



Penrith Town Council

Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR

Tel: 01768 899 773 Email: office@penrithtowncouncil.co.uk

DATE: 06 JANUARY 2020

You are summoned to attend a meeting of the

FINANCE COMMITTEE

to be held on **Monday 13 January 2020**, at 4.30 p.m. Board Room, Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR.

COMMITTEE MEMBERSHIP

Cllr. Bowen	Pategill Ward	Cllr. Jackson	North Ward
Cllr. Burgin	South Ward	Cllr. Kenyon	North Ward
Cllr. Hawkins	East Ward	Cllr. Shepherd	East Ward

A handwritten signature in black ink, appearing to read 'V. Tunnadine'.

Mrs V. Tunnadine, Town Clerk

Where Members will be asked to:

AGENDA FOR THE MEETING OF

FINANCE COMMITTEE

13 JANUARY 2020

PART I

1.	Apologies for Absence	PAGES
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Receive apologies from members.

2.	Minutes	1-4
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Authorise the Chair to sign, as a correct record, the minutes of the meeting of the Committee held on Monday 11 November 2020.

3.	Public Participation	
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Receive any questions or representations which have been received from members of the public.

ADVICE NOTE:

Members of the public may make representations, answer questions and give evidence at a meeting which they are entitled to attend in respect of the business on the agenda. The public must make a request in writing to the Town Clerk **PRIOR** to the meeting, when possible. A member of the public can speak for up to three minutes. A question shall not require a response at the meeting nor start a debate on the question. The chairman of the meeting may direct that a written or oral response be given.

4.	Declaration of Interests and Requests for Dispensations	
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Receive declarations by Members of interests in respect of items on this agenda and apply for a dispensation to remain, speak and/or vote during consideration of that item.

ADVICE NOTE:

Members are reminded that, in accordance with the revised Code of Conduct, they are required to declare any disclosable pecuniary interests or other registrable interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting.) Members may, however, also decide, in the interests of clarity and transparency, to declare at this point in the meeting, any such disclosable pecuniary interests which they have already declared in the Register, as well as any other registrable or other interests. If a Member requires advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote, he/she is advised to contact the Interim Monitoring Officer at least 24 hours in advance of the meeting.

5.	EXCLUDED ITEM: Public Bodies (Admission to Meetings) Act 1960	
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Consider whether any matters should be considered without the presence of the press and public, pursuant to the Public Bodies (Admission to Meetings) Act 1960 Section 2 as the matter involved exempt information of a legal context.

6.	Budgetary Control Statement 2019/20: 30 November 2019	5 - 19
	Review and approve the budgetary control statement for the period to 30 November 2019. To note that Members have received by email an informal summary of December payments for Members information.	
7.	Payments for Approval	21 - 24
a)	Note that prior to the meeting Cllr Hawkins and Cllr Bowen will access the Electronic Banking System to reconcile the monthly report of all payments made for the relevant period and will then recommend for approval that each payment aligned with the invoices.	
b)	Approve and record the monthly report of payments for October and November 2019.	
8.	Bank Reconciliation	25 - 29
	Approve and sign the bank reconciliations as at 31 October 2019 and 30 November 2019.	
9.	Proposed Budget 2020/21	31 - 74
a)	Consider the proposed Budget for 2020/21 and recommend the report go forward for final ratification by Full Council.	31
b)	To consider the amended policy for the management of the Council's financial reserves and forward it, with any further amendments, to Council for ratification.	58
c)	To receive an update on the Investments Policy and recent transactions made.	66
10.	Grounds Maintenance Fairhill	
	Note that the Grounds Maintenance Contractor for Fairhill has been retained for the 2020/21 financial year as the contractor met the requirements of the specification in full.	
11.	General Data Protection Regulations Risk Assessment	75 - 83
	Consider the GDPR risk assessment and recommend the risk assessment go forward for final ratification by Full Council.	
12.	SLCC Practitioners Conference 2020	85 - 90
	Consider the training request for the Town Clerk to attend the SLCC Practitioners Conference in February 2020.	
13.	Finance Committee Meeting Dates 2020/21	
	Consider the proposed meeting dates for the Finance Committee meetings in 2020/21 as follows:	
	<ul style="list-style-type: none"> • 29 June 2020 • 21 September 2020 • 16 November 2020 • 11 January 2021 • 26 April 2021 	

14. Local Government Pension Scheme Employer Discretions and 2019 Pension Fund Contribution 91 - 113

Consider a draft policy for determining discretions available under the Pension Regulations and to inform Members of the results of the 2019 valuation of the Pension Fund.

15. Disciplinary and Grievance Arrangements 115 - 138

Consider the revised Disciplinary and Grievance Arrangements as prescribed and issued by NALC.

114 Next Meeting

Note the next meeting is scheduled for 09 March 2020 at 6.00pm, Board Room, Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR.

PART II Private Section

There are no further items in this part of the Agenda.

**FOR THE ATTENTION OF ALL MEMBERS OF
THE FINANCE COMMITTEE
AND FOR INFORMATION TO ALL REMAINING MEMBERS
OF THE TOWN COUNCIL**



Penrith Town Council

Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR
Tel: 01768 899773 Email: townclerk@penrithtowncouncil.co.uk

Draft Minutes of the meeting of the

FINANCE COMMITTEE

Held on Monday 11 November 2019 6.00pm – 7.00pm Board Room, Penrith Town Council Office, Unit 1, Church House, 19-24 Friargate.

PRESENT:

Cllr. Burgin

Cllr. Bowen

Cllr. Jackson

Cllr. Kenyon

Cllr. Shepherd

Services & Contracts Manager

Responsible Finance Officer

PENRITH TOWN COUNCIL

DRAFT MINUTES

FINANCE COMMITTEE

11 NOVEMBER 2019

FIN.COM.19/36 Apologies for Absence

There were no apologies for absence. Cllr Hawkins was absent.

FIN.COM.19/37 Declaration of Interests and Dispensations

Members were asked to disclose their interests in matters to be discussed and to decide requests for dispensations. None recorded.

FIN.COM.19/38 Minutes of the Previous Meeting

Members authorised the Chair to sign the Minutes of the Meeting of the Finance Committee held on Monday 9 September 2019.

FIN.COM.19/39 Public Participation

Members noted that no members of the public had requested in writing to speak prior to the meeting.

FIN.COM.19/40 Public Bodies (Admission to Meetings) Act 1960

Members considered whether any items should be considered without the presence of the press and public, pursuant to the Public Bodies (Admission to Meetings) Act 1960 Section 2. None identified.

FIN.COM.19/41 Budgetary Control Statement 2019/20: Expenditure to 30 September 2019

Members considered the Budgetary Control Statement 2019 Expenditure to month end 30 September 2019.

RESOLVED THAT:

The Budgetary Control Statement, of expenditure to 30 September 2019 be approved.

FIN.COM.19/42 Payments for Approval

Members noted that Cllr Bowen accessed the Electronic Banking System and verified and confirmed that the banking transaction history ran concurrently from the last meeting and agreed with the transactions circulated with the meeting documents.

Members considered the Monthly Report of Payments for August and September 2019.

FIN.COM.19/42 Payments for Approval Continued

RESOLVED THAT:

- I. The monthly reports of payments be approved.
- II. Cllr Hawkins and Cllr Bowen check the EBS and the Monthly Report of Payments for the meeting of the Finance Committee on the 13 January 2020.

FIN.COM.19/43 Bank Reconciliation

Members considered the Bank Reconciliations for the HSBC Bank for the periods ending 31 August and 30 September 2019.

RESOLVED THAT:

The Bank Reconciliations for the periods to 31 August and 30 September 2019 be approved and signed by Cllr Burgin and Cllr Kenyon.

FIN.COM.19/44 Request for a new bench on Lowther Street

Members considered the report requesting that a new bench be installed on Lowther Street.

RESOLVED THAT:

- I. A notice be placed in the proposed location of the seat for a period of 28 days advising the public of the Council's intentions.
- II. The residents in the adjoining properties be written too advising them of the Council's intentions.
- III. Any objections to the Council's intentions would be brought back to the Finance Committee for further consideration.
- IV. Where there are no objections received, a new bench be purchased and installed on Lowther Street, funded from the Seats and Benches Budget, providing that Cumbria County Council grants permission for the Council to install a bench in this location.

FIN.COM.19/45 Staff Appraisal

Members noted that staff appraisals have been successfully completed and that pay recommendations would be taken to the Budget Working Group.

FIN.COM.19/46 Inhouse Solicitor

Members noted that the inhouse Solicitor commenced employment with the Council on the 28 October 2019 on the terms as resolved..

Members considered the following item of business as an urgent late item to allow the Fairhill Signature Project to continue its project timescale.

FIN.COM.19/47 Fairhill Signature Projects Fund

Members received an oral report on the Fairhill Signature Projects Fund and approval was sought for two Councillors to consider and agree the award of Contract for the Fairhill Signature Projects Fund, Play Area Extension following the evaluation of tenders.

RESOLVED THAT:

Councillors Bowen and Burgin be authorised to agree the award of contract for the Fairhill Signature Projects Fund, Play Area Extension.

Chair:

Date:

FOR THE INFORMATION OF ALL MEMBERS OF

THE FINANCE COMMITTEE

AND FOR INFORMATION FOR ALL REMAINING MEMBERS OF THE TOWN COUNCIL



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FINANCE COMMITTEE 13 JANUARY 2020

BUDGETARY CONTROL STATEMENT 2019/20: EXPENDITURE TO 30 NOVEMBER 2019

AUTHOR: Jack Jones - RFO

SUPPORTING MEMBER: Cllr Roger Burgin -
Chair of Finance Committee

ITEM NUMBER: 6

To consider the budgetary control statement for the eight-month period to 30 November 2019.

RECOMMENDATIONS

The Committee is recommended to review and approve the budgetary control statement.

1. LAW

The Local Government Act 1972 requires the Council to have sound financial management.

2. LINKS TO COUNCIL PRIORITIES

Robust budgetary control supports the Council in its delivery of priorities within the approved budget framework.

3. REPORT DETAILS

A. Budgetary Control Statement (Appendix A)

The attached budgetary control statement shows the following information, analysed over the most detailed budget headings:

- The full year's original Approved Budget for 2019/20, which was ratified by Council on 27 January 2019.
- The Latest Budget for the full year, incorporating the following agreed amendments to the original budget:
 - Planning Committee has been allowed to carry forward £23,715 unspent budgetary provision from 2018/19 into 2019/20.
 - A transfer of £5,000 from the Devolution Reserve as the Council's initial contribution to the project assisted by the Fairhill EDC Signature Projects Fund.
 - An estimated £5,625 has been allocated from the General Reserve for the implementation of the Website Accessibility Regulations.
 - Provision of £5,670 for the part-year costs of the new In-house Solicitor post, again met from the General Reserve.
 - The transfer of £5,000 unspent budget from Greening to Arts and Entertainment, to increase the allocation for the Arts and Cultural Strategy tender.
 - An allocation of £9,500 from the General Reserve to supplement the original budget of £500 for youth engagement.
 - The opening reserve balances have been amended to their 1 April 2019 actuals.
- The budget to date, based on the latest budget for the year. This proportion is the anticipated budget for the first eight months of the year, based on a forecast of the expected pattern of income and expenditure, known as the budget profile. For most headings, this profile will be a simple pro-rata of the annual budget (ie 8/12ths for the current period), however more detailed profiles have been used for several budget headings (eg Greening expenditure is weighted towards the first half of the year).
- Actual income and expenditure to 30 November, based on the matching principle, which means taking account of all income and expenditure which relates to the period, irrespective of when it is paid/received.

An exception to the matching rule is that grants approved but not yet paid at the end of the period are included as expenditure, on the basis that this gives a truer view of expenditure against budget.

