New Forest DISTRICT COUNCIL

NOTICE OF MEETING

Meeting:	**CABINET**
Date and Time:	**WEDNESDAY, 4 JANUARY 2017, AT 10.00 AM***
Place:	**COUNCIL CHAMBER, APPLETREE COURT, LYNDHURST**
Telephone enquiries to:	**Lyndhurst (023) 8028 5000 023 8028 5588 - ask for Jan Debnam Email: jan.debnam@nfdc.gov.uk**

PUBLIC PARTICIPATION:
***Members of the public may speak in accordance with the Council's public participation scheme:**
(a) immediately before the meeting starts, on items within the Cabinet's terms of reference which are not on the public agenda; and/or
(b) on individual items on the public agenda, when the Chairman calls that item.
Speeches may not exceed three minutes. Anyone wishing to speak should contact the name and number shown above.

Bob Jackson
Chief Executive

Appletree Court, Lyndhurst, Hampshire. SO43 7PA
www.newforest.gov.uk

This Agenda is also available on audio tape, in Braille, large print and digital format

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AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 7 December 2016 as a correct record.

2. DECLARATIONS OF INTEREST

To note any declarations of interest made by members in connection with an agenda item. The nature of the interest must also be specified.

Members are asked to discuss any possible interests with Democratic Services prior to the meeting.

3. PUBLIC PARTICIPATION

To note any issues raised during the public participation period.

4. MEDIUM TERM FINANCIAL PLAN 2017 ONWARDS (Pages 1 - 12)

To consider the development of the Medium Term Financial Plan for 2017 onwards and to be advised of the factors that will influence its delivery and that of the annual budget strategy for 2017/18.

5. STRATEGY PROPOSAL: TO INVEST IN COMMERCIAL PROPERTY (Pages 13 - 24)

To consider the development of a commercial property investment strategy.

6. MEMBERS' ALLOWANCES - SCHEME TO APPLY FROM 1 APRIL 2017 (Pages 25 - 26)

To consider the scheme to be recommended to the Council to be applied from 1 April 2017.

7. INDUSTRIAL RELATIONS COMMITTEE - FUTURE ARRANGEMENTS (Pages 27 - 30)

To consider revised arrangements for the operation of the Industrial Relations Committee.

8. THE COUNCIL TAX 2017/18 - SETTING THE COUNCIL TAX BASE

The Council approved the Tax Base for 2017/18 at its meeting on 12 December 2016. An adjustment to the Totton and Eling figure needs to take place, amending that figure from 9,148.2 properties, to 9,316.4. The whole district figure becomes 70,155.2, from the originally reported 69,987.

RECOMMENDED:

That in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Council as its tax base for the year 2017/18 be as follows;

PARISH/TOWN	TAXBASE 17/18
Ashurst & Colbury	922.7
Beaulieu	511.2
Boldre	1062.4
Bramshaw	344.8
Bransgore	1816.9
Breamore	181.2
Brockenhurst	1865.8
Burley	780.4
Copythorne	1211.5
Damerham	231.7
Denny Lodge	152.1
East Boldre	382.3
Elingham, Harbridge & Ibsley	605.7
Exbury & Lepe	112.9
Fawley	4534.6
Fordingbridge	2251.5

Godshill	224.7
Hale	260.6
Hordle	2395
Hyde	522.8
Hythe & Dibden	7360.1
Lymington & Pennington	7045.5
Lyndhurst	1444.4
Marchwood	2056
Martin	197.6
Milford on Sea	2787.8
Minstead	366.6
Netley Marsh	814.9
New Milton	10388.1
Ringwood	5225.7
Rockbourne	163.1
Sandleheath	282.6
Sopley	293.1
Sway	1688.9
Totton & Eling	9316.4
Whitsbury	101.5
Woodgreen	252.1
Whole District	**70155.2**

To: **Councillors** **Councillors**

Mrs S V Beeton
J E Binns
Mrs J L Cleary

E J Heron (Vice-Chairman)
J D Heron
B Rickman (Chairman)

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CABINET– 4 JANUARY 2017 **PORTFOLIO: FINANCE & EFFICIENCY/ALL**

MEDIUM TERM FINANCIAL PLAN 2017 ONWARDS

1. PURPOSE OF REPORT

1.1 To consider the development of the Medium Term Financial Plan (MTFP) for 2017 onwards and to consider the factors that will influence its delivery and that of the annual budget strategy 2017/18.

2. BACKGROUND

2.1 The MTFP update brought to the October meeting of the Cabinet provided a forecast on the financial position of the Council to the year 2019/20. This updated paper now provides a more up-to-date view on that forecast.

2.2 The challenge for the Council's Medium Term Financial Plan is to deliver an appropriate balance of service and budget which is sustainable in the medium term.

3. AUTUMN STATEMENT / LOCAL GOVERNMENT FINANCE SETTLEMENt

3.1 On 23 November, the Chancellor of the Exchequer presented his autumn statement. The Office for Budget Responsibility is now forecasting that borrowing will still be £20.7bn by the end of the parliament (2020/21). Under the previous chancellor, this would have led to further fiscal tightening, however the new chancellor has responded by keeping spending plans almost entirely unchanged, and will use additional borrowing to fund infrastructure investment.

3.2 For local government, the autumn statement was broadly good news because it means that it can continue to operate within the four-year guarantee that was announced last settlement (that NFDC have signed up for, along with 98% of other LA's).

3.3 The Local Government Finance Settlement for 2017/18 was announced on the 15th December 2016. The settlement honours the 4 year guarantee in terms of formula funding but a significant adjustment has been made to the New Homes Bonus funding, this is explained further below.

3.4 The October MTFP allowed for £2.216m of New Homes Bonus funding in 2017/18, reducing to £1.336m in 18/19; so a significant reduction was expected. The updated settlement diverts £240m of 2017/18 New Homes Bonus funding into Adult Social Care, and so reduces the Council's funding in 2017/18 by £726k to £1.490m, i.e. the reduction is taking place a year earlier than originally anticipated, and is more significant overall by £250k, as demonstrated by the following table;

	October MTFP	December Settlement	Change
	£'000	**£'000**	**£'000**
2016/17	2,204	2,204	0
2017/18	2,216	1,490	**-726**
2018/19	1,393	1,132	-261
2019/20	1,336	1,086	-250
4 year change	**-868**	**-1,118**	**-250**

3.5 Another unexpected feature of the settlement relating to New Homes Bonus is that a "Deadweight" factor will be introduced so that no New Homes Bonus payments will be made to a local authority whose housing growth is less than 0.4%. The NFDC tax base grew from 2016/17 to 2017/18 by 522 band D properties; equivalent to 0.75%. The minimum number of new homes for NFDC to meet the 0.4% criteria is 281.

