marketed and has a high probability of sale within twelve months of the Balance Sheet date.

f) Cash and Cash Equivalents

Internally managed investments of three months or less from the date of acquisition will be recognised as cash equivalents (short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value). Externally Managed funds normally comprise of investments that cannot be easily realised and are excluded from this heading.

g) Council Tax and National Non-Domestic (Business) Rates

The Council is a billing authority which is required to bill local residents and businesses for Council Tax and National Non-Domestic Rates respectively. The Council acts as an agent for Kent County Council, Police and Crime Commissioner for Kent and Kent Fire and Rescue in respect of Council Tax and as such the Accounts show the amount owed by and to taxpayers in respect of our proportion of the Council Tax and the major precepting authorities as a net debtor or creditor.

Similarly, the Council acts as an agent for the Government, Kent County Council and Kent Fire and Rescue in respect of Business Rates and as such the Accounts show the amount owed by and to taxpayers in respect of our proportion of the Business Rates and the other bodies covered by the Business Rates Retention scheme as a net debtor or creditor.

In addition, the Comprehensive Income and Expenditure Statement includes our share of the Collection Fund surplus/deficit for the year in respect of Council Tax and Business Rates, which is subsequently reversed within the Movement in Reserves Statement to the Collection Fund Adjustment Account in the Balance Sheet.

h) Contingent Assets and Liabilities

Contingent assets should not be recognised in the accounting statements, they should be disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures should indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent liabilities should not be recognised in the accounting statements, they should be disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability the Council should disclose the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

i) Debt Write-Off

The Director of Finance and Transformation approves and or recommends the write-off of debt where efforts to collect the sums have failed and any further action would be uneconomic or impractical or in the opinion of the Director of Finance and Transformation there is a valid reason for not pursuing the debt. In order to mitigate the financial impact of write-offs the Director of Finance and Transformation makes an impairment allowance taking into account the size and age of the debt outstanding and the likelihood of recovery.

j) Employee Benefits

Under the Code employee benefits are accounted for when the Council is committed to pay an employee. Employee benefits are split into three categories.

Benefits Payable during Employment

This covers:

- Short-term employee benefits, such as salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees.
- Benefits earned by current employees, but payable twelve months or more after the end of the reporting period (e.g. long-service awards).

Termination Benefits

This covers costs that are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are often lump-sum payments, but also include enhancement of retirement benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the entity.

In the event of notice of termination being served on an employee the known liability is recognised at the earlier of when the authority can no longer withdraw the offer of these benefits or when the

authority recognises the costs of a restructure will involve the payment of termination benefits, any enhanced retirement benefits paid by the employer are accounted for on a cash basis.

Post-Employment Benefits

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time employees earn their future entitlement. The Local Government Pension Scheme is administered locally by Kent County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Under IAS 19, the employer recognises as an asset or liability the surplus / deficit in a pension scheme. The surplus / deficit in a pension scheme is the excess / shortfall of the value of assets when compared to the present value of the scheme liabilities. A prerequisite of the introduction of IAS 19 was that it did not impact on taxation requirements. Where the contributions paid to the pension scheme do not match the change in the Council's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from a pension reserve. The Balance Sheet will show the net pension asset or liability and an equivalent pension reserve balance.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The next formal valuation is due on 31 March 2016. **The outcome of the 2013 valuation is to take effect from 1 April 2014.**

k) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Accounts are authorised for issue.

The authorised for issue date can be either:

- When the responsible Financial Officer certifies that the Accounts present a 'true and fair view' which should be by no later than the 30 June.
- When the Accounts are approved by Members and published with the audit opinion and certificate which should be by no later than 30 September.

Events arising after the Balance Sheet date and before either of the two dates above will be reflected in the Accounts if they provide additional evidence of conditions that existed at the Balance Sheet date and materially affect the amounts to be included (adjusting events). Such events:

- could materially alter an estimate of, for example, debtors, creditors or an impairment allowance previously identified in the accounting processes;
- could substitute a materially different actual figure for an estimate; or
- could reflect a permanent impairment or betterment in the financial position, but only where the originating event took place prior to the year-end and the amounts are considered material to the Accounts.

l) Exceptional Items and Prior Period Adjustments

Exceptional items, when they occur, are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the Accounts. A description of each exceptional item is given within the notes to the Accounts.

Prior period adjustments arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions for the year in which they are identified and are accounted for accordingly. Material adjustments applicable to prior periods arising from changes in accounting policies or from the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period and adjusting the appropriate opening balances for the cumulative effect.

m) Financial Instruments

Financial instruments are broken down between financial assets (cash, investments and some categories of debtors) and financial liabilities (loans payable and some categories of creditors).

Debtors and creditors are measured at fair value and are carried in the Balance Sheet at amortised cost.

Investments are broken down in two ways. Firstly, by maturity, in that any investment with a maturity date of more than 364 days after the Balance Sheet date will be classed as long-term and less than as short-term; and secondly by class of asset such as loans and receivables or available-for-sale.