- The variance between the actual income and expenditure and the profiled budget for the period. Variances are expressed as favourable (positive) where there is an underspending or increased income, and as adverse (negative and bracketed) where there is an overspending or reduced income.
- The position on the Council's three reserves: its General Reserve, Devolution and Acquisitions Reserves, at the end of November. It is assumed that the contributions to or from the annual budget to the two earmarked reserves will take place on 31 March 2020 as part of the closure of the year's accounts.

B. Commentary

Many budget headings show transactions broadly in line with the budget to date, however there are substantial net underspendings against the profiled budget in several areas. These are highlighted in the following paragraphs.

B.1 Income

- The full year's precept and CTRS grant income has been received from Eden DC; the appropriate proportion has been allocated to this period.
- Investment income currently exceeds the profiled budget by £381; the budget was set at a very prudent level.

B.2 Planning Committee

Expenditure of £5,581 is shown against the simple profiled budget of £29,143, an underspending of £23,562.

- The Committee's original budget of £20,000 was set as a block allocation to cover all its expenditure. The agreed carry forward of £23,715 has been added to this amount and has now been profiled evenly throughout the year.
- To reflect the current underspending, the budget process estimates the forecast outturn for the Committee to be £15,000, with £5,000 allowed to slip into 2020/21.

B.3 CCEG Committee

Net spend of £46,143 is shown against the profiled budget of £95,073, an underspending of £48,930.

- The Town Projects budget to date is underspent by £2,220; expenditure is expected to pick up in the New Year, however the Committee has requested that £15,000 of the total budget is slipped to 2020/21.

- Although the Arts & Entertainment budget shows an underspending of £15,106, there are plans to fully utilise this budget in the coming months, primarily on VE Day 75 events and the Cultural Strategy.
- A transfer of £5,000 has already been made from the Greening budget to Arts & Entertainment to assist with the Cultural Strategy tender costs. The Greening budget records an underspending of £4,727, suggesting that there could be a further underspend at year-end. The 2020/21 draft estimates assume a £6,000 reduction in this budget.
- The Community Grants budget shows an underspend of £25,516 against its profile, which has been taken to be the full year budget. Several grant applications are expected to be received by year-end, which reduces the potential underspend in the forecast outturn to £10,000.

B.4 Finance Committee

Net expenditure of £181,897 is shown against the budget to date of £187,107, an underspending of £5,210.

- The Staffing Superannuation is overspent by £1,284 due to the estimate being understated.
- Net underspendings of £2,203 on Civic Functions have been reflected in the budget process.
- The Elections budget is underspent by £3,247. The budget was set on the basis of all seats being contested, so the actual cost invoiced by Eden DC was significantly lower than budgeted. Several costs associated with Councillors' induction have been charged against the underspending to avoid pressure on other budgets.
- The IT budget shows an overspend of £4,567 as there are increasing pressures for expenditure.
- The overall underspending on Devolved Services is £2,360, largely due to grant income received from Eden DC exceeding the expenditure to date. An overspending of £1,674 on the Community Caretaker budget is expected to reduce over the winter months.
- The previous overspend on the Website Accessibility Regulations budget has been reduced to £231.
- The Insurance budget overspend of £795 will continue into the remainder of the year. The annual charge is £3,643 which exceeds the full year's budget of £2,300, largely due to the transfer or acquisition of assets. Next year's budget has been increased to reflect the true cost of the cover.

- The Legal Fees budget is currently overspent by £370; the £1,578 expenditure relating to the land at Thacka Beck is gradually being absorbed by the budget profile.

B.5 Contingency

- The profiled portion of the contingency provision, £3,333, is shown as fully underspent as any unforeseen expenditure (for example, insurance) is allocated to the correct budget heading.

B.6 Total Expenditure & Increase/Decrease in General Reserve

- The individual variances result in an underspending of £81,035 against the profiled total expenditure budget of £314,656. As there is £375 additional income, there is a net variation of £81,410 on the profiled amount transferrable to the General Reserve.

B.7 Reserves

- The Latest Budget includes the actual General Reserve balance at 1 April 2019 of £181,256, which was £77,182 higher than forecast in the Original Budget. The profiled budget assumes that the Reserve should decrease by £17,461 in the period, resulting in a balance of £163,795 at 30 November. The actual balance on the reserve at the month end is £245,205, which is £81,410 higher than expected.
- The Devolution Reserve balance at 1 April 2019 was £55,815, again included in the Latest Budget. Although this was £1,365 lower than originally forecast, this will not create a funding problem. The Latest Budget provides for a contribution of £31,719 to be made to the Reserve; the profile assumes that the transfer will be made in March next year.
- The Approved Budget assumes that no use will be made of the £50,000 held in the Acquisitions Reserve during the remainder of 2019/20, although this money will be available if an opportunity arises.

C. Balance Sheet (Appendix B)

Appendix B shows the Council's balance sheet as at 30 November 2019. The following points may be noted:

- The investment of £138,860 is with the Penrith Building Society; during December, £53,860 of this amount was invested in the CCLA Public Sector Deposit Fund.
- The main debtor balance is £3,649 VAT which will be recovered from HMRC.
- Prepayments of £5,834 include adjustments for insurance, office rental, licences, subscriptions and maintenance agreements.

- The Cash at Bank figure of £391,159 is relatively high because it includes precept and devolved services grant income for the full financial year and the effect of the higher General Reserve balance. During December, investments have been made into the CCLA account and the Cumberland Building Society.
- Accruals of £10,917 represent goods and services received before 30 November, where the payment was not made by that date. Individual items include £6,984 grants and £1,877 audit and accountancy fees.
- The Payroll Control balance of £8,849 relates to deductions calculated in the November payroll; the total is due to HMRC for income tax and national insurance and to Cumbria Pension Fund for superannuation.
- The Receipts in Advance figure comprises £150,766 income for the period from 1 November 2019 to 31 March 2020, already received from Eden DC as precept or devolved services grants, together with £3,359 from United Utilities for planting maintenance. Grants of £3,000 from Cumbria CC and £9,037 from the National Lottery have been received for the improvement project at Fairhill.

D. Conclusion

The budgetary control statement shows that overall spending to the end of November is some £81,000 below the profiled budget; the main underspendings are £24,000 for the Planning Committee and £49,000 for the CCEG Committee. Although spending on several services will pick up in the New Year, it is clear that there will be a substantial underspend at year end against the full year's budget; the budget process recognises this by including significant underspends totalling £54,000 (Planning £29,000, Town Projects £15,000 and Community Grants £10,000). There are no significant concerns about overspends and no issues arising from the Council's balance sheet at 30 November.

4. FINANCE IMPLICATIONS

This report is concerned solely with financial management.

5. RISK MANAGEMENT

RISK	CONSEQUENCE	CONTROLS REQUIRED
Income and expenditure are not monitored regularly.	The Council may fail to receive expected income or may incur unexpected overspending, potentially leading to the curtailment of planned expenditure.	A sound budgetary control system with regular reporting and identification of issues.

6. APPENDICES ATTACHED TO THIS REPORT

- Income & Expenditure and Balance Sheet statements

7. BACKGROUND PAPERS

- Transaction and trial balance reports from the Sage accountancy system
- Budgetary control working papers



Penrith Town Council

BUDGETARY CONTROL STATEMENT: EIGHT MONTHS ENDED 30 NOVEMBER 2019

APPENDIX A

Approved Budget 2019/20	Latest Budget 2019/20	Heading	Budget to Date	Actual to Date	Favourable/ (Adverse) Variance
£	£		£	£	£
		INCOME			
		Precept:			
437,813	437,813	Council Tax	291,875	291,875	0
7,940	7,940	EDC - CTRS Grant	5,293	5,293	0
		Other Income:			
30	30	Investment Interest	20	401	381
10	10	Miscellaneous Income	7	1	(6)
445,793	445,793	TOTAL INCOME	297,195	297,570	375
		EXPENDITURE			
		PLANNING COMMITTEE:			
0	0	Officer Support	0	1,423	(1,423)
0	0	Planning Consultancy	0	3,644	(3,644)
20,000	43,715	Consultation	29,143	514	28,629
20,000	43,715	Planning Committee Total	29,143	5,581	23,562

Approved Budget 2019/20	Latest Budget 2019/20	Heading	Budget to Date	Actual to Date	Favourable/ (Adverse) Variance
£	£		£	£	£
		CCEG COMMITTEE:			
30,000	30,000	Town Projects	8,000	5,780	2,220
		Arts & Entertainment:			
5,000	10,000	Officer Support	6,667	342	6,325
30,000	30,000	Events Grants	30,000	21,219	8,781
35,000	40,000		36,667	21,561	15,106
		Environment:			
21,000	16,000	Greening	15,000	10,273	4,727
500	500	Community Gardeners/Greening	333	0	333
21,500	16,500		15,333	10,273	5,060
32,000	32,000	Community Grants	32,000	6,484	25,516
		Corporate Communications:			
770	770	Advertising	513	345	168
1,020	1,020	Website	680	260	420
1,780	11,280	Community Engagement	1,187	1,235	(48)
1,040	1,040	Press Support	693	205	488
4,610	14,110		3,073	2,045	1,028
123,110	132,610	CCEG Committee Total	95,073	46,143	48,930

Approved Budget 2019/20	Latest Budget 2019/20	Heading	Budget to Date	Actual to Date	Favourable/ (Adverse) Variance
£	£		£	£	£
		FINANCE COMMITTEE:			
		Staffing:			
156,010	159,855	Salaries	104,776	104,953	(177)
14,450	15,120	National Insurance	9,767	9,624	143
27,260	27,345	Superannuation	18,190	19,474	(1,284)
3,300	3,300	Training & Expenses	1,333	1,187	146
201,020	205,620		134,066	135,238	(1,172)
		Accommodation:			
7,700	7,700	Rent	5,133	5,000	133
1,850	1,850	Heat, Light & Water	1,233	994	239
650	650	Service Charges	433	446	(13)
220	220	Room Hire	147	89	58
330	330	Insurances	220	246	(26)
(100)	(100)	Letting Income	(67)	(24)	(43)
10,650	10,650		7,099	6,751	348
		Civic Functions:			
1,550	1,550	Civic Functions	1,033	30	1,003
1,000	1,000	Mayoral Expenses	667	0	667
500	500	Deputy Mayor's Expenses	333	0	333
400	400	Civic Regalia	267	67	200
3,450	3,450		2,300	97	2,203
		Cost of Democracy:			
300	300	Annual Meeting	300	188	112
5,420	5,420	Elections	5,420	2,173	3,247
200	200	Members' Expenses	133	573	(440)
500	500	Notice/Honours Board	333	0	333
6,420	6,420		6,186	2,934	3,252

Approved Budget 2019/20	Latest Budget 2019/20	Heading	Budget to Date	Actual to Date	Favourable/ (Adverse) Variance
£	£		£	£	£
15,280	16,350	IT	11,257	15,824	(4,567)
		Devolved Services:			
(1,400)	(1,400)	Bring Site	(933)	(933)	0
0	0	Allotments	0	(300)	300
650	650	War Memorial	433	(33)	466
870	870	Benches	580	748	(168)
(310)	(310)	Bus Shelters	(207)	(729)	522
(170)	(170)	Bandstand	(113)	(548)	435
290	290	Musgrave Monument	193	(113)	306
(6,340)	(6,340)	Fairhill Park	(4,227)	(4,177)	(50)
0	0	Toilets	0	0	0
1,100	1,100	Play Areas	733	0	733
1,175	1,175	Coronation Gardens	783	0	783
310	310	Fairhill United Utilities Planting Maintenance	207	0	207
4,500	9,500	Fairhill Site Improvements	0	0	0
750	750	Signage, etc	500	0	500
8,200	8,200	Community Caretaker	5,467	7,141	(1,674)
36,719	31,719	Contribution to/(from) Devolution Reserve	0	0	0
46,344	46,344		3,416	1,056	2,360
0	5,625	Website Accessibility Regulations	3,750	3,981	(231)
		Other Overheads:			
2,300	2,300	Printing, Postage & Stationery	1,533	1,629	(96)
1,600	1,600	Audit Fees	1,067	977	90
2,300	2,300	Insurance	1,533	2,328	(795)
100	100	Bank Charges & Interest	67	62	5
7,800	7,800	Accountancy Fees	4,533	3,905	628
3,200	3,200	Legal Fees	2,133	2,503	(370)
250	250	Licences	167	27	140
2,000	2,000	Subscriptions	1,333	1,605	(272)
19,550	19,550		12,366	13,036	(670)