4. THE HAMPSHIRE PENSION FUND

4.1 An actuarial review of the pension fund takes place every three years and provides an updated forecast on the position of the fund going forward. A meeting attended by the Finance & Efficiency Portfolio Holder and Service Manager for Finance took place in October 2016 at Hampshire County Council offices, with presentations being made by the County's treasury team and the fund actuary, covering the performance of the fund to 31/03/16 and giving a forecast to 2019.

4.2 The original 19.1% employers contribution was split into 2 distinct parts in 2011;

1) A fixed element based on 6% of the 2010/11 pay bill to bridge the historic deficit on the fund; this has been increasing by 8.8% PA.
2) 13.1% as the employer contribution rate for current employees who opt in to the scheme; this has been fixed at 13.1% since 2011.

4.3 As a result of the actuarial review;

1) The fixed element is to continue to increase by 8.8% annually for 2017/18 – 2019/20. In 2020/21 the increase will reduce to 3.9%.
2) The current employer rate is now set to increase by 1% PA over each of the next 4 years.

4.4 The summary of where this leaves the Council's annual pension budget requirement (General Fund and HRA) over the period to 2020/21 is shown below:

	17/18	18/19	19/20	20/21
Additional Annual Budget Requirement - £'000	317	328	340	265
Cumulative Additional Budget Requirement - £'000		645	985	1,250

4.5 The approximate split of the additional £1.250m is 87% General Fund and 13% HRA, so £1.040m and £210k respectively. The fixed element is a continuation of an annual increase, and so was already factored into the October MTFP. The current employee rate increase is new information, and so is now built into the latest budget assumptions.

5. FUNDING ASSUMPTIONS OVER THE MEDIUM TERM

5.1 The October Cabinet report assumed a reduction in grant funding over the next 3 year period amounting to £3.051m (37% reduction from 2016/17). The updated position is a forecast funding reduction of £3.274m, representing a 39% reduction from 2016/17;

<u>Business Rates</u>

5.2 A new rating list has been received, applicable from April, which means every property will receive a new rateable value. In addition, the rating multipliers will be reset, as opposed to the usual inflationary adjustment. The October report assumed an increase in base line income of £72,000 and a surplus adjustment of £600k PA for 2017/18 – 2019/20. An adjustment will be made in February once the full details of the 2017/18 base and scheme relief details are known, including an assumption on the likely current collection fund deficit.

<u>Formula Funding (Revenue Support Grant / Tariff Adjustment / New Homes Bonus)</u>

5.3 As outlined in section 3, the December 2016 Local Government Finance Settlement has resulted in a change in New Homes Bonus funding to the Council of £726k in 2017/18, and £250k overall by the end of 2019/20. The other funding streams are still broadly as expected, in line with the 4 year funding guarantee. The table below demonstrates the amounts received, in comparison to our neighbouring authorities;

	TOTAL			PER HEAD		
	2016/17	2017/18	Change	2016/17	2017/18	
	£'000's	£'000's	£'000's	£'000's	£'000's	Change
New Forest	2,205	1,490	-715	12.27	8.29	-32.44%
Basingstoke & Deane	5,290	2,857	-2,433	30.66	16.56	-45.99%
Test Valley	4,798	4,921	123	40.75	41.80	2.58%
Winchester	3,288	2,666	-622	27.87	22.60	-18.91%
Hart	2,079	2,277	198	22.29	24.41	9.51%
Rushmoor	1,999	1,456	-543	21.13	15.38	-27.21%
All Districts	485,376	413,364	-72,012	22.44	19.11	-14.84%

<u>Council Tax</u>

5.4 In December 2016, the Council agreed the Tax Base for 2017/18. The October assumption was a tax base growth at 0.3% equating to an additional £33k of Council Tax (CT). The tax base has actually grown by 0.75%, resulting in additional CT of £83k for 2017/18.

The estimated surplus on the CT collection fund for 2017/18 is £215k, an increase of £73k on 2016/17.

The October assumption of a £5 increase to band D CT remains unchanged in this report.

5.5 The latest forecast funding position is detailed within appendix 1.

6. BUDGET ASSUMPTIONS OVER THE MEDIUM TERM

6.1 The October report allowed for additional costs due to Pay & Price increases over the period to a value of £2.438m. As mitigation against this increase and the shortfall in grant funding, savings totalling £3.635m were identified.

6.2 The October report also identified New Budget Requirements for 2017/18, including a reduction in licencing income due to the nature of the income collection (5 yearly licence), and an initial forecast reduction in interest earnings, as a direct result of the reduction in base rate decreasing to 0.25% in August 2016.

6.3 In order to bridge the new budget gap as created by the December settlement and accommodate new requirements that have come to light since October, the following changes have occurred;

New Forecast Savings:

- A reduction to the Asset Maintenance & Replacement programme budget (£2.5m in 2016/17), to £2.403m for 2017/18
- Additional Income generation (£185k) and Employee savings (£40k) identified at the Health & Leisure Centres
- Additional upfront savings as a result of the Budget Stabilisation strategy - £228k
- Further savings as a result of the Senior Management Review - £70k
- The Tourism Review, resulting in a £40k saving, with further savings in years 2 and 3
- Net income generation due to Business Development projects, yielding £27k in 17/18, increasing annually thereafter

New Additional Budget Requirements:

- Pay & Reward Review - £123k, with further additional costs in year 2
- Recurring costs related to previously approved ICT projects - £85k
- Anticipated additional business rate budget requirement due to increases in the rateable values of the Offices and Depots, partially offset by reduced charges at the Health & Leisure Centres - net £23k

6.4 As shown by appendix 2, the summary position, taking into account all latest funding and budget assumptions as highlighted in this report, result in a balanced budget for 2017/18, a deficit for 2018/19 of £620k, increasing by £189k to a cumulative £809k deficit in 2019/20.