Loans and receivables are assets that have fixed or determinable payments, but are not quoted in an active market, these are measured at fair value and are carried on the Balance Sheet at amortised cost.

Available-for-sale assets have a quoted active market price and do not have fixed or determinable payments. These are measured and carried on the Balance Sheet at fair value using determinations from our Fund Manager.

Accrued interest is shown as part of the investment balance. This is a departure from the Code which requires accrued interest to be shown as part of the debtors balance. Accrued interest receivable within 364 days of the Balance Sheet date will be recognised as part of the short-term investment balance on the Balance Sheet, irrespective of the date of maturity of the investment.

Realised gains and losses in relation to investments are recognised within the Comprehensive Income and Expenditure Statement under interest and investment income. Unrealised gains and losses are recognised in the Balance Sheet under the appropriate investment heading offset by an adjustment to Available-for-Sale Financial Instruments Reserve.

n) Foreign Currency Transactions

Any gains or losses arising from exchange rate fluctuations will be charged to the Comprehensive Income and Expenditure Statement in the year of payment or receipt.

o) Government Grants and Other Contributions

Revenue grants received are accrued and credited to the Comprehensive Income and Expenditure Statement in the same period as the related expenditure was incurred.

Grants specific to a service will be shown against that service expenditure line. General grant, e.g. Revenue Support Grant and New Homes Bonus are credited and disclosed separately in the Comprehensive Income and Expenditure Statement under taxation and non-specific grant income.

Capital grants and contributions (such as Section 106 developer contributions) received will be credited in full to the Comprehensive Income and Expenditure Statement on receipt where there are no conditions attached to its use and in the year that the capital expenditure is incurred where there are conditions attached to its use.

p) Inventories

Inventories are valued at the latest price paid. This is a departure from the requirements of the Code and IAS 2 (Inventories), which require stocks to be shown at actual cost or net realisable value, if lower. The difference in value is not considered to be material.

q) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease. A definition of a lease includes hire purchase arrangements.

Finance Leases

The Council currently has no finance lease arrangements where it is the lessor or where it is a lessee other than in respect of what is termed embedded leases as explained below.

Embedded leases are where assets, although not owned by the Council, are used primarily by the Council for service delivery. An example of this would be vehicles used by the Council's Refuse Collection and Recycling and Street Cleansing contractor. In this case an estimated value and useful life has been used. Assets are recognised in the Balance Sheet at the net depreciated value and offset by a deferred liability.

Operating Leases

Lease payments under an operating lease shall be recognised as income or an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the benefits received by the Council where the Council is a lessor or lessee respectively.

r) Non-Current Assets

The Council has set a de-minimis level of £5,000 for the purposes of capital expenditure. In the case where the individual value of an item, e.g. computer is below the de-minimis level, but the aggregate value of similar items purchased in the year exceed the de-minimis level the expenditure may be treated as capital expenditure.

Property, Plant and Equipment

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services or for administrative purposes and expected to be used during more than one period.

Property, plant and equipment is split into five classes as described below.

Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets
Community Assets	Assets Under Construction	

The policy for each type of asset is explained below.

Land and Buildings

The Borough Council has a policy of revaluing its property assets on a rolling programme such that the intervals between valuations do not exceed 5 years. The programme is as follows:

Asset Category	Year of Valuation	
Properties for Community Use	2008/09	Completed
Public Conveniences	2009/10	Completed
Council Offices	2010/11	Completed
Car Parks	2011/12	Completed
Leisure Premises	2012/13	Completed
Properties for Community Use	2013/14	Completed

In addition to the valuation of the asset category above the Code requires the Council to consider material changes in other assets not due for revaluation in year under the five year rolling programme. The Council's external valuers will undertake interim valuations in respect of our major assets, i.e. council offices, leisure premises and car parks where appropriate. Where the interim valuation shows a movement of £100,000 or more the Balance Sheet values will be updated accordingly. The Council's external valuers will also advise annually on any further work required to identify material changes in asset valuations.

The valuations reviews are carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institution of Chartered Surveyors (RICS) and based on the market value for existing use or where a market value cannot be determined as the property is of a specialist nature the depreciated replacement cost. The method used will be explained in the notes to the Accounts. Items of plant that are integral to the operation of a building are included in the valuation for that building.

All buildings are subject to straight line depreciation over their estimated useful lives which range between 15 and 50 years depending on the building. In accordance with the Code land is not depreciated.

The Note to the Core Financial Statements in respect of Non-Current Assets provides details of the asset class, Land and Buildings, rather than for each of the categories listed above that make up that asset class. This departure from the requirements of the Code has no financial impact and is not considered to detract from the message being given to the reader of the accounts.

Under the Code the Council is required to consider componentisation of significant parts of an asset, where they are of a material financial nature or have significantly differing life expectancies. The Council, following a review of the property, plant and equipment asset registers has decided

that the Council's offices and major leisure facilities will be the subject of componentisation if the replacement value of the component is in excess of £100,000.