Approved Budget 2019/20	Latest Budget 2019/20	Heading	Budget to Date	Actual to Date	Favourable/ (Adverse) Variance
£	£		£	£	£
10,000	10,000	Repairs & Renewals	6,667	2,980	3,687
312,714	324,009	Finance Committee Total	187,107	181,897	5,210
5,000	5,000	Contingency	3,333	0	3,333
0	0	Transfer to/(from) Acquisitions Reserve	0	0	0
460,824	505,334	TOTAL EXPENDITURE	314,656	233,621	81,035
(15,031)	(59,541)	INCREASE/(DECR) IN GENERAL RESERVE	(17,461)	63,949	81,410
		RESERVES:			
		General Reserve:			
104,074	181,256	Balance brought forward 1 April 2019	181,256	181,256	0
(15,031)	(59,541)	Increase/(decrease) in year	(17,461)	63,949	81,410
89,043	121,715	Balance carried forward	163,795	245,205	81,410
		Devolution Reserve:			
57,180	55,815	Balance brought forward 1 April 2019	55,815	55,815	0
36,719	31,719	Contribution from/(to) 2019/20 Budget	0	0	0
93,899	87,534	Balance carried forward	55,815	55,815	0

Approved Budget 2019/20	Latest Budget 2019/20	Heading	Budget to Date	Actual to Date	Favourable/ (Adverse) Variance
£	£		£	£	£
		Acquisitions Reserve:			
50,000	50,000	Balance brought forward 1 April 2019	50,000	50,000	0
0	0	Contribution from/(to) 2019/20 Budget	0	0	0
50,000	50,000	Balance carried forward	50,000	50,000	0
232,942	259,249	TOTAL RESERVES	269,610	351,020	81,410



Penrith Town Council

BALANCE SHEET AS AT 30 NOVEMBER 2019

	£	£
Investments		
Penrith Building Society	138,860	
Cumberland Building Society	0	
CCLA Public Sector Deposit Account	0	
		138,860
Current Assets		
Debtors	751	
Debtor - VAT	3,649	
Prepayments	5,834	
HSBC Bank Account	391,159	
	401,393	
Current Liabilities		
Creditors	0	
Accruals	10,917	
Payroll	8,849	
Control	169,467	
Receipts in Advance	189,233	
Net Current Assets		212,160
		351,020
Represented by:		
Reserves		
General Reserve		245,205
Devolution Reserve		55,815
Acquisitions Reserve		50,000
		351,020



FINANCE COMMITTEE

13 JANUARY 2020

MATTER: Payments for Approval

- a) Note that prior to the meeting Cllr Hawkins and Cllr Bowen will access the Electronic Banking System to reconcile the monthly report of all payments made for the relevant period and will then recommend for approval that each payment aligned with the invoices.
 - b) Approve and record the monthly report of payments for October and November 2019.
- AUTHOR:** RFO and Deputy RFO

SUPPORTING MEMBER: Cllr Roger Burgin -
Chair of Finance Committee

ITEM NO: 7

LINK TO COUNCIL PLAN PRIORITIES:

- Ensure that the Council is run in a lawful and business-like manner.
- Give confidence in service delivery and decision-making
- Provide good governance that provides clear and effective decision-making; clarity about lines of responsibility and accountability for the different levels of decision-making
- Provide a framework that reflects best practise

RECOMMENDATIONS:

Approve the monthly report of payments for October and November 2019.



**Payments Schedule
October 2019**

Date	Ref	Details	Net £	VAT £	Total £	Budget
03/10/2019	109	Amey - Community Caretaker September 19	1,152.50	230.50	1,383.00	Devolved Services - Community Caretaker
03/10/2019	110	KTD - Print charges	169.77	33.95	203.72	Other Overheads - Printing, Postage & Stationery
03/10/2019	111	KTD - Broadband service Sept 19 - Sept 20	302.00	60.40	362.40	IT
03/10/2019	111	KTD - Broadband service installation	158.00	31.60	189.60	IT
03/10/2019	112	I Parker - Mileage expenses	21.60	-	21.60	Training & Expenses
03/10/2019	113	KTD - Portable backup drive	95.00	19.00	114.00	IT
03/10/2019	114	Penrith Parish Centre - Room hire	28.80	-	28.80	Accommodation - Room Hire
03/10/2019	115	Heatons Office Solutions - Stationery	79.17	15.83	95.00	Other Overheads - Printing, Postage & Stationery
03/10/2019	116	SLCC - The Clerk's Manual	47.50	-	47.50	Other Overheads - Printing, Postage & Stationery
03/10/2019	116	SLCC - The Clerk's Manual, delivery	4.00	0.80	4.80	Other Overheads - Printing, Postage & Stationery
03/10/2019	117	Burnetts - Legal disbursements, Bus shelters	40.00	-	40.00	Other Overheads - Legal Fees
10/10/2019	118	SLCC - CILCA Registration fee	350.00	-	350.00	Training & Expenses
10/10/2019	119	Cumbria Pension Fund - 2019-20 Deficit Contribution	3,200.00	-	3,200.00	Staffing
17/10/2019	120	KTD - Transfer title of IT equipment ex lease	1,293.54	258.71	1,552.25	IT
17/10/2019	121	The National Allotment Society - Annual Membership	55.00	11.00	66.00	Other Overheads - Subscriptions
17/10/2019	122	KTD - Managed Print Use 31 July to 23 October 2019	50.64	10.13	60.77	Other Overheads - Printing, Postage & Stationery
17/10/2019	123	C Grey - Expenses	664.26	-	664.26	Environment - Greening
17/10/2019	124	The Cumbria Clock Company Ltd - Service Musgrave Monument	220.00	44.00	264.00	Devolved Services - Monument
31/10/2019	125	Lowther Forestry Group - Fairhill grass cutting October 19	254.00	50.80	304.80	Devolved Services - Fairhill Park
31/10/2019	126	Cumbria CC - Consultancy Penrith Parking & Movement Study	5,000.00	1,000.00	6,000.00	Town Projects
31/10/2019	127	Heatons - Stationery	94.68	18.94	113.62	Other Overheads - Printing, Postage & Stationery
31/10/2019	128	Cumbria Local Publications - Advert, Eden Local	65.00	-	65.00	Corporate Communications - Press Support
31/10/2019	129	KTD - Domain services	48.75	9.75	58.50	IT
31/10/2019	130	KTD - Anti spam services	87.25	17.45	104.70	IT
31/10/2019	131	KTD - Laptop for Solicitor	599.00	119.80	718.80	IT
31/10/2019	131	KTD - Set up and cover, new laptop	418.52	83.70	502.22	IT
31/10/2019	132	Lamont Pridmore - Accountancy fees	905.00	181.00	1,086.00	Other Overheads - Accountancy Fees
31/10/2019	133	Cumberland & Westmorland Herald - Remembrance Advert	30.00	6.00	36.00	Civic Functions - Civic Functions
31/10/2019	134	Kirkwells - Planning consultancy, Neighbourhood Plan Stage 2	2,500.00	500.00	3,000.00	Planning - Planning Consultancy
31/10/2019	135	KTD - Upgrades to Windows 10	300.00	60.00	360.00	IT
31/10/2019	136	KTD - Managed print service to 31 Oct 19	95.87	19.17	115.04	Other Overheads - Printing, Postage & Stationery
31/10/2019	137	C Grey - Duplicate payment to be recovered	664.26	-	664.26	Suspense Account
02/10/2019	Cash card 53	Post Office - Postage	10.50	-	10.50	Other Overheads - Printing, Postage & Stationery
14/10/2019	Cash card 59	West Coast Trains - Travel, BiB Awards CG	232.80	-	232.80	Environment - Greening
17/10/2019	Cash card 55	Timpson - Keys, Bandstand	32.50	6.50	39.00	Devolved Services - Bandstand
23/10/2019	Cash card 60	West Coast Trains - Travel, BiB Awards SJ	124.50	-	124.50	Environment - Greening
24/10/2019	Cash card 69	Verifone Taxi - Taxi fare, BiB Awards	35.86	-	35.86	Environment - Greening
25/10/2019	Cash card 62	Dish Catering - Meals, BiB Awards	51.50	-	51.50	Environment - Greening
25/10/2019	Cash card 63	CMT UK - Taxi fare, BiB Awards	24.00	-	24.00	Environment - Greening
25/10/2019	Cash card 64	Verifone Taxi - Taxi fare, BiB Awards	29.20	-	29.20	Environment - Greening
25/10/2019	Cash card 65	Dish Catering - Refreshments, BiB Awards	10.00	-	10.00	Environment - Greening
25/10/2019	Cash card 66	Dish Catering - Refreshments, BiB Awards	25.50	-	25.50	Environment - Greening
25/10/2019	Cash card 68	CMT UK - Taxi fare, BiB Awards	18.31	-	18.31	Environment - Greening
26/10/2019	Cash card 67	Verifone Taxi - Taxi fare, BiB Awards	23.32	-	23.32	Environment - Greening
27/10/2019	Cash card 61	Tower Bridge Hotels - Accommodation, BiB Awards	105.00	21.00	126.00	Environment - Greening
29/10/2019	Cash card 56	Post Office Ltd - Postage	13.79	-	13.79	Other Overheads - Printing, Postage & Stationery
30/10/2019	Cash card 57	Post Office Ltd - Postage	6.60	-	6.60	Other Overheads - Printing, Postage & Stationery
03/10/2019	DD/STO	Grenke Leasing - IT assets	1,293.54	258.71	1,552.25	IT
09/10/2019	DD/STO	HSBC - Bank charges	5.50	-	5.50	Other Overheads - Bank Charges & Interest
15/10/2019	DD/STO	British Gas - Electricity, Bandstand	8.74	0.44	9.18	Devolved Services - Bandstand
16/10/2019	DD/STO	Sage - Sage 50 Essentials subscription	241.31	48.27	289.58	IT
18/10/2019	DD/STO	HMRC - Tax & NI, September 19	3,653.24	-	3,653.24	Staffing
18/10/2019	DD/STO	Cumbria CC - Superannuation, September 19	2,828.05	-	2,828.05	Staffing
22/10/2019	DD/STO	Adobe - Adobe Acropo subscription	12.64	2.53	15.17	IT
25/10/2019	DD/STO	Net Pay, October 2019	10,243.63	-	10,243.63	Staffing
25/10/2019	DD/STO	New Star Networks - Broadband and calls	163.29	32.66	195.95	IT