7. OVERVIEW OF SAVINGS ACHIEVED TO DATE AND OPTIONS FOR DELIVERING FUTURE SAVINGS

7.1 In delivering a balanced budget for 2017/18, the Council has had to take actions to plan financial savings of £3.9m and reduce its budget requirement by £2.2m (10.5%) in comparison to 2015/16, whilst also absorbing cost increases of £1.7m. Given that the largest element of the Council's budget is staffing, this has required a reduction in employee numbers of around 50 full time equivalents (c6% of total). This has required managing in order to avoid any significant disruptions to front line services. Senior Management and a more general reduction in managers, together with reviews of services, budgets and priorities has been the basis of achieving this reduction. The Council's policy towards redundancy and efficiency has successfully been used to manage this often difficult situation.

7.2 The savings generated by the reduction in staffing amount to £558k in 2016/17 with a further £1.065m in 2017/18, a total cumulative contribution to date of £2.181m and an ongoing saving of £1.623m. The delivery of this saving, in order to maintain essential front line services, does incur an initial cost in the form of redundancy and related costs. Over the 2 year transition period, these will total around £1.5m. This initial cost has been funded from in year savings or reserves. The decisions taken by the Council's Executive Management, working within the Council's approved policies are based on individual business cases which require payback within a maximum of 3 years. As can be seen from the figures the overall payback being achieved is nearer to 1 year. The financial details of the decisions taken are included in the Council's Annual Financial Report.

7.3 There are currently a number of service reviews underway, outside of the scope of the Budget Stabilisation Strategy, with the intention that the outcomes will close the remaining budget deficit to the period 2019/20. The reviews currently underway include:

- Building Control
- Waste & Recycling
- Tourism Service
- Health & Leisure Centres
- Enforcement Activity
- Building Works
- Transportation
- Accommodation

7.4 The progress on each review is being reported back to the relevant scrutiny panel, and financial implications will be picked up via MTFP's and Financial Monitoring Reports at the appropriate time.

8. ASSET MAINTENANCE AND REPLACEMENT / CAPITAL PROGRAMME

8.1 The Corporate Overview and Scrutiny Panel were presented with a report on 16 December 2016, confirming the proposed Asset Maintenance & Replacement (AMR) programme and Capital programme for 2017/18 including the outline budget to 2019/20. The summary revenue programme, including one change as agreed by the panel at its meeting is shown as appendix 3, and capital at appendix 4.

8.2 The 2017/18 AMR programme totals £3.198m, with £2.403m being funded within the General Fund revenue budget in line with the £2.4m resources identified, £295k relating to a Leisure Business Development project being funded via use of reserves, and a 3 year 'ICT Protect and Maintain Front Line Services' sum, predominantly funded by underspends that have occurred in 2016/17.

8.3 The General Fund capital programme totals £5.976m, with the majority funded via external funds/grants and other contributions.

8.4 The panel supported the development of the programme, and were supportive of the recommendation to Cabinet that the programme as outlined above and included as appendices 3 and 4 form part of the 2017/18 budget.

8.5 In order to meet the fiscal deadlines imposed on these projects, cabinet are recommended to also give their support to the programmes now, so that officers can commence the up-front work involved in writing up the detailed specifications and preparing tender documents, where applicable, ahead of 1 April 2017.

9. GENERAL FUND RESERVES

9.1 The table below summarises the General Fund reserves, available to support the Council's revenue and capital budgets over the medium term period as at 31/03/2016 and shows the planned use in 2016/17 and 2017/18;

	Balances 31/03/2016	**Planned Use of Reserves 2016/17**	**Planned Use of Reserves 2017/18**
	£'000's	£'000's	£'000's
General Fund Reserve	3,000		
Capital Programme Reserve	9,739		
Capital Receipts Reserve	1,567		
	14,306	**-877**	**-974**

9.2 The use of reserves includes the support of the Capital and Asset Maintenance and Replacement programmes (2017/18 subject to approval at section 13), and for 2016/17 includes the variations reported throughout the year via financial monitoring, and an estimate of transition costs to come, in line with paragraph 7.2.

10. HOUSING REVENUE ACCOUNT

10.1 The annual review of the Housing Revenue Account business plan will be considered by Cabinet in February, following consultation with tenants.

11. CRIME AND DISORDER / EQUALITY AND DIVERSITY / ENVIRONMENTAL IMPLICATIONS

11.1 There are no direct implications as a result of this report.

12. PORTFOLIO HOLDER COMMENTS

12.1 The reduction in New Homes Bonus has made the delivery of next year's budget even more challenging. Officers have assessed the implications and brought forward a revised budget that is balanced and protects front line services for our residents.

13. RECOMMENDED:

13.1 That the Cabinet approve the emerging draft Medium Term Financial Plan 2017-2019 as set out within this report and that this forms the basis of the Council's 2017/18 General fund Budget that will be reported in February 2017.

13.2 That the Cabinet give their approval for initial preparatory works to commence with regards to the 2017/18 Asset Maintenance and Replacement and Capital programmes.

For Further Information Please Contact:

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Background Papers:

MTFP – October 2016

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MEDIUM TERM FINANCIAL PLAN JANUARY 16 - POST FINANCE SETTLEMENT

FUNDING

	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's
Business Rates Baseline	3,658	3,733	3,853	3,990
Business Rates Tariff Adjustment				-612
Revenue Support Grant	1,765	723	92	
Settlement Funding Assessment	5,423	4,456	3,945	3,378
New Homes Bonus	2,204	1,490	1,132	1,086
Transition Grant	111	111		
Total Grant	7,738	6,057	5,077	4,464
Business Rates Surplus	600	600	600	600
Total Resources	8,338	6,657	5,677	5,064
Cumulative Reduction		1,681	2,661	3,274
%age reduction		20%	32%	39%
Council Tax				
Starting Point	11,168	11,168	11,675	12,074
Collection Fund Surplus		73		
Base Line Adjustment		83	46	47
£5 per annum increase		351	353	355
	11,168	11,675	12,074	12,476
Total Funding Available	**19,506**	**18,332**	**17,751**	**17,540**
Cumulative Reduction		1,174	1,755	1,966
%age reduction		6%	9%	10%