Vehicles, Plant and Equipment

Vehicles, Plant and Equipment, other than plant that is integral to the operation of a building, are recognised in the Balance Sheet at historic cost and are subject to straight line depreciation over a period of between 2 and 30 years.

Infrastructure Assets

These are non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of Infrastructure Assets are footpaths and signage.

These assets are carried on the Balance Sheet at historic cost and are not subject to revaluation. These assets are subject to straight line depreciation over a period of between 3 and 40 years.

Community Assets

These are non-current assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of Community Assets are parks and open spaces.

These assets are carried on the Balance Sheet at historic cost and are not subject to revaluation or depreciation.

Assets under Construction

This covers assets not yet ready for operational use, but expected to be operational within twelve months of the Balance Sheet date. Assets under Construction are not subject to revaluation or depreciation.

Heritage Assets

Heritage assets are defined as a tangible or intangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture.

Heritage assets where the Council holds information on their cost or value, via insurance or valuation records are to be recognised on the Balance Sheet. Where the Council does not hold information on the cost or value and it is considered that the cost of obtaining this information outweighs the benefit to the reader of the accounts such details as the Council holds are to be included in the notes to the financial statements.

The value of Heritage assets recognised on the Balance Sheet is to be subject to review at intervals not exceeding 5 years.

Heritage assets are not subject to depreciation.

Investment Property

Investment property is property (land and / or buildings) held solely to earn rental income or for capital appreciation, or both.

Investment property is initially recognised at cost, but is subject to valuation at fair value at the end of each accounting period with gains/losses recognised in the Comprehensive Income and Expenditure Statement. However, due to the nature and size of the portfolio held full valuation reviews are carried out once every five years or earlier where there is a material change in value.

Investment property is not subject to depreciation.

Intangible Assets

These are non-current assets that do not have physical substance, but are identifiable and controlled by the Council through custody or legal rights. Intangible Assets held by this Council currently consist of IT software and associated costs.

Intangible Assets are recognised on the Balance Sheet at historic cost, are not subject to revaluation, but are amortised over their useful economic life assessed to be 5 years for IT software and associated costs.

Impairment of Non-Current Assets

A review for impairment of a non-current asset whether carried at historical cost or valuation should be carried out if events or changes in circumstances indicate that the carrying amount of the non-current asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in a non-current asset's market value during the period;
- evidence of obsolescence or physical damage to the non-current asset;
- a significant adverse change in the statutory or other regulatory environment in which the Council operates; and
- a commitment by the Council to undertake a significant reorganisation.

In the event that impairment is identified the value will either be written off to the revaluation reserve, where sufficient reserve levels for that asset exist or written off to revenue through the Comprehensive Income and Expenditure Statement. Any impairment at the Balance Sheet date is shown in the notes to the core financial statements, along with the name, designation and qualifications of the officer assessing the value of the impairment.

Gains or Losses on Disposal of Non-Current Assets

When an asset is disposed of or de-commissioned, the net book value of the asset and the receipt from the sale are both charged to the Comprehensive Income and Expenditure Statement which could result in a net gain or loss on disposal.

Receipts in excess of £10,000 are categorised as capital receipts. The receipt is required to be credited to the usable capital receipts reserve and can only be used to finance capital expenditure. Receipts below £10,000 are considered de-minimis and treated as revenue.

The net gain or loss on disposals has no impact on taxation requirements as the financing of non-current assets is provided for under separate arrangements.

s) Overheads

The majority of management and administrative expenses, including buildings, are allocated to Services. Costs of Support Services are allocated on the basis of estimated time spent by officers on Services and costs of buildings are apportioned on a floor area basis. The costs of Corporate Management and Democratic Core, resulting from the Council being a multifunctional organisation, are allocated to a separate objective head and, in accordance with the Code, are not reapportioned.

t) Provisions

The Council sets aside provisions for liabilities or losses that are either likely to, or certain to be incurred, but uncertain as to the amount or the date on which they will arise.

Provisions are recognised when:

- the Council has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

u) Reserves

The Council maintains both general and earmarked reserves. General reserves are to meet general rather than specific future expenditure and earmarked reserves, such as the building repairs reserve are for specific purposes. No expenditure is charged directly to a reserve, but is charged to the service revenue account within the Comprehensive Income and Expenditure Statement, this is then offset by a reserve appropriation within the Movement in Reserves Statement.

v) Revenue Expenditure Funded from Capital Under Statute

This is expenditure of a capital nature on non-current assets not owned by the Council, for example house renovation grants. Under the Code this is revenue expenditure and as such the expenditure is charged in full to the relevant service revenue account in the Comprehensive Income and Expenditure Statement in the year it is incurred. Statute, however, allows such expenditure to be funded from capital resources. In our case such expenditure is mainly funded from reserves.

w) Value Added Tax (VAT)

VAT is included within the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

Agenda Item 9

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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Agenda Item 10

The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

**ANY REPORTS APPEARING AFTER THIS PAGE CONTAIN EXEMPT
INFORMATION**

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Agenda Item 12

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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