Total

38,187.43

3,152.64

41,340.07



**Payments Schedule
November 2019**

Date	Ref	Details	Net £	VAT £	Total £	Budget
07/11/2019	138	Cumbrian Local Publications Ltd - Eden Local November Advert	75.00	-	75.00	Corporate Communications - Press Support
07/11/2019	139	KTD - Cyber Security Work GDPR	695.00	139.00	834.00	IT
07/11/2019	140	Weddings by Annabel - VE Day Events	300.00	-	300.00	Arts and Entertainment - Devolved Events Grants
07/11/2019	141	Vivienne Tunnadine - Expenses	6.00	-	6.00	Staffing - Training & Expenses
14/11/2019	142	KTD - Premium ADSL Service	156.00	31.20	187.20	IT
14/11/2019	143	KTD - IT Equipment	34.66	6.93	41.59	IT
14/11/2019	144	Scott Jackson - Expenses reimbursement	21.50	-	21.50	Environment - Greening
14/11/2019	145	Louise Armstrong - Expenses reimbursement	102.50	-	102.50	Environment - Greening
21/11/2019	146	Heatons Office Solutions - Stationery	87.95	17.59	105.54	Other Overheads - Printing, Postage & Stationery
21/11/2019	147	Amey - Community Caretaker Contract October 2019	1,172.07	234.41	1,406.48	Devolved Services - Community Caretaker
21/11/2019	148	KTD - Website Accessibility	158.00	31.60	189.60	IT
28/11/2019	149	Vivienne Tunnadine - Expenses Britain in Bloom	108.20	-	108.20	Environment - Greening
26/11/2019	100002	The Salvation Army - Food Bank ex Bench proceeds	84.05	-	84.05	Devolved Services - Benches
12/11/2019	Cash card	Booking.com - Accommodation, AM interviews	119.00	-	119.00	Arts and Entertainment - Devolved Events Grants
19/11/2019	Cash card	Post Office Ltd - Postage	3.94	-	3.94	Other Overheads - Printing, Postage & Stationery
07/11/2019	CCR58	Post Office Ltd - Postage	9.85	-	9.85	Other Overheads - Printing, Postage & Stationery
07/11/2019	CCR70	B&M - Consumables	58.87	-	58.87	Staffing - Training & Expenses
14/11/2019	CCR71	Timpson - Keys	10.00	-	10.00	Repairs and Renewals
21/11/2019	CCR72	Post Office Ltd - Postage	27.58	-	27.58	Other Overheads - Printing, Postage & Stationery
01/11/2019	DD/STO	TV Licensing - TV Licence	154.50	-	154.50	IT
08/11/2019	DD/STO	HSBC - Bank charges	5.50	-	5.50	Other Overheads - Bank Charges & Interest
15/11/2019	DD/STO	British Gas - Electricity, Bandstand	10.37	0.52	10.89	Devolved Services - Bandstand
22/11/2019	DD/STO	Adobe Acropo - Subscription	12.64	2.53	15.17	IT
26/11/2019	DD/STO	New Star Networks - Broadband	162.83	32.57	195.40	IT
19/11/2019		HMRC - Tax & NI, October 19	4,013.30	-	4,013.30	Staffing - Salaries
19/11/2019		Cumbria Pension Fund - Superannuation, October 19	3,016.04	-	3,016.04	Staffing - Salaries
27/11/2019		Net Pay, November 19	11,685.36	-	11,685.36	Staffing - Salaries
Total			<u>22,290.71</u>	<u>496.35</u>	<u>22,787.06</u>	



FINANCE COMMITTEE

13 JANUARY 2020

MATTER:

Bank Reconciliation

Approve and sign the bank reconciliations as at 31 October 2019 and 30 November 2019.

AUTHOR:

RFO and Deputy RFO

SUPPORTING MEMBER:

Cllr Roger Burgin -
Chair of Finance Committee

ITEM NO:

8

LINK TO COUNCIL PLAN PRIORITIES:

- Ensure that the Council is run in a lawful and business-like manner.
- Give confidence in service delivery and decision-making
- Provide good governance that provides clear and effective decision-making; clarity about lines of responsibility and accountability for the different levels of decision-making
- Provide a framework that reflects best practise

RECOMMENDATIONS:

Approve and sign the bank reconciliations as at 31 October 2019 and 30 November 2019.

Bank Ref: 1205	Date To: 31/10/2019
Bank Name: HSBC	Statement Ref: 1205 2019-11-11 01
Currency: Pound Sterling	

Balance as per cash book at 31/10/2019: 413,064.27

Add: Unpresented Payments

Tran No	Date	Ref	Details	£
2532	31/10/2019	131	KTD - Laptop for Solicitor	1,221.02
2536	31/10/2019	134	Kirkwells - Neighbourhood	3,000.00
				<u>4,221.02</u>

Less: Outstanding Receipts

Tran No	Date	Ref	Details	£
				<u>0.00</u>

Reconciled balance : 417,285.29

Balance as per statement : 417,285.29

Difference : 0.00

9 October to 8 November 2019

Your Statement

Account Name
 Penrith Town Council

Sortcode 40-36-10 **Account Number** 21582240 **Sheet Number** 66

Your Business Current Account details

<i>Date</i>	<i>Payment type and details</i>	<i>Paid out</i>	<i>Paid in</i>	<i>Balance</i>
	BALANCE BROUGHT FORWARD			419,895.01
	BP HEATONS OFFICE SOL			
	PENRITH TOWN COUNC	113.62		
	BP CUMBRIAN LOCAL PUB			
	EL 1987	65.00		
	BP KTD			
	K121881	58.50		
	BP KTD			
	K121880	104.70		
	BP CUMBERLAND & WESTM			
	367525	36.00		
	BP CAROL GREY			
	PENRITH TOWN COUNC	664.26		
	BP KTD			
	K122206	115.04		
	BP KTD			
	K122170	360.00		
	BP LAMONT PRIDMORE			
	D1P048 INV 5035	1,086.00		
))) POST OFFICE COUNT			
	PENRITH	6.60		417,285.29
01 Nov 19	DD TV LICENCE DDA	154.50		
	BP KTD			
	K122103	1,221.02		
	BP KIRKWELLS			
	PTC 849	3,000.00		412,909.77
04 Nov 19	BP FAIRER&COX			
	Cox 2019-04 + oth		49.05	
	BP FAIRER&COX			
	Cox Delivery		15.00	412,973.82
06 Nov 19))) POST OFFICE COUNT			
	PENRITH	9.85		412,963.97
07 Nov 19	BP CUMBRIAN LOCAL PUB			
	EL 1996	75.00		
	BP KTD			
	K122298	834.00		
	BP VIVIEN TUNNADINE			
	PENRITH TOWN COUNC	6.00		
	BP WEDDINGSBYANNABEL			
	PENRITH TOWN COUNC	300.00		
	VIS B&M RETAIL			
	BRIDGE LANE	58.87		411,690.10
08 Nov 19	DR TOTAL CHARGES			
	TO 17OCT2019	5.50		411,684.60
08 Nov 19	BALANCE CARRIED FORWARD			411,684.60

Bank Ref: 1205	Date To: 30/11/2019
Bank Name: HSBC	Statement Ref: 1205 2019-12-02 07
Currency: Pound Sterling	

Balance as per cash book at 30/11/2019: 391,158.87

Add: Unpresented Payments

Tran No	Date	Ref	Details	£
2628	26/11/2019	100002	The Salvation Army - Food	84.05
				<u>84.05</u>

Less: Outstanding Receipts

Tran No	Date	Ref	Details	£
				<u>0.00</u>

Reconciled balance : 391,242.92

Balance as per statement : 391,242.92

Difference : 0.00

9 November to 8 December 2019

Your Statement

Account Name
 Penrith Town Council

Sortcode 40-36-10 **Account Number** 21582240 **Sheet Number** 69

Your Business Current Account details

Date	Payment type and details	Paid out	Paid in	Balance
	BALANCE BROUGHT FORWARD			404,689.78
	BP KTD K122503	189.60		
	BP AMEY 90765721	1,406.48		403,093.70
22 Nov 19	VIS INT'L 0001588542 ADOBE ACROPRO SUBS ADOBE.LY/BILL	15.17		403,078.53
25 Nov 19	PIM CASH IN HSBC NOV25 PENRITH D1 @15:37		20.00	403,098.53
26 Nov 19	DD NEW STAR NETWORKS CR JANE ARMSTRONG louise	195.40		
27 Nov 19	BP CAROL GREY PENRITH TOWN COUNC		133.35	403,036.48
28 Nov 19	BP PAUL FOOTE PENRITH TOWN COUNC			401,234.00
	BP JOHN JONES PENRITH TOWN COUNC			
	BP IAN PARKER PENRITH TOWN COUNC			
	BP ANNA MALINA PENRITH TOWN COUNC			
	BP ROSALYN RICHARDSON PENRITH TOWN COUNC			
	BP VIVIEN TUNNADINE PENRITH TOWN COUNC			
	BP VIVIEN TUNNADINE PENRITH TOWN COUNC			
02 Dec 19	CR Carol Grey CAROL GREY	108.20		391,242.92
	VIS MARKS&SPENCER PLC PENRITH		62.25	
05 Dec 19))) POST OFFICE COUNT PENRITH	40.50		391,264.67
06 Dec 19	BP KTD K122926	6.60		391,258.07
	BP CUMBRIA ASSOCIATIO TR1792	146.40		
	BP IAN PARKER PENRITH TOWN COUNC	40.00		
	BP PARISH ONLINE PENRITH TOWN COUNC	26.55		
	BP CUMBRIAN LOCAL PUB EL 2007	600.00		
	BP EL 2007	130.00		
	BALANCE CARRIED FORWARD			390,315.12



FINANCE COMMITTEE

13 JANUARY 2020

- MATTER:** **PROPOSED BUDGET 2020/21**
To consider budget proposals for 2020/21 and an indicative medium-term Financial Forecast.
- AUTHOR:** RFO
- SUPPORTING MEMBER:** Cllr Roger Burgin -
Chair of Finance Committee
- ITEM NO:** 9 a

RECOMMENDATIONS:

The Committee is recommended to consider:

- i. The Forecast Outturn expenditure for 2019/20 of £443,349;
- ii. The Proposed Budget 2020/21 which would require a precept of £454,233 and a 1.7% increase in Council Tax;
- iii. The proposed level of financial reserves;
- iv. The indicative Medium-Term Financial Forecast;

and forward these proposals, with any amendments, to Council for approval.

1. LAW

Sections 41 and 50 of the Local Government Finance Act 1992 require the Council to calculate its annual budget requirement and its resulting precept by 28 February. The precept is issued to the billing authority, Eden District Council, to collect the income on behalf of the Town Council.

2. LINK TO COUNCIL FUNCTIONS

SUBJECT	POWER	LEGISLATION
Production of a valid budget	The Council is required to formulate a budget and calculate its annual precept	Local Government Finance Act 1992

3. LINKS TO COUNCIL PRIORITIES

The annual budget should provide resources to deliver the Council's priorities for the financial year ahead.

4. REPORT DETAILS

4.1 INTRODUCTION

Draft estimates for 2020/21 were considered by the Budget Working Group on 2 December 2019. Changes made during that process have been included in the latest iteration of the estimates, together with a number of revisions to draft figures. These include the introduction of the provisional Council Taxbase, reduced accountancy fees, increased provision for IT costs and a recalculation of salary oncosts for the new Solicitor's post. This report presents the resulting Proposed Budget for 2020/21 (Appendix A), including an allowance for growth items, which can be financed by a 1.7% increase in Council Tax. Based on the assumptions described in the report, an indicative medium-term financial forecast (Appendix B) suggests that the Council will be able to set sustainable budgets for subsequent years, which will meet its target reserve level, with modest tax increases.

4.2 PROPOSED BUDGET 2020/21

APPENDIX A

The statement at **Appendix A** shows the following detailed information for the Council's Committees and services:

- The Actual Outturn income and expenditure for 2018/19, for comparison purposes.
- The Approved Budget for 2019/20, as agreed by Council on 28 January 2019.
- The Forecast Outturn for the current year, which includes the effect of decisions made by Council to date, proposals for redirection of estimates and budget reductions. Members will appreciate that there is some uncertainty over whether the budgeted expenditure will be achieved on some headings, however it is considered appropriate to maintain the forecast provision shown in the statement.

Total outturn expenditure for 2019/20 of £443,349 is forecast to decrease by £17,475 from the Approved Budget, for the following reasons:

	£	£
Expenditure per Approved Budget 2019/20		460,824
Net reduction in Planning Committee expenditure	(5,000)	
Partial slippage of Town Projects budget into 2020/21	(15,000)	
Underspensing of Community Grants budget	(10,000)	
Increased expenditure on Youth Advisory Panel	9,500	
New post of Solicitor (part-year costs)	4,620	
Reduced expenditure on Civic Functions and Cost of Democracy, including £3,520 on Elections	(5,670)	
Additional IT costs, including £1,070 equipment for Solicitor post	5,720	
Implementation of Website Accessibility Regulations	5,625	
Increase in insurance premia	940	
Reduction in external accountancy fees	(3,050)	
Reduction of Repairs and Renewals and Contingency budgets to part-year provision.	(5,000)	
Other minor variations (net)	(160)	
		(17,475)
Forecast Outturn Expenditure 2019/20		443,349

- a) The Proposed Budget for 2020/21, which allows for a continuation (standstill) budget that identifies and provides for the current committed level of service to be maintained. This involves the current year's budget being adjusted to remove any one-off items and to include the estimated costs of contractually committed changes to expenditure or income; inflationary increases have only been allowed where necessary.