APPENDIX 2

MEDIUM TERM FINANCIAL PLAN JANUARY 16

SUMMARY OF ESTIMATED BUDGET MOVEMENTS

	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's
Budget Requirement 2016/17	19,506	19,506	19,506
Pay & Price Increases			
Pay Award (1%)	245	245	250
Increments	174	176	178
Pension Contributions - Fixed Element	110	110	110
Pension Contributions - Current Employees	160	160	160
Pay & Reward Review	125	30	
Apprentice Levy	120		
Prices (Utilities, Fuel & Maint.)	120	120	125
	1,054	841	823
Cumulative Pay & Price Increases	1,054	1,895	2,718
Ongoing Savings Analysis			
Budget Stabilisation Strategy	-1,601	-372	-540
Service Management Reviews		-200	-200
Town & Parish Council Grant	-100		
Asset / Equipment Resources	-97	-103	
Beach Hut Income	-44		
Senior Management Review	-148		
Ongoing Savings from previous years	-300		
Tourism Review	-40	-50	-25
Health & Leisure Income generation	-185		
Health & Leisure staff turnover savings	-40		
Income from Development projects	-27	-27	-30
	-2,582	-752	-795
Cumulative Savings	-2,582	-3,334	-4,129
New Budget Requirements			
Cyclical Licencing Income	46		
Interest Earnings Reduction (base rate decrease)	200	-50	-50
ICT recurring costs from previously approved projects	85		
Increased Business Rate Costs	23		
	354	-50	-50
Cumulative Requirements	354	304	254
Budget Requirement	18,332	18,371	18,349
Total Funding Available (Appendix 1)	18,332	17,751	17,540
Estimated Cumulative Surplus / Shortfall (-)	**0**	**-620**	**-809**

Reserves Supporting the MTFP			
General Fund Balance	3,000	3,000	3,000

APPENDIX 3

ASSET MAINTENANCE & REPLACEMENT PROGRAMME

	£'000's 2016/17	£'000's 2017/18	£'000's 2018/19	£'000's 2019/20
Asset Maintenance				
Health & Leisure Centres	467	643	500	500
Offices & Depots	342	300	200	200
Other Property Including Open Space	31	150		
Car Park Maintenance	70			
	910	**1,093**	**700**	**700**
ICT Strategy		165	185	185
Replacement Programme	125			
Existing Systems Developments (One-Off)	60			
Existing Systems Developments (Recurring)	85			
	270	**165**	**185**	**185**
Asset Replacement				
Health & Leisure Equipment Replacement	208	91		
Car Park Machines / Other Equipment	-			
Vehicles & Plant <£10k	23			
	231	**91**	**-**	**-**
V&P; Deferred Expenditure (Depreciation / MRP)	1,149	1,139	1,000	1,000
Non-Core Project Fund			500	500
Adjustments				
Contingency	85			
Less: Proportion allocated to HRA	- 143	- 85	- 85	- 85
Third Party Contribution	- 2			
Total Revenue Programme	**2,500**	**2,403**	**2,300**	**2,300**
Budget Available	**2,500**	**2,403**	**2,300**	**2,300**
Variance	0	- 0	-	-
Business Development and Third Party Grants				
Public Conveniences Refurbishment	250	tbc	tbc	tbc
Leisure Business Development		295		
ICT Maintain & Protect		500	750	250
ICT Workplan	55			
ICT Workplan Recurring	41			
15/16 Retentions	12			
Community Grants - Health & Leisure (Building Projects)	47			
Total Reserve Funded Programme	**405**	**795**	**750**	**250**

CAPITAL PROJECTS REQUIREMENTS

	Portfolio	PROJECT REQUIREMENTS £ 2017/18	PROJECT REQUIREMENTS £ 2018/19	PROJECT REQUIREMENTS £ 2019/20	2017/18 PROJECT FINANCING £ Capital Resources/Loan	2017/18 PROJECT FINANCING £ Better Care Fund	2017/18 PROJECT FINANCING £ Grant	2017/18 PROJECT FINANCING £ DC / CIL
Private Sector Renewal / Home Repairs	H&C's	102,000	102,000	102,000	102,000			
Disabled Facilities Grants	H&C's	901,000	901,000	901,000		901,000		
Social Housing Grant	H&C's	100,000	100,000	100,000	100,000			
Procurement of Land	ENV	17,000			17,000			
Barton on Sea Grounds Investigation Study	ENV	5,000					5,000	
Milford on Sea Emergency Works Phase 2	ENV	23,000					23,000	
Strategic Regional Coastal Monitoring	ENV	1,776,000	1,675,000	1,589,000			1,776,000	
Hurst Spit	ENV	241,000	204,000	3,850,000	91,000		150,000	
Beach Hut Replacement	ENV	25,000			25,000			
Milford on Sea Environmental Enhancements	ENV	25,000			25,000			
Barton Drainage Test	ENV		200,000					
Eling Tide Mill	H&L	174,000	309,000		17,400		156,600	
DEPOT; New Depot Site Feasibility	F&E	37,000			37,000			
V&P; Replacement Programme	F&E	1,651,000	1,487,000	2,391,000	1,651,000			
Open Space Schemes	P&T	589,000	425,000	350,000	50,000			539,000
Transport Schemes	P&T	310,000						310,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		**5,976,000**	**5,403,000**	**9,283,000**	**2,115,400**	**901,000**	**2,110,600**	**849,000**
								5,976,000
Contribution from Revenue (MRP)					-1,139,290			
RESIDUAL NFDC RESOURCES/LOAN FINANCING REQUIREMENT					976,110			

CABINET – 4 JANUARY 2017

PORTFOLIO: FINANCE AND EFFICIENCY

STRATEGY PROPOSAL: TO INVEST IN COMMERCIAL PROPERTY

1. INTRODUCTION

1.1. This report looks at a proposal where the Council invests in commercial property. This could either be for the purpose of economic development or regeneration within the district, or for the purpose of income generation for the provision of services or a mixture of both.

1.2. This report considers the issues that should be taken into account when considering such a strategy and the general approach the Council should take in formulating the strategy.

1.3. It is recognised that further work will be required to complete the strategy but Cabinet will be invited to approve the overall "direction of travel" in connection with this proposal.

1.4. The medium term focus and so the direction of travel laid out in this report is on commercial property (office, industrial, retail) as a manageable piece of work. A separate paper can be prepared on a residential property investment strategy at a later date but this is a complex area.

2. BACKGROUND

2.1. The Council is considering a proposal to invest in commercial property. This could either be for the purpose of economic development or regeneration within the district, or for the purpose of income generation for the provision of services or a mixture of both.

2.2. Other authorities, including many in Hampshire, make significant investments in commercial property. Investments could be funded either from the Council's own resources or by taking advantage of its ability to borrow at relatively low rates of interest from the Public Works Loan Board (PWLB) compared to the return on property assets.

2.3. The management of existing Council property assets (through its Asset Management Strategy) is a separate piece of work. The Council does have some existing property assets which might be thought of as "commercial property investments" as summarised below

	Number of sites	**Capital value**	**Gross rental income**	**Gross yield**
Commercial and Investment Properties	**23**	**£9,642,400**	**£672,508**	**7.0%**

2.4. Other Local Authorities in the region have extensive commercial property investment portfolios. However it should be noted that these have often built up over many years and so such authorities are in a different place to NFDC in this respect.