The agreed budget process requires growth bids (service development proposals) to be identified separately from the base budget. The proposed budget is able to provide an allowance of £27,170 to fund growth items; the items proposed to utilise this funding are described in section 4.7.

The proposed precept for 2020/21 is £454,233; the increase of £16,420 from the 2019/20 figure can be explained as follows:

	£	£
2019/20 Precept		437,813
Net reduction in Planning Committee expenditure	(5,000)	
Removal of one-off addition to Town Projects budget	(15,000)	
Reduction in Greening budget	(6,000)	
Increase in Community Engagement budget to reflect planned involvement, including the Youth Advisory Panel	13,240	
Salaries:		
<ul style="list-style-type: none"> • Full year cost of Solicitor post £11,630 • Anticipated 4.0% pay award April 2020 £7,800 • Incremental advances £3,510 • Net increase in superannuation contributions £640 • Removal of one-off training costs (£1,300) 	22,280	
Reduced expenditure on Civic Functions and Cost of Democracy, including £5,420 on Elections	(8,470)	
Increased IT budget to reflect current requirements	4,720	
Increased website costs to meet ongoing accessibility regulations	1,030	
Increase in insurance premia	1,400	
Reduction in external accountancy fees	(4,300)	
Reduction in budget for Repairs & Renewals	(2,000)	
2020/21 Allowance for Growth Items	27,170	
Adjustment to contribution from General Reserve, including the use in 2020/21 to meet 2019/20 slippage	(13,851)	
Other minor variations (net)	1,201	
		16,420
Proposed Precept 2020/21		454,233

b) The position on the Council's three reserves over the two financial years.

c) The resulting Council Tax based on the budgets for the two financial years, taking account of the provisional Council Taxbase notified by Eden District Council.

4.3 MEDIUM TERM FINANCIAL FORECAST

APPENDIX B

Appendix B shows an indicative forecast of income and expenditure for the years 2020/21 to 2024/25, based on the figures in the 2020/21 Proposed Budget. These are adjusted for planned variations, with inflation being allowed for as a global figure. The forecast includes a small allowance for growth items in the years to 2023/24; aspirations beyond this allowance would have to be funded by a Council Tax increase or by the reduction or redirection of budgets.

4.4 DETAILED BUDGETS

The following commentary provides details of the individual estimates within the Proposed Budget and the Medium-Term Financial Forecast.

a) Income

The precept income of £454,233 for 2020/21 is based on a 1.7% increase in Council Tax and the provisional Council Taxbase notified by Eden DC (the actual taxbase will be notified later this month). The Forecast projects tax income which will allow sustainable budgets, based on the assumptions described later in this report; this will be sufficient to provide for the required phased contributions to the General Reserve to meet its target. The investment income budget has been increased from its previous nominal value.

b) Planning Committee

The 2019/20 Forecast Outturn and Proposed Budget of £15,000 reflect the Committee's decision to return part of the budget which it was allowed to bring forward from 2018/19 and to slip £5,000 into 2020/21. The longer-term commitment is expected to be £10,000 pa. The budget headings have been rationalised into a single line, Planning Consultancy.

c) CCEG Committee

Town Centre Projects

The Approved Budget for 2019/20 provided a one-off amount of £30,000 for Town projects; the Committee has requested that this be re-phased to spend £15,000 in each of 2019/20 and 2020/21.

Arts & Entertainment

2019/20 expenditure on Officer Support is increased to £10,000 following Council's allocation of additional funds to encourage a better response to the Cultural Strategy tender.

Environment

The Committee has identified an underspending of £5,000 on the 2019/20 Greening budget, which is being used to fund the increase in the Cultural Strategy tender budget. The 2020/21 Proposed Budget continues this trend with a reduction of £6,000 on Greening. Officers further advise that the Community Gardeners budget should be merged with the main Greening budget.

Community Grants

A critical review of the current year's expenditure has suggested that the forecast outturn can be reduced by £10,000 to £22,000; the full £32,000 budget is projected for subsequent years.

Corporate Communications

The proposed estimates rationalise the budget headings. The advertising budget is merged into the Press Support budget from this year onwards. The 2019/20 Approved Budget for Community Engagement included a one-off provision of £500 for a Youth Forum; Council has increased this by £9,500 to fund the Youth Panel. As a new initiative, the Youth Advisory Panel budget is shown as a separate budget in the 2019/20 Forecast, before being "mainstreamed" and merged into an enhanced Community Engagement budget for 2020/21, which reflects the overall current demand for the service. Lastly, the Website budget has been transferred to the Finance Committee.

d) Finance Committee

Staffing

The 2019/20 Forecast Outturn for Salaries is based on current expenditure, projected to the year end. The increase of £4,620 from the Approved Budget is solely due to the new In-house Solicitor's post.

The 2020/21 Proposed Budget includes the full year costs of the Solicitor post, £11,630, an estimated allowance of 4.0% for the April 2020 pay award and NI rate increases, £7,780, staff incremental advances, £3,510, and the removal of a one-off item of £1,300 in Training. Increments are included for subsequent years, while pay awards are provided as a global sum together with price inflation.

Superannuation rates are reviewed every three years and are comprised of two elements: a percentage rate for future service and a cash amount to clear any deficit arising from past service. The 2019 triennial actuarial valuation of the Pension Fund has increased the percentage rate from 17.5% to 19.9% for 2020/21, offset by the deficit contribution reducing from £3,100 to £nil. The net result is an estimated additional cost of £640.

An ongoing issue for local government is a Supreme Court ruling that changes to the pension scheme made in 2015 had discriminated against younger employees. The judgement arose from legal action brought by the Fire Brigades Union and a group of judges led by Victoria McCloud; the probable outcome is that all local government pension funds will have to pay compensation to affected staff, a cost which will be passed on to employers. The actuary estimates that the cost to this Council could result in up to an extra £4,000 in each of the three years. As this cost will be dependent on the method of rectifying the problem, no provision has been made in the proposed estimates and it is proposed that the cost, when known, is met from contingencies or reserves.

Accommodation

An allowance has been made for an expected increase in the office rental in the new lease agreement.

Civic Functions

Based on current spending levels, the aggregate cost of the individual headings has been reduced from £3,450 to £1,000 in both 2019/20 and 2020/21.

Cost of Democracy

The 2019/20 Elections budget of £5,420 provided for all seats being contested with premises costs shared with Eden DC; as only one seat was contested, the Forecast Outturn reflects the actual cost of £1,900. The Financial Forecast includes £6,000 in 2023/24 for the next election.

IT

The Forecast Outturn has been increased by £5,720 to reflect current levels of spending, including the extra £1,070 approved for equipment for the new Solicitor's post. The higher basic level of budget is projected into future years.

Website

This budget has been transferred from CCEG Committee. An increase of £1,030 in the Proposed Budget is for the estimated ongoing costs of the accessibility regulations.

Devolved Services

The Forecast Outturn for 2019/20 and the Proposed Budget 2020/21 provide for the latest estimated costs and grant income for assets already transferred from Eden DC and those which could reasonably be transferred in the period, while Toilets could come across in 2022/23. Service expenditure forecasts have been reviewed in the light of operating experience and are continued into future years, with grant tapering out on a phased basis.

- **Allotments**

From 2020/21 onwards, additional expenditure of £1,550 is included to replace the current break-even position. This represents the need to budget for asset maintenance, boundary repairs and hedge cutting.

- **War Memorial**

An extra £300 is included in 2020/21 onwards for spring and summer planting.

- **Benches & Bus Shelters**

The increasing costs in the Financial Forecast are due to the grants from EDC tapering out.

- **Bandstand**

The 2020/21 Proposed Budget reduces expenditure by £330, which partially offsets the reduction of £800 in grant.

- **Fairhill Park**

The 2019/20 Approved Budget provided for £3,570 expenditure and £9,910 grant income, which have been maintained in the Forecast Outturn. For 2020/21, expenditure is increased to £4,500 to cover grounds maintenance, play areas and a tree survey, while income reduces to £6,610.

- **Toilets & Play Areas**

The 2020/21 Proposed Budgets for Toilets and Play Areas comprise £1,200 for step counters and software and £1,500 towards Eden DC's inspections respectively, in advance of the potential transfer of these assets.

- **Coronation Gardens**

The Gardens are assumed to transfer in 2020/21, with expenditure of £2,000 and an initial grant of £825.

- **Fairhill UU Planting Maintenance**

Although the net budget is shown as £nil, the Council has received £4,000 income from United Utilities, which it is assumed will be used in annual instalments to meet the estimated £650 expenditure.

- **Fairhill Site Improvements**

The 2019/20 Approved Budget included the use of £4,500 income, received following the sale of land to United Utilities, towards an improvement scheme. A further £5,000 has been allocated in the year and successful grant applications will bring in £62,190 to fund a 2020/21 scheme estimated at £71,690.

- **Thacka Glen**

The Proposed Budget introduces a new estimate of £4,000 for grounds maintenance, signage, gates and fences.

- **Signage**

A review of current spending suggests an ongoing budget reduction to £300.

- **Contribution to Devolution Reserve**

The 2018/19 Approved Budget set a target of £45,594 for Devolved Services, being the reduction in Special Expenses charged by Eden DC. Last year, this target was increased to £46,344 as a result of the Signage budget being added to the Devolved Services heading. In the early years to 2022/23, it is forecast that the total cost of services will be lower than £46,344 and that the difference is contributed to the Devolution Reserve. After 2022/23, the reducing grants from Eden DC mean that the total costs will exceed the £46,344 target and so no contribution will be made to the Reserve.

GDPR/Website Accessibility Regulations

In 2018/19, £3,506 was spent on GDPR compliance, since when it has been consolidated into the IT budget. Expenditure of £5,625 is shown in the Forecast Outturn for implementing the Website Accessibility Regulations; for 2020/21, £1,000 has been added to the Website budget to cover the ongoing costs of meeting the requirements of the legislation.

Other Overheads

Most budgets have been repeated with inflation where appropriate. The Insurance budget has been increased to reflect the higher premia resulting from covering assets transferred to the Council. Provision for Accountancy Fees budget has been reduced by £3,050 in 2019/20 and £4,300 in 2020/21 as a result of a review of the level of support from the external accountants.

Repairs & Renewals

The normal £5,000 pa budget has been reduced by £2,000; for three years from 2019/20, the budget has been enhanced by £5,000 pa for a programme of bench replacements.

e) Inflation

Anticipated pay and price inflation has been included in the detailed budgets for 2020/21. For 2021/22 onwards, the Forecast allows for cumulative inflation of 2.0% pa as a global figure.

f) Contingency

The contingency provision is reduced to £2,000 for the remainder of 2019/20, then reverts to £5,000 for subsequent years.

g) Allowance for Growth Items

The 2020/21 Proposed Budget will make £27,170 available to fund new service development proposals; further discussion on this is contained below. The Medium-Term Financial Forecast allows for only modest financial growth until 2023/24, after which the target General Fund balance will be met, and resources will be more freely available for growth.

4.5 RESERVES

The Proposed Budget and Medium-Term Forecast assume that the existing plans for building up reserves will continue, as follows.

General Reserve

The Council has a target of increasing the Reserve to a balance equivalent to 50% of its forecast net expenditure for 2023/24. The Proposed Budget and Medium-Term Forecast allow for phased transfers to the Reserve, calculated from a reasonable annual increase in Council Tax.

The target for 31 March 2024 of £237,913 can be met, as shown in Appendix B; the 2024/25 forecast assumes that the target is revised to 50% of that year's expenditure, i.e. £256,153.

Devolution Reserve

As noted above, the Reserve is being built up from contributions from the Devolved Services budget heading until the total cost of those services reaches £46,344. Appendix B shows that the final contribution will be in 2022/23, when the Reserve will have a balance of £156,106. Given the uncertainties and risks involved in taking over responsibility for devolved assets, at this stage no further decision should be made on the use of the reserve, which could be to meet unexpected expenditure, improve assets or mitigate unpalatable rises in Council Tax.

Acquisitions Reserve

The reserve was established in 2018/19 with a contribution of £50,000. No use of this money is budgeted or forecast, however it will be available when required for expenditure associated with acquisitions.

4.6 COUNCIL TAX

The tax calculations in this section are based on the provisional 2020/21 Council Taxbase of 5,466.76 notified by Eden DC. The Committee should be aware that the final taxbase, when known, may differ slightly from the provisional figure and some adjustment to the budget may be needed to achieve the proposed level of Council Tax.

The current year's Band D Council Tax is £81.70 per property. Adoption of the Proposed Budget for 2020/21 would result in an increase of £1.39 to £83.09, a rise of 1.70%. It is believed that this is an acceptable increase; it matches the annual rate of inflation as measured by the CPI for September 2019, which is the percentage by which non-pension State benefits will rise in April 2020. Pensioners will see a larger increase of 3.9% (the annual rise in average earnings) as they are protected by the Government's "triple lock" mechanism.

The Medium-Term Forecast at Appendix B indicates that sustainable budgets are possible over the medium term without substantial budget reductions being required. The General Reserve targets of £237,913 at 31 March 2024 and £256,153 at 31 March 2025 would require the following increases in Council Tax:

2020/21	2021/22	2022/23	2023/24	2024/25
2.00%	2.00%	2.00%	2.00%	2.00%

Although the increases are similar throughout the Forecast, resources in 2024/25 would allow significant financial growth (or a reduction in the tax if the growth were to be foregone).

4.7 SERVICE DEVELOPMENT PROPOSALS (GROWTH BIDS)

The Proposed Budget for 2020/21 provides for the continuation of Council services at their current level; recent decisions are included, most notably the approval of £9,500 additional funding in 2019/20 for the Youth Advisory Panel, which continues into subsequent years. During the budget process, Committees and individual Councillors have been asked to propose growth bids, which would improve services, for inclusion in the 2020/21 Budget. All resulting bids would contribute towards the Council's priorities and mainly for short-term finance which is consistent with the Medium-Term Forecast's assumption that growth will be limited until 2024/25.

The Proposed Budget provides for £27,170 of financial growth in 2020/21, which would allow the following bids to proceed. The table also shows the amounts which could be made available in subsequent financial years, based on the assumptions in the Medium-Term Forecast.

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Town Projects: Increase budget provision from £15,000 to £30,000	15,000	-	-	-	-
Cultural Strategy: Delivery of the Strategy's aspirations (reduced from £10,000)	7,500	-	-	-	-
Member & Officer Training: Increase from £1,300 to £2,970	1,670	1,670	1,670	1,670	1,670
Member & Officer Training: Attendance at Conferences	3,000	3,000	3,000	3,000	3,000
Allowance for future growth	-	4,330	3,330	3,830	26,530
Total	27,170	9,000	8,000	8,500	31,200

It is proposed that two further growth bids are met from the Devolution Reserve, which is sufficiently robust to accommodate this method of financing:

- Sandgate taxi rank shelter £5,000; and
- Scotland Road bus shelter £3,500.

If agreed by Council, the 2020/21 bids will be incorporated into the approved budget.

A further growth bid, for a bus shelter at Oak Road, can be deferred until 2021/22, reflecting the time needed to obtain approvals for the installation.

4.8 NEXT STEPS

The Committee is asked to consider this report in conjunction with the draft reserves and investment policies elsewhere on the agenda. Firm budget proposals will then be submitted for decision by full Council on 27 January 2020.

5. FINANCE IMPLICATIONS

This report is concerned solely with financial management.

6. RISK MANAGEMENT

RISK	CONSEQUENCE	CONTROLS REQUIRED
The Council sets an invalid or inadequate budget.	An inability to raise a valid precept or insufficient resources to deliver the Council's objectives.	A robust budget process.

7. APPENDICES ATTACHED TO THIS REPORT

2020/21 Proposed Budget:

- Budget Summary
- Medium Term Financial Forecast

8. BACKGROUND PAPERS

- 2020/21 Budget working papers



Penrith Town Council

PROPOSED BUDGET 2020/21

APPENDIX A

ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
	£	£		£	£	£	£
			INCOME				
			Precept:				
417,739		437,813	Council Tax		437,813		454,233
8,058		7,940	EDC - CTRS Grant		7,940		7,829
			Other Income:				
865		30	Investment Interest		500		500
262		10	Miscellaneous Income		10		10
426,924		445,793	TOTAL INCOME		446,263		462,572
			EXPENDITURE				
			PLANNING COMMITTEE:				
5,906		0	Officer Support		0		0
800		0	Planning Consultancy		15,000		15,000
10,579		0	Consultation		0		0
0		20,000	Block Allocation		0		0
17,285		20,000	Planning Committee Total		15,000		15,000

ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
	£	£		£	£	£	£
			CCEG COMMITTEE:				
790		30,000	Town Projects		15,000		15,000
0	5,000		Arts & Entertainment:				
15,185	30,000		Officer Support	10,000		5,000	
			Events Grants	30,000		30,000	
15,185		35,000			40,000		35,000
			Environment:				
23,967	21,000		Greening	16,000		15,500	
630	500		Community gardeners/greening	500		0	
24,597		21,500			16,500		15,500
			Community Grants		22,000		32,000
25,253		32,000					
			Corporate Communications:				
673	770		Advertising	0		0	
1,069	1,780		Community Engagement	1,280		15,000	
0	1,040		Press Support	1,810		1,830	
0	0		Youth Advisory Panel	10,000		0	
1,742		3,590			13,090		16,830
67,567		122,090	CCEG Committee Total		106,590		114,330

ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
£	£	£		£	£	£	£
			FINANCE COMMITTEE:				
			Staffing:				
151,070	156,010		Salaries	159,860		174,900	
13,968	14,450		National Insurance	14,550		15,420	
26,339	27,260		Superannuation	27,930		30,980	
859	3,300		Training & Expenses	3,300		2,000	
192,236		201,020	Sub-Total		205,640		223,300
			Accommodation:				
5,658	7,700		Rent	7,500		8,250	
1,467	1,850		Heat, Light & Water	1,850		1,900	
1,198	650		Service Charges	650		670	
218	220		Room Hire	220		230	
317	330		Insurances	370		380	
(96)	(100)		Letting Income	(100)		(50)	
8,762		10,650	Sub-Total		10,490		11,380
			Civic Functions:				
0	1,550		Civic Functions	400		400	
783	1,000		Mayoral Expenses	400		400	
0	500		Deputy Mayor's Expenses	100		100	
135	400		Civic Regalia	100		100	
8,239	0		Armistice Centenary Project Fund	0		0	
9,157		3,450	Sub-Total		1,000		1,000
			Cost of Democracy:				
1,131	300		Annual Meeting	400		0	
0	5,420		Elections	1,900		0	
133	200		Members' Expenses	700		200	
0	500		Notice/Honours Board	200		200	
1,264		6,420	Sub-Total		3,200		400
18,361		15,280	IT		21,000		20,000

ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
	£	£		£	£	£	£
1,286		1,020	Website		1,020		2,050
			Devolved Services:				
(1,400)	(1,400)		Bring Site	(1,400)		(1,400)	
659	0		Allotments	0		1,550	
(75)	650		War Memorial	650		975	
(824)	870		Benches	870		1,080	
953	(310)		Bus Shelters	(310)		50	
(1,040)	(170)		Bandstand	(170)		300	
54	290		Monument	80		250	
(8,576)	(6,340)		Fairhill Park	(6,340)		(2,110)	
0	0		Toilets	0		1,200	
0	1,100		Play Areas	0		1,500	
0	1,175		Coronation Gardens	0		1,175	
0	310		Fairhill United Utilities Planting Maintce	0		0	
(4,500)	4,500		Fairhill Site Improvements	0		9,500	
0	0		Thacka Glen	0		4,000	
0	750		Signage	300		300	
5,278	8,200		Community Caretaker	8,200		8,400	
0	0		General	0		0	
55,815	36,719		Contribution to Devolution Reserve	44,464		19,574	
46,344		46,344	Sub-Total		46,344		46,344
3,506		0	GDPR/Website Accessibility Regs		5,625		0

ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
	£	£		£	£	£	£
			Other Overheads:				
2,867	2,300		Printing, Postage & Stationery	2,300		2,350	
2,670	1,600		Audit Fees	1,600		1,700	
2,304	2,300		Insurance	3,240		3,700	
89	100		Bank Charges & Interest	100		100	
9,923	7,800		Accountancy Fees	4,750		3,500	
1,720	3,200		Legal Fees	3,200		3,400	
319	250		Licences	250		730	
1,494	2,000		Subscriptions	2,000		2,000	
21,386		19,550	Sub-Total		17,440		17,480
255		10,000	Repairs & Renewals		8,000		8,000
302,557		313,734	Finance Committee Total		319,759		329,954
0		5,000	Contingency		2,000		5,000
n/a		0	Available Resources for allocation to growth		0		27,170
50,000		0	Transfer to/(from) Acquisitions Reserve		0		0
437,409		460,824	TOTAL EXPENDITURE		443,349		491,454
			INCREASE/(DECREASE) IN				
(10,485)		(15,031)	GENERAL RESERVE		2,914		(28,882)

ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
	£	£		£	£	£	£
			General Reserve:				
191,741		104,074	Balance brought forward 1 April		181,256		184,170
(10,485)		(15,031)	Increase/(decrease) in year		2,914		(28,882)
181,256		89,043	Balance carried forward 31 March		184,170		155,288
			Devolution Reserve:				
0		57,180	Balance brought forward 1 April		55,815		100,279
55,815		36,719	Contribution from Annual Budget		44,464		19,574
55,815		93,899	Balance carried forward 31 March		100,279		119,853
			Acquisitions Reserve:				
0		50,000	Balance brought forward 1 April		50,000		50,000
50,000		0	Increase/(decrease) in year		0		0
50,000		50,000	Balance carried forward 31 March		50,000		50,000
287,071		232,942	TOTAL RESERVES AT 31 MARCH		334,449		325,141

ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
	£	£		£	£	£	£
£417,739		£437,813	Precept		£437,813		£454,233
5,214.83		5,358.79	Taxbase (Band D properties)		5,358.79		5,466.76
£80.10		£81.70	Council Tax (Band D)		£81.70		£83.09
10.27%		2.00%	Increase (%)		2.00%		1.70%



Penrith Town Council

INDICATIVE MEDIUM-TERM FINANCIAL FORECAST 2020/21 TO 2024/25

APPENDIX B

BUDGET HEADING	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
INCOME					
Precept:					
Council Tax	454,233	472,481	491,295	510,650	530,547
EDC - CTRS Grant	7,829	7,700	7,550	7,350	7,100
Other Income:					
Investment Interest	500	500	500	500	500
Miscellaneous Income	10	10	10	10	10
TOTAL INCOME	462,572	480,691	499,355	518,510	538,157
EXPENDITURE					
PLANNING COMMITTEE:					
Planning Consultancy	15,000	10,000	10,000	10,000	10,000
Planning Committee Total	15,000	10,000	10,000	10,000	10,000