2.5. Commercial property investment opportunities often arise unexpectedly and it is important to be nimble in order to take advantage of opportunities when they arise. To that end an investment strategy is important so the Council can assess quickly whether an opportunity may be of interest to the Council. Commercial property can come to market either through the traditional route of a selling agent and bidding process, through auctions and even "off market" through direct approaches from prospective sellers who want to circumnavigate the formal marketing process in order to save time and risk of abortive costs. Receivers or administrators of distressed sellers may also seek offers for commercial property assets quickly. The Council therefore needs to be in a position to assess investment opportunities in a systematic manner but should also be able to move quickly when a compelling opportunity arises.

3. THE FINANCIAL STRATEGY AND BUSINESS CASE

3.1. Should the Council decide to implement a commercial property investment strategy either for the purpose of economic development or regeneration in the district or for the purpose of income generation for the provision of services or a mixture of both, a key issue for the Council to decide would be the value of the property portfolio and the expected target net yield.

3.2. The initial view of officers is that a target for investment return would need to generate a net profit in the region of £500,000 per year.

3.3. The experience of other local authorities indicates a yield of between 5% - 7% on the value of the investment is achievable on the types of commercial property likely to be of interest to a local authority.

3.4. The Council holds a significant level of cash, held in a variety of investment types. The management of those funds is dictated within the Council's Treasury Management Strategy. The average yield achieved in 2015/16 from these investments was 0.98%. The investment portfolio includes a modest sum (£3m) in pooled property funds which are higher earning (4.52% achieved), with the majority of other funds being held with less than 1 year to maturity and so low earning.

3.5. Officers believe that the Council could potentially borrow funds with the PWLB at a rate of around 2.5%. The PWLB needs to be satisfied the Council is acting lawfully when borrowing funds.

3.6. One-off and on-going costs would be incurred in order to deliver the strategy, including:

- Finders Fees (0.5% - 1%)
- Legal Fees (0.5% - 0.75%)
- Stamp Duty (5% on freehold purchases over £250K)
- Finance Costs (2. 5% PWLB) on borrowed funding
- Business Rates (tenants should be covering these)
- Repairs and maintenance (depending on lease type – probably covered in a service charge)

- Running costs of building, including building management (depending on lease type – again probably covered in a service charge)
- Additional Staff Costs (2 -4 people) to manage the portfolio

Note that bids would allow for transactional costs (finder's fees, valuations, legal costs, stamp duty, etc.) when calculating the yield.

3.7. NFDC already has substantial loans of c£144M following the HRA resettlement. The current prudential indicators agreed as part of the Council's Treasury Management Strategy limits borrowing to £178.1m in total. This means £34.1M is available for borrowing purposes at the present time.

3.8. By way of example only, considered on a prudent and cautious basis, an investment in the order of £25M funded by borrowing on a repayment basis may be required to achieve a net profit of £500k, based on a 6% gross target yield.

3.9. If the Council were to adopt an asset investment strategy, there will be staff and resource implications both to design a new asset investment strategy, to procure commercial properties and then to manage the properties in the future.

3.10. It is of course necessary that the Council takes a prudent approach to the management of its financial affairs. When assessing investments taking a prudent approach, the Council will need to consider such factors as the security against loss, the liquidity of the investment, the yield, change in interest rates and property values.

3.11. The Council will also need to consider the level of reserves that should be maintained, the effect of borrowing upon its credit score and its overall borrowing limits when preparing an investment strategy.

3.12. In short the Council must get right the balance between risk and reward in a prudent manner to ensure the cost of funding the proposal does not fall on the tax payer.

4. WHAT ARE THE OPPORTUNITIES FOR NFDC?

4.1. In preparing this report, officers have made enquiries about the activities of other local authorities investing in this market and their findings are summarised below. A number of key points emerge:

- Investment portfolio range £16M - £57M.
- Target yield 5 – 7%.
- Finders fees up to 1%.
- Some Local Authorities invest within their District, others more wide ranging (depends on whether investing own resources or PWLB loans and extent of local investment opportunities).
- Some Local Authorities can buy "opportunistically" when attractive opportunities are presented.
- Some Local Authorities have adopted a structured scoring basis to measure the strength of investment propositions (see table in Appendix 1 as an example).
- Mainly commercial property (industrial, retail, office) is acquired, with tenants of between 5 – 10 years.
- "Better" investments (strong tenants, minimum 10 year unexpired leases, fully let, good quality building) likely to be more expensive and generate lower yield (5%).
- Invest in staff to take on more management intensive property and increase yield.

4.2. A recent market report (UK Commercial Property Investment Review Q3 2016 prepared by The Costar Group) indicates Local Authorities have invested over £786M in Q3 2016, more than in the previous 3 years combined. Spelthorne BC has recently invested £350M in the BP Campus Sunbury on Thames at an initial yield of c4.25%.

4.3. Costar's report says there has been a decline in UK commercial property activity over recent quarters, with an acute drop in Q3 2016 after the Brexit vote. In that respect the entry of local authorities into the market stands out. There appears to be cautious optimism in the longer term with yields from commercial property remaining attractive compared to other assets, low levels of vacancy and a large pool of capital (especially from overseas) available for investment. It may be that once valuations have stabilised the market will improve.

4.4. Were the Council to adopt an asset investment strategy, officers believe that to maximise the chances of securing good quality investments it would be beneficial to have the freedom to invest in a variety of locations. In order to prioritise property investment in the smaller towns within the District, that could be recognised within the property scoring matrix (see example in Appendix 1), which would increase the chance of bidding successfully on local properties.

4.5. Were the Council to adopt an asset investment strategy there may be circumstances where the Council may need to move quickly to secure such opportunities which may only rarely come onto the market.

4.6. Were the Council to adopt an asset investment strategy, then it would need a clear and efficient decision making protocol, e.g. delegated authorities, approved criteria for selecting properties etc. Rapid decision making is important in this market, and all the more so when purchasing property at auction or from receivers for example.

5. AN ASSET INVESTMENT STRATEGY

5.1. If the Council is minded to adopt an asset investment strategy it would be important to prepare a clear asset investment strategy document to be applied when making investment decisions and to demonstrate the Council is acting prudently in the management of its financial affairs. There are a number of important matters an asset investment strategy must cover, for example:

5.1.1. The Council should consider commercial property investment either as part of an economic strategy for local economic development and regeneration in the district, or for income generation for the provision of services or a mixture of both. The overall objectives for that programme would need to be set out as well as how particular properties would be selected for acquisition.