BUDGET HEADING	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
CCEG COMMITTEE:					
Town Projects	15,000	0	0	0	0
Arts & Entertainment:					
Officer Support	5,000	5,000	5,000	5,000	5,000
Events Grants	30,000	30,000	30,000	30,000	30,000
	35,000	35,000	35,000	35,000	35,000
Environment:					
Greening	15,500	15,500	15,500	15,500	15,500
	15,500	15,500	15,500	15,500	15,500
Community Grants	32,000	32,000	32,000	32,000	32,000
Corporate Communications:					
Community Engagement (incl Youth Advisory Panel)	15,000	15,000	15,000	15,000	15,000
Press Support	1,830	1,830	1,830	1,830	1,830
	16,830	16,830	16,830	16,830	16,830
CCEG Committee Total	114,330	99,330	99,330	99,330	99,330

BUDGET HEADING	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
FINANCE COMMITTEE:					
Staffing:					
Salaries	174,900	176,440	177,460	177,460	177,460
National Insurance	15,420	15,560	15,680	15,680	15,680
Superannuation	30,980	31,190	31,400	31,400	31,400
Training & Expenses	2,000	2,000	2,000	2,000	2,000
	223,300	225,190	226,540	226,540	226,540
Accommodation:					
Rent	8,250	8,250	8,250	8,250	8,250
Heat, Light & Water	1,900	1,900	1,900	1,900	1,900
Service Charges	670	670	670	670	670
Room Hire	230	230	230	230	230
Insurances	380	380	380	380	380
Letting Income	(50)	(50)	(50)	(50)	(50)
	11,380	11,380	11,380	11,380	11,380
Civic Functions:					
Civic Functions	400	400	400	400	400
Mayoral Expenses	400	400	400	400	400
Deputy Mayor's Expenses	100	100	100	100	100
Civic Regalia	100	100	100	100	100
	1,000	1,000	1,000	1,000	1,000
Cost of Democracy:					
Annual Meeting	0	200	200	200	200
Elections	0	0	0	6,000	0
Members' Expenses	200	200	200	200	200
Notice/Honours Board	200	200	200	200	200
	400	600	600	6,600	600
IT	20,000	20,000	20,000	20,000	20,000
Website	2,050	2,050	2,050	2,050	2,050

BUDGET HEADING	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
Devolved Services:					
Bring Site	(1,400)	(1,400)	(1,400)	(1,400)	(1,400)
Allotments	1,550	1,550	1,550	1,550	1,525
War Memorial	975	1,000	1,000	1,000	1,000
Benches	1,080	1,290	1,500	1,500	1,500
Bus Shelters	50	420	780	780	780
Bandstand	300	1,100	1,900	1,900	1,900
Monument	250	420	600	600	600
Fairhill Park	(2,110)	1,200	4,500	4,500	4,500
Toilets	1,200	0	9,100	18,200	27,300
Play Areas	1,500	1,100	2,200	3,300	4,400
Coronation Gardens	1,175	1,175	1,450	1,725	2,000
Fairhill United Utilities Planting Maintenance	0	0	0	0	0
Fairhill Site Improvements	9,500	0	0	0	0
Thacka Glen	4,000	4,000	4,000	4,000	4,000
Signage	300	300	300	300	300
Community Caretaker	8,400	8,400	8,400	8,400	8,400
Contribution to Devolution Reserve	19,574	25,789	10,464	0	0
	46,344	46,344	46,344	46,355	56,805
Other Overheads:					
Printing, Postage & Stationery	2,350	2,350	2,350	2,350	2,350
Audit Fees	1,700	1,700	1,700	1,700	1,700
Insurance	3,700	3,700	3,700	3,700	3,700
Bank Charges & Interest	100	100	100	100	100
Accountancy Fees	3,500	3,500	3,500	3,500	3,500
Legal Fees	3,400	3,400	3,400	3,400	3,400
Licences	730	730	730	730	730
Subscriptions	2,000	2,000	2,000	2,000	2,000
	17,480	17,480	17,480	17,480	17,480
Repairs & Renewals	8,000	8,000	3,000	3,000	3,000
Finance Committee Total	329,954	332,044	328,394	334,405	338,855

BUDGET HEADING	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
Uplift 2020/21 price base for inflation	0	8,760	17,390	26,450	35,530
Contingency	5,000	5,000	5,000	5,000	5,000
Allowance for Growth Items	27,170	9,000	8,000	8,500	31,200
Transfer to/(from)Acquisitions Reserve	0	0	0	0	0
TOTAL EXPENDITURE	491,454	464,134	468,114	483,685	519,915
INCREASE/(DECR) IN GENERAL RESERVE	(28,882)	16,557	31,241	34,825	18,242

RESERVES:	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
General Reserve:					
Balance brought forward 1 April	184,170	155,288	171,845	203,086	237,911
Increase/(decrease) in year	(28,882)	16,557	31,241	34,825	18,242
Balance carried forward 31 March	155,288	171,845	203,086	237,911	256,153
<i>Target General Reserve</i>				237,913	256,153
Devolution Reserve:					
Balance brought forward 1 April	100,279	119,853	145,642	156,106	156,106
Contribution from Annual Budget	19,574	25,789	10,464	0	0
Balance carried forward 31 March	119,853	145,642	156,106	156,106	156,106
Acquisitions Reserve:					
Balance brought forward 1 April	50,000	50,000	50,000	50,000	50,000
Contribution from Annual Budget	0	0	0	0	0
Balance carried forward 31 March	50,000	50,000	50,000	50,000	50,000
TOTAL RESERVES AT 31 MARCH	325,141	367,487	409,192	444,017	462,259

COUNCIL TAX:	2020/21	2021/22	2022/23	2023/24	2024/25
Precept	£454,233	£472,481	£491,295	£510,650	£530,547
Taxbase (Band D properties)	5,466.76	5,575.00	5,683.00	5,791.00	5,899.00
Council Tax (2019/20 £81.70)	£83.09	£84.75	£86.45	£88.18	£89.94
Increase (%)	1.70%	2.00%	2.00%	2.00%	2.00%



FINANCE COMMITTEE

13 JANUARY 2020

MATTER: DRAFT RESERVES POLICY 2020/21

To consider the amended policy for the management of the Council's financial reserves.

AUTHOR: RFO

SUPPORTING Cllr Roger Burgin -

MEMBER: Chair of Finance Committee

ITEM NO: 9 b

RECOMMENDATIONS:

The Committee is recommended to consider and approve the policy and forward it, with any further amendments, to Council for ratification.

1. LAW

The Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organisation.

The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:

- The balanced budget requirement:
 - England, sections 31A, 42A of the Local Government Finance Act 1992, as amended
- Chief finance officers' duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003) when the authority is considering its budget requirement (England and Wales)
- The legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the proper officer has responsibility for the administration of those affairs section 151 of the Local Government Act 1972.

For best practice Penrith Town Council have referred to:
LAAP BULLETIN 99, Local Authority Reserves and Balances
July 2014

2. LINK TO COUNCIL FUNCTIONS

SUBJECT	POWER	LEGISLATION
Determination of the financial reserves which the Council estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.	The Council is required to calculate a budget requirement which includes an adequate level of reserves.	Local Government Finance Act 1992, Section 50

3. LINKS TO COUNCIL PRIORITIES

The annual budget and reserves should provide resources to deliver the Council's priorities for the financial year ahead and, as appropriate, for future years.

4. REPORT DETAILS

Introduction

This report sets out the background for the determination of a reserves policy; the resulting draft contains no material changes from the 2019/20 policy.

Legal Framework

Legislation recognises that local councils require financial reserves and must take account of them in determining their precept, however there is no statutory guidance on the nature or level of funds to be set aside in reserves, unlike in other tiers of local government, where the responsible finance officer has a duty to report on the adequacy of reserves at each budget setting. All reserves are legally part of the general fund, i.e. the Council's revenue account.

Types of Reserve and Accounting Framework

Two types of reserve are relevant to the Town Council:

- The general reserve or general fund working balance, which is used to provide working capital, smooth the impact of uneven cash flows to avoid unnecessary temporary borrowing and act as a contingency in the event of sharp budgetary changes or unexpected events or emergencies. Unless allocated for a specific purpose, revenue budget underspendings and windfalls are added to the working balance. The size of the working balance should be set at a prudent level based on a risk assessment.
- Earmarked reserves, which are set aside for a specific purpose, being used to build up funds to meet known, planned or predicted spending requirements.

It used to be common for councils to build up a large number of small reserves for very specific, narrowly defined purposes; it is now more usual for fewer reserves to be set up in a way which permits their use for a range of purposes.

In accounting terms, similar to the legal position, all reserves belong to the general fund and are interchangeable, unless restricted by deed or covenant. Distinct book entries in the budget and accounts should be made to record the transactions to and from reserves. It should also be noted that the terms "reserve" and "fund" are interchangeable, and it is common to refer to each by either name.

Accounting convention does not permit the payment of interest directly to reserves. If it is decided that interest should be allocated to a reserve, the mechanism is for an equivalent contribution to be made from the revenue account (where the interest is earned) to the reserve.

Similarly, expenditure should not be charged directly to a reserve; the expenditure is accounted for in the revenue account and an equivalent amount transferred from the reserves to replenish the revenue account.

Creation and Use of Reserves

As a general and prudent rule, reserves should not be used to fund recurring expenditure (i.e. the day to day operational costs of running the Council) as this could lead to funding problems in subsequent years when the expenditure continues after the reserve has been exhausted. An exception is the general reserve, which can be used as a regulator to limit precept and council tax increases or to avoid an unacceptably high level being carried forward. Because they have a potential to affect the Council's budget, the creation of reserves and the transfers between the revenue account and those reserves should be explicit and conscious decisions taken by the Council as a whole, as should any decision to allocate interest to a reserve.

Draft Policy

The attached draft amended policy summarises the principles from this report and suggests target levels for each of the Council's reserves. One point to note is that, because of the working capital provided by the Council's earmarked reserves, it is currently possible for the general reserve to be set at a lower level than it might otherwise be. If those reserves were drawn down substantially, the risk attaching to the general reserve would increase and its target level would need to increase accordingly.

5. FINANCE IMPLICATIONS

The approach to reserves is a fundamental aspect of the financial management of the Council.

6. RISK MANAGEMENT

RISK	CONSEQUENCE	CONTROLS REQUIRED
The Council is unable to meet regular or unforeseen expenditure due to a lack of readily available funds	Overspendings leading to unwelcome curtailment of spending programmes; possible unpalatable council tax increase; potential reputational damage	An analysis of the financial risks and the maintenance of adequate reserves to meet all reasonably foreseeable eventualities

7. APPENDICES ATTACHED TO THIS REPORT

Draft Reserves Policy.

8. BACKGROUND PAPERS

Local Government Finance Act 1992 & CIPFA LAAP Bulletin 99 Reserves & Balances



Penrith Town Council

Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR
Tel: 01768 899 773 Email: office@penrithtowncouncil.co.uk

DRAFT RESERVES POLICY 2020/21

PURPOSE

The Town Council maintains two types of reserves, for differing reasons:

- a General Reserve (the General Fund working balance), which provides working capital and a buffer against financial risks; and
- earmarked reserves to meet known, planned or predicted spending requirements which have been identified specifically.

The Council acknowledges that there is a balance to be struck between holding excessive reserves raised from public monies and retaining a prudent level of funds. It will therefore take advice from its Responsible Finance Officer on the adequacy and appropriateness of its reserves, primarily when setting its revenue budget.

1. GENERAL RESERVE

This reserve represents the balance on the Council's revenue account, i.e. the account which records all its financial transactions. Unless allocated for a specific purpose, revenue budget underspendings and windfalls are added to the working balance, while overspendings are taken from the balance.

The balance provides working capital to assist the Council's cash flow and acts as a buffer against unexpected events or expenditure. The optimum level for the working balance is determined by an assessment of the Council's potential exposure to financial risks, together with a judgement of the extent to which earmarked reserves can support its cash flow on a temporary basis.

The long-term target for the reserve is to accumulate a balance equivalent to 50% of net revenue expenditure. This is to be achieved by regular annual contributions from the revenue account. The level of contributions will be determined annually, taking account of the impact on council taxpayers and the availability of earmarked reserves.