5.1.2. The Strategy should identify the quality and type of commercial property to be acquired (the perceived level of financial risk on the property will affect prices and yield). Officers anticipate the Council would only deal with high quality prime or secondary market real estate with a low level of risk unless there were special factors such as development potential.

5.1.3. The return the Council expects and over what time period. Officers anticipate a target yield of between 5 – 7% for the type of property the Council would consider. This would be in line with similar authorities.

5.1.4. Financing the programme. Is the Council prepared to borrow to fund investment or does it want to “start small” with local investment funded from existing reserves? It is anticipated that much of the strategy would be funded by borrowing and that the Council would take a prudent approach to its investment strategy. As outlined in paragraph 3.8, an investment in the region of £25M may be needed to produce a return of £500,000 per annum based on a 6% gross yield.

5.1.5. Nature of the portfolio. Officers anticipate a portfolio would be made up of several properties, with a variety of tenants and uses (for example offices, retail or industrial) and locations.

5.1.6. Will the Council go it alone or look for partners? In order to get the strategy up and running it would appear more appropriate to commence operations without seeking partners, at least to begin with.

5.1.7. Ongoing management of the portfolio. Property management varies between properties. Managerial issues include rent collection, service charge calculation and collection, building maintenance, security, dealing with tenants, re-letting empty units if they become available, negotiating terms of rent reviews, dilapidation claims and the general miscellany of property management. A decision would be needed as to whether such work should be undertaken in house or whether it should be contracted out to external property managers.

5.1.8. Exit strategy. Withdrawal from the programme must be considered. Properties should have good and marketable title. Exit success depends on the market conditions at the time. Can be a slow process.

5.2. The scoring matrix referenced in Appendix 1 may be used to assess the commercial property investment opportunities and appears to be the kind of tool that could be adopted by this Council.

5.3. The Council will need to consider whether to create a wholly owned property investment company through which to purchase commercial property. If the Council needed to borrow funds to buy commercial property solely for the purpose of income generation, this will need to be carried out through a property investment company.

5.4. However if the Council wishes to invest existing resources in commercial property (inside or outside the District), or if the Council were acting for the purpose of economic development or regeneration within its District using borrowed funds to buy commercial property, then no separate company would be required. If the Council had a mixed purpose of economic development and income generation then provided the economic redevelopment was one of the main purposes of the property acquisition this could be undertaken without using a company.

6. ACQUIRING AND MANAGING PROPERTIES

6.1. If the Council were inclined to support the strategy to acquire commercial investment property this would be carried out in a prudent manner. The note attached as Appendix 2 sets out in broad terms how the Council would approach the purchase and ongoing management of commercial property. This would be carried out in a systematic manner, taking external valuation property and legal advice and undertaking thorough due diligence before entering into formal contracts to protect the Council’s position.

6.2. The current Estates and Valuation Manager has the relevant experience to support the acquisition process from an Estates perspective but is currently fully utilised on day to day business. To advance any of the above will create a significant impact on resources.

6.3. Appendix 2 also refers to the ongoing management of commercial investment properties. Managerial issues include rent collection, service charge calculation and collection, building maintenance, security, dealing with tenants, re-letting empty units if they become available, negotiating terms of rent reviews, dilapidation claims and the general miscellany of property management. Management of commercial investment property portfolios is commonly conducted by staff within the authority's Estates and Valuation team. However it should be noted that NFDC's property investment holdings are relatively small at present by comparison to other authorities. Staffing levels would need to be increased to cope with enlarged management commitments if new acquisitions are to be managed in-house.

7. RISK FACTORS

7.1. Property investment brings with it the potential for significant losses if things go wrong.

7.2. A common risk area is that vacancies (voids) in the portfolio will reduce average yield. As well as lost rental income on vacant units, the Council could find itself liable for a share of on-going costs which a tenant would normally pay such as empty property rates.

7.3. Disputes with tenants are another risk area. Common disputes include ongoing maintenance and repair costs of buildings and the ability to recover those costs from tenants.

7.4. External factors. Property investment, whether direct or through pooled funds, is subject to factors the Council cannot control, e.g. failure of tenants, poor building management, changes in perception of what is a good location, economic downturn, increased borrowing rates, etc.

7.5. How long before Government intervenes to restrict such strategies?

8. PORTFOLIO HOLDERS COMMENTS

8.1. I am pleased to see the Council developing an asset investment strategy that will promote economic development and regeneration in the district as well as giving the opportunity to derive financial benefit to the Council.

9. COMMENTS OF THE CORPORATE OVERVIEW AND SCRUTINY PANEL

9.1 Opinion among Panel members varied. Some felt that a good spread of prudent investment, if managed well, had a reasonable chance of success. Other members opposed direct property investment as being speculative, especially in what were seen as unpredictable times. Some members felt the Council should focus on enhancing existing investment types, such as cash investments in pooled property funds, which they saw as lower risk compared to direct property investment. It was emphasised that Treasury Management and Commercial Property Investment, although linked, were 2 separate strategies. Of the members who supported commercial property investment, most favoured economic development and regeneration schemes, especially since these were in support of the Corporate Plan.

9.2 Some members only favoured certain types of property investment such as residential development. It was explained that residential schemes would be a separate project. One view expressed was that £25m was too small an amount to enable risk to be spread adequately among a sufficient number of property investments.

9.3 The Officers took these comments on board and the recommendations were agreed. Councillors M Harris, Mrs McEvoy, W Andrews and O'Sullivan were appointed to the Task and Finish Group to work with officers and the Portfolio Holder for Finance and Efficiency in developing the strategy.

10. ENVIRONMENTAL IMPLICATIONS

10.1. Any proposed commercial property investment and their environmental impacts would also be considered by the relevant officers at the planning development control stage if appropriate.

11. EQUALITY AND DIVERSITY IMPLICATIONS

11.1. There are no equality and diversity implications arising from this report.

12. CRIME AND DISORDER IMPLICATIONS

12.1. There are no existing crime and disorder implications arising from this report.

13. FINANCIAL IMPLICATIONS

13.1. If the Council were to adopt an asset investment strategy, there will be staff and resource implications both to design a new commercial property investment strategy, to procure commercial properties and then to manage the properties in the future. These figures could be significant and will be clarified as part of the strategy as it develops.

14. CONCLUSION

14.1. Should the Council decide to invest in commercial property either for the purpose of economic development or regeneration within the district, or for the purpose of income generation for the provision of services, or a mixture of both then an asset investment strategy should be developed.

14.2. Other local authorities are purchasing commercial properties in support of these goals and it does appear there are opportunities to secure good quality commercial property at a level that can generate a worthwhile yield albeit also recognising the risks that are involved in such investments.

14.3. Local authorities can borrow funds from the Public Works Loan Board to finance such strategies at competitive levels of interest.

15. RECOMMENDATION

15.1. That Cabinet approves, in principle, the proposal to invest in commercial property either for the purpose of economic development or regeneration within the District, or for the purpose of income generation for the provision of services, or a mixture of both and requests that a commercial property investment strategy be developed for further consideration by the Cabinet.

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December 2016

Appendix One

Scoring Matrix

	Score	4	3	2	1	0
SCORING CRITERIA	Weighting Factor	Excellent / very good	Good	Acceptable	Marginal	Unacceptable
Location	12	Major prime	Micro prime	Major secondary	Micro secondary	Tertiary
Tenancy strength	10	Single tenant with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with strong financial covenant	Multiple tenants with good financial covenant	Tenants with poor financial covenant strength
Tenure	9	Freehold	Lease 125 years plus	Lease between 50 & 125 years	Lease between 20 & 50 years	Lease less than 20 years
Occupiers lease length	5	Greater than 10 years	Between 7 and 10 years	Between 4 & 7 years	Between 2 & 4 years	Less than 2 years; vacant
Repairing terms*	4	Full repairing & insuring	Internal repairing - 100% recoverable	Internal repairing - partially recoverable	Internal repairing - non recoverable	Landlord
Lot size	2	Between £6m and £12m	Between £4m & £6m or £12m & £18m	Between £2m & £4m or £18m & £20m	Between £1m & £2m or £20m & £25m	Less than £1m or more than £25m

APPENDIX 2

PROCESS TO PURCHASE OF A COMMERCIAL PROPERTY INVESTMENT

1. SALES PROCESS IN OUTLINE

1.1. There are many ways in which a commercial investment property can come to market. These could be a full marketing and sales exercise run by the seller's agent, an auction, an "off market" opportunity offered by a seller directly to the Council without public marketing or sales by the receivers or administrators of a distressed seller. The steps and timing of the process are usually set by the seller. However the kind of steps the Council would be expected to undertake in order to progress the transaction would include:

1.1.1. Review of Seller's information memorandum or sales particulars on the proposed sale (including if any employees are included in the sale)
1.1.2. Walk the site (externally)
1.1.3. Meet with seller to get more detail and build relationship
1.1.4. Complete formal confidentiality agreement
1.1.5. Determine the Council's valuation of the proposed sale through internal and external valuation
1.1.6. Negotiate and agree with seller the price and principal terms and timetable subject to contract, due diligence and necessary Council approvals.
1.1.7. Obtain confirmation of EMT support (who will hold informal consultations with Members)
1.1.8. Obtain confirmation of Cabinet / Full Council / Portfolio Holder support as required
1.1.9. Confirm means of finance and instruct external solicitors
1.1.10. Property Due Diligence – such as buildings / measured surveys as required using external surveyors.
1.1.11. Legal Due Diligence, title check and comment on copies of legal documents / leases
1.1.12. Contract negotiations
1.1.13. Exchange contracts and complete

1.2. Of course some of these actions are concurrent. Without a sales process fixed by the Seller it is difficult to be specific about how the process will unfold and how long it will take. However a large and complex site involving multiple tenants and complex title can take up to 3 - 4 months to complete; a straightforward site with one or two tenants, say 2 - 3 months. Of course both parties will want to reduce the process period as much as possible.

2. THE NEED FOR EXTERNAL ADVICE

2.1. If the project is large and complex, the Council will require external support in order to conclude it.

2.2. External valuers will be required to confirm the valuation of the asset and to support any internal valuation carried out by the Council. External surveyors will be necessary to carry out building and property surveys of the assets being sold.

2.3. External Solicitors will be necessary to carry out legal due diligence (which can be a significant piece of work) to check title, confirm details of the occupational leases, advise and negotiate contract documents and support the process.

2.4. Commercial property investment acquisitions represent a new area of activity for this Council and will impact significantly on present resources. Even with contracting out to external advisors there is a need to link with advisors, to process information, to seek instructions from senior people and drive the process forward. The seller is usually impatient to progress a deal especially if they think the Council has received a "good deal" by agreeing to a sale without a public sales process

3. ONGOING MANAGEMENT RESOURCES FOLLOWING PURCHASE

3.1. Once a Property has been purchased, there will be an ongoing need to manage the Property. Managerial issues will include rent collection, service charge calculation and collection, building maintenance, security, dealing with tenants, re-letting empty units if they become available, negotiating terms of rent reviews, dilapidation claims and the general miscellany of property management.

3.2. The extent of property management depends on the property but these are the kind of issues that may arise.

3.3. In addition there may be further opportunities to negotiate with adjoining land owners if the Council wishes to use the purchase as an opportunity to undertake further economic redevelopment or regeneration opportunities following acquisition of the property.

3.4. Management of commercial investment property portfolios is commonly conducted by staff within the authority's Estates and Valuation team. However it should be noted that NFDC's property investment holdings are relatively small at present by comparison to other authorities. Staffing levels would need to be increased to cope with enlarged management commitments if new acquisitions are to be managed in-house.

3.5. The Council would need to decide whether to place such property management services with external property management companies at a cost (maybe 10% per annum of the annual rental income) or whether it would be more cost effective to create internal resource to undertake such work.

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CABINET – 4 JANUARY 2017

MEMBERS' ALLOWANCES – SCHEME TO APPLY FROM 1 APRIL 2017

1. INTRODUCTION

1.1 Allowances paid to members of the Council are set out in the Members' Allowances Scheme. The Council is required annually to make a scheme of members' allowances, which must be published.

1.2 The current scheme is available to view at http://newforest.gov.uk/CHttpHandler.ashx?id=31541&p=0

2. CURRENT SCHEME

2.1 The current scheme provides for the annual adjustment of allowances (basic, special responsibility and dependant carers' allowances) by the Local Government staff employees' national pay award annual percentage increase.

2.2. In 2016, the employees' national pay award was settled for the two years 2016/17, and 2017/18, with a 1% pay increase for each year. Members' allowances should therefore increase by 1% with effect from 1 April 2017. No other changes to the scheme are proposed. Indeed, no changes are possible without a recommendation from the Independent Remuneration Panel.

3. FINANCIAL IMPLICATIONS

3.1 Provision has been made in the draft 2017/18 budget.

4. ENVIRONMENTAL, EQUALITY & DIVERSITY AND CRIME AND DISORDER IMPLICATIONS

4.1 There are none.

5. RECOMMENDATION

5.1 That it be a recommendation to the Council that the current scheme of members' allowances, with the individual allowances shown therein being increased by 1%, be made as the scheme to apply from 1 April 2017.

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Background Papers:

Published documents

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INDUSTRIAL RELATIONS COMMITTEE – 1 DECEMBER 2016
CABINET – 4 JANUARY 2017
GENERAL PURPOSES AND LICENSING COMMITTEE – 13 JANUARY 2017

INDUSTRIAL RELATIONS COMMITTEE - FUTURE ARRANGEMENTS

1. INTRODUCTION

1.1 The purpose of this report is to seek agreement to changes to the Industrial Relations Committee (IRC) and its operation, and create a new Employee Engagement Panel (EEP).

1.2 At the IRC meeting in May, the IRC Chairman (Cllr Rickman) expressed the view that it would be timely to review and update the operation of the Committee, to provide an improved and more meaningful employee consultation mechanism, taking on board best practice elsewhere. Employees shared this view. It was also felt that the role of the Committee could be made clearer to the workforce, and that there should be greater flexibility about who could participate. The Committee then agreed outline proposals at the meeting in September. Following further consultation with employee representatives, the final proposals are set out below.

2. PROPOSALS

2.1 It is proposed that IRC be discontinued and that a new Employee Engagement Panel (EEP) be created with 4 elected members and 4 employees as follows:

- 2 from Unison
- 1 from Unite
- 1 from GMB.

2.2 Members and employee representatives will continue to have two substitutes. At the last meeting the GMB representative asked that if he were unable to attend, another union representative be permitted to attend. There was no objection to this.

2.3 As with IRC, the Panel will meet 4 times per year and will fulfil the same functions whilst running on a more informal basis so as to make the Panel more accessible to employees. To this end, and in recognition that most employees are not union members, it is proposed that Panel meetings include the opportunity for any employee to attend and to raise any issues of concern (much like the public participation arrangements for formal committees) at a 15 minute employee participation period at the start of the meeting. Notice of any issue to be raised must be given two working days in advance so that the employer can come prepared and contribute to the discussion positively. The operation of the new body will be made known to employees via the Communications Unit. The Panel will meet in various council venues.

2.4 EEP agendas, minutes and reports will not be published on the Council website, because holding meetings in private has proved to be more conducive to open discussions. Any formal decisions on employee related matters will continue to be taken by the Cabinet or the General Purposes and Licensing Committee, which operate normal rules of public access to documents and public participation. EEP minutes and reports will continue to be available to staff on Forestnet. The Communications Unit will publicise agendas internally a week before each meeting.

3. EMPLOYEE COMMENTS

3.1 Employee side has been involved in the discussions concerning ideas for changes to the current IRC arrangements, and is happy to back what has been proposed. It is understood that the operation of the new panel will be reviewed after twelve months, and that Employee side will be involved in that review.

3.2 Employee Side have requested that regional union representatives continue to be allowed to attend meetings, and the Committee had no objection to this.

3.3 Employee Side representatives expressed the wish for the 15 minute employee participation period to be operated flexibly where required, and again this was accepted and would be at the discretion of the Chairman.

4. LEADER'S PORTFOLIO COMMENTS

4.1 I welcome the opportunity to involve all our staff in discussions affecting their employment.

5. RECOMMENDATIONS:

5.1 That it be a recommendation to the Cabinet and to the General Purposes and Licencing Committee:

(i) That with immediate effect, the Industrial Relations Committee be discontinued and replaced with the Employee Engagement Panel (EEP).

(ii) That EEP meet 4 times per year, and on the following dates in 2017/18, (previously agreed for IRC):
16 February 2017 – 2.30pm
1 June 2017 – 10.00 a.m.
7 September 2017 – 2.30 p.m.
7 December 2017 – 10.00 a.m.
15 February 2018 – 2.30 p.m.

(iii) That the terms of reference of EEP be as set out in Appendix 1;

(iv) The agenda and reports be not published to the press and public;

(v) That arrangements for EEP membership be as follows:

4 Elected Members (+ two nominated substitutes)
2 Unison Representatives (+1 nominated substitute)
1 Unite Representative, (+1 nominated substitute)
1 Representative from GMB. (Can be substituted by GMB, UNISON or UNITE)

[Elected Member appointments will be made by full Council. The union representatives should be nominated to the Panel's secretary (Democratic Services) and may be amended by giving notice in writing];

(vi) That the Chairmanship and Vice-Chairmanship alternate between the Employer's and Employee's sides, unless it is mutually agreed to vary the arrangement;

(vii) That the agreement of both the Chairman and the Vice-Chairman of the Committee be obtained before any meeting is cancelled;

(viii) That there be a 15 minute employee participation period at the start of each meeting to allow any non-union member to speak on individual items on the agenda. Notice of the issue to be raised must be given to Democratic Services two working days in advance of the meeting.

(ix) That officers be authorised to make any consequential alterations to the Constitution.

(x) That operation of the new Panel be reviewed after 12 months.

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Background Papers:

Published documents

Appendix 1

EMPLOYEE ENGAGEMENT PANEL

TERMS OF REFERENCE

1. To act as an advisory body to the Executive (for executive functions), and to the General Purposes and Licensing Committee as appropriate (for non-executive functions) on:-

   (a) Major issues of concern to the Council and its employees, always provided that no question of individual discipline, grievance or grading shall be within the scope of the Panel unless referred to it by the Council, the Executive, or a Panel or Committee of the Council.

   (b) Any relevant matter referred to it by the Council, the Executive, a Panel or Committee of the Council, the Chief Executive or by any of the trades unions.

   (c) Negotiations to alter the Local Terms and Conditions of Service of employees.

   (d) Disputes about the application and interpretation of conditions of service.

   (e) Reviews of the conditions of employment, organisation and training of the Council's employees.

   (f) Negotiations relating to procedural agreements, including the disciplinary, disputes and grievance procedures.

   (g) Such other matters as are specifically assigned to the Panel