Although the Council is a relatively new organisation, it has matured quickly and has managed its risks competently. In the short term, it is appropriate to retain a lower general reserve on the strength of the Devolution Reserve until a full programme of devolution has been completed.

2. EARMARKED RESERVES

Other than any funds governed by legal conditions, the earmarking of reserves is at the discretion of the Council and monies can be moved from one to another if required. Reserves do not generally accrue interest on the investment of their funds.

In order to avoid future over-commitment, the day to day operational costs of running the Council are to be met from the revenue budget and reserves shall not be used to fund recurring expenditure.

- **Devolution Reserve:** This reserve is credited with the difference (while positive) between the council tax income equivalent to the special expenses previously levied in Penrith and the net cost of the assets transferred from Eden DC. The reserve will provide a cushion against the full cost of those assets being higher than expected, renovation and/or improvements. As significant grant payments subsidise the cost in the initial years, the risk is considerably reduced and there is no expectation that the reserve will be used significantly in that period.
- **Acquisitions Reserve:** This reserve supports a scheme of delegation for land and property, which created an allocation of £50,000 for a Capital Programme to support the activities associated with buying, surveying, legal fees, investing and managing land and property. The intention is to use these resources in the short term after which the reserve will be discontinued.

3. ESTABLISHMENT AND USE OF RESERVES

The Annex to this policy provides further details of the Council's current reserves with a target range for each one.

The establishment or closing of an earmarked reserve requires a formal decision of Council. Similarly the approval of Council is required for all contributions and transfers to reserves, and all use of reserves to fund expenditure.

Review

This policy will be subject to annual review.

CURRENT RESERVES

Reserve	Purpose	Target level
General Reserves		
General Reserve (General Fund Working Balance)	<ul style="list-style-type: none"> • Provision of working capital. • Buffer against uneven cash flows, inflationary pressures, sharp budgetary changes, unexpected events or emergencies. 	<ul style="list-style-type: none"> • Assessed on the basis of financial risks to the Council. • Long-term target to be 50% of revenue expenditure at 31 March 2024 and thereafter. • Minimum level: £100,000 • Range: £100,000 to £260,000
Earmarked Reserves		
Devolution Reserve	<ul style="list-style-type: none"> • Accumulation of funds in the early years of devolved asset transfers when grant income from Eden DC is available. • Cushion against the longer-term full costs of devolved assets being higher than expected, renovation and/or improvements. 	<ul style="list-style-type: none"> • Based on the allocation of the difference (while positive) between the income equivalent to the special expenses previously levied in Penrith via council tax and the net cost of devolved assets transferred from Eden DC • Typical Range: £nil to £156,000
Acquisitions Reserve	<ul style="list-style-type: none"> • To support the activities associated with buying, surveying, legal fees, investing and managing land and proper. 	<ul style="list-style-type: none"> • The Reserve was established with a single contribution; it is anticipated that regular contributions will not be required and that the resources will be expended in the short to medium term. • Range: £nil to £50,000

DATE OF APPROVAL:



FINANCE COMMITTEE

13 JANUARY 2020

MATTER: DRAFT INVESTMENT STRATEGY 2020/21

To consider an amended strategy for the management of the Council's financial investments in 2020/21.

AUTHOR: RFO

SUPPORTING MEMBER: Cllr Roger Burgin -

Chair of Finance Committee

ITEM NO: 9 c

RECOMMENDATIONS:

The Committee is recommended to:

a) note the investment transactions made in December 2019;

and

b) consider the draft strategy and forward it, with any amendments, to Council for ratification.

1. LAW

The Council has the power to invest for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs (section 12 of the Local Government Act 2003, the '2003 Act').

Statutory Guidance on Local Government Investments (3rd Edition) issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018 provides guidance on local government investments under section 15 of the 2003 Act ('the Guidance') and this has statutory force. The Guidance is mandatory where investments of a town council exceed or are expected to exceed £100,000 at any point in a financial year. Town councils where investments are expected to exceed £10,000 are encouraged to adopt the principles in the Guidance.

Where the Guidance is mandatory, or where a council has adopted the principles in the Guidance, the Council must, at a Full Council meeting, adopt an investment strategy for each financial year. Where a material change is proposed during the year, a revised strategy must be approved before the change is implemented.

The Guidance encourages transparency and local accountability in investment management.

Two codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain investment guidance which complements the CLG guidance. These publications are:

- Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes
- The Prudential Code for Capital Finance in Local Authorities

2. LINK TO COUNCIL FUNCTIONS

SUBJECT	POWER	LEGISLATION
Management of Council investments.	The Council is required to have regard to statutory guidance on local authority investments.	Local Government Act 2003, Section 15(1). Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

3. LINKS TO COUNCIL PRIORITIES

Proper investment of reserves and working balances ensures that these monies are secure and available when required to fund expenditure to deliver the Council's priorities as resolved in the Council Plan.

4. REPORT DETAILS

4.1 BACKGROUND

This report proposes an investment policy which maintains the direction of the policy adopted for the current financial year. The detailed rationale for the policy is described here so that Members are fully aware of the considerations underlying investment decisions, notably the risks involved with investing funds with other organisations.

The previous edition of the statutory guidance focused on investing for yield (with reference to Icelandic Banks), transparency in investment strategies and the use of treasury management advisers. The new edition recognises significant changes in local authority behaviour as some councils are investing in non-financial assets (e.g. retail property) with the aim of generating profit, making very long-term investments or loans to local enterprises or third sector entities. The guidance addresses both this trend and perceived weaknesses in:

- Excessive exposure to financial risk through borrowing and investment decisions;
- Insufficient transparency to understand that exposure; and
- Councillors' understanding of complex financial transactions.

As a result, there are new safeguards for financial as well as non-financial investments.

4.2 TYPES OF INVESTMENT

The guidance classes investments into two main categories:

- Investments held for treasury management purposes; and
- Other investments, including non-financial assets.

In each case, the Council must state the contribution that the investment makes to its objectives; for the first category, it is sufficient to state that they support effective treasury management activities. Those activities should then follow the principles set out in the Treasury Management Code.

The Town Council does not have any investment in non-financial assets and has no plans to acquire any (operational assets used in service delivery are not considered to be investments). The remainder of this report therefore deals solely with investments managed as a treasury activity; should the Council decide to invest in non-financial assets, the guidance will need to be revisited and the Strategy revised.

4.3 PRINCIPLES

Prudent investment has two underlying objectives, in this order:

- **Security** – protecting the capital sum invested from loss; and
- **Liquidity** – ensuring the funds are available when needed.

Only when these objectives have been fulfilled, should **yield** be considered. An individual investment has to be assessed in terms of the Council's appetite for risk, within the parameters stated in the strategy.

The Committee should note that the Financial Services Compensation Scheme has previously applied to the Town Council, providing compensation for the loss of individual investments up to £85,000. However, this only applies while the annual budget is up to 500,000 Euros (around £425,000). The proposed budget for 2020/21 (measured as total income) is £462,572, suggesting that the Council now falls outside the Scheme; nevertheless, the value of £85,000 should continue to be used in the Council's strategy as a workable limit which accepts a reasonable degree of risk for investments in suitable organisations.

4.4 FINANCIAL INVESTMENTS

These can be categorised as:

- Specified investments
- Loans; and
- Other, Non-specified investments.

Specified investments are in sterling, repayable within 12 months and made with a high-quality investment scheme, the UK Government or another local authority.

The guidance outlines controls on loans made by authorities; again, these do not affect this Council.

Non-specified investments are any other financial investment; these carry a higher level of risk and would need specialist advice. For 2020/21, the Council's strategy should exclude this type of investment.

4.5 CAPACITY AND SKILLS

The strategy should include a description of the steps taken to ensure that elected members and statutory officers have the appropriate capacity and skills to enable them to make informed decisions.

4.6 INVESTMENT TRANSACTIONS 2019/20

During 2019/20, the Council rationalised its investments in accordance with the existing policy, reducing the balances which it held in the Penrith Building Society and HSBC by transferring funds to the Cumberland Building Society and the CCLA Public Sector Deposit Fund. The detailed transactions, made during December 2019, were as follows:

	December 2019 Balance £	Transfer of Funds £	Resulting Balance £
Penrith Building Society	138,860	(53,860)	85,000
HSBC	380,000	(205,000)	175,000
Cumberland Building Society	0	85,000	85,000
CCLA Public Sector Deposit Fund	0	173,860	173,860
Total	518,860	0	518,860

4.7 DRAFT STRATEGY

The attached draft amended strategy sets out the approach that the Town Council should take in respect of financial investments. The Committee should consider particularly the section on risk parameters and the suggested organisations with which the Council should invest.

The Council invests in accounts with the Penrith and Cumberland Building Societies. Building societies are not credit rated so it is difficult to assess the risk attached to investing in an individual society; therefore the draft policy generally excludes smaller building societies.

Penrith Building Society has assets of around £108 million and is the smallest of 43 societies in the country; although a rigid policy would exclude it as a counterparty because of its small size, Members have previously felt that it is a well-run organisation which they would wish to support. The draft strategy acknowledges this but limits the investment to the £85,000 limit.

The Cumberland Building Society has an asset base of around £2,577 million and is the 10th largest in the country; this is considered to be a secure organisation in which to invest, again with a limit of £85,000.

(Members should note that the £85,000 limit refers to the principal investment of funds; interest will accrue in these accounts and may increase the investment above the limit by a modest amount.)

The Council also invests in the CCLA Public Sector Deposit Fund, which is a pooled investment available to local authorities. The Fund currently has a value of £611 million, invested in a range of high-quality institutions, and itself has the highest credit rating for a money market fund. By investing in the Fund, an authority has the benefit of buying into a share of that pool, with a consequent reduction in risk.

5. FINANCE IMPLICATIONS

The Council's reserves and surplus working capital are invested pending their use and therefore need to be protected against loss. The income earned from investment is of secondary importance.

6. RISK MANAGEMENT

RISK	CONSEQUENCE	CONTROLS REQUIRED
<ul style="list-style-type: none"> Failure of an investment counterparty leading to the loss of Council funds. Non-compliance with statutory guidance. 	<ul style="list-style-type: none"> Unwelcome curtailment of spending programmes; possible unpalatable council tax increase; potential reputational damage. Criticism from internal/external audit; reputational damage. 	<ul style="list-style-type: none"> Adherence to a robust and prudent investment strategy. The strategy should incorporate the safeguards in the Government's guidance.

7. APPENDICES ATTACHED TO THIS REPORT

A - Draft Investment Strategy 2020/21

8. BACKGROUND PAPERS

- Building Societies Association factsheet
- CCLA website



Penrith Town Council

Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR
Tel: 01768 899 773 Email: office@penrithtowncouncil.co.uk

DRAFT INVESTMENT STRATEGY 2020/21

PURPOSE

The Town Council invests reserves and surplus funds which are not immediately required to meet expenditure.

This strategy provides a framework for the secure and prudent investment of those monies and adopts the relevant principles of statutory guidance issued under the Local Government Act 2003 and of CIPFA codes of practice.

INVESTMENT OBJECTIVES

The Council invests monies for treasury management purposes.

Its priorities in investing surplus funds are:

- **Security** (protecting the investment from loss);
- **Liquidity** (ensuring the money is available for expenditure when needed);
and, providing the above objectives have been met,
- Obtaining the best **Yield**.

Investment opportunities are assessed in terms of these objectives; the Council aims to obtain the best possible return commensurate with proper levels of security and liquidity.

TYPES OF INVESTMENT

The Council will not invest in non-financial assets such as commercial property.

The Council will only place funds in specified investments, as defined by the Secretary of State, which offer high security and high liquidity. These investments are made in the Council's name and are:

- made in sterling;
- have a maturity of no more than one year; and
- with a counterparty which is the UK Government, a local authority or a body of high credit quality.

For the 2020/21 financial year, the Council does not intend to use non-specified investments (i.e. those which do not meet these criteria) as these are generally considered to be of higher risk and would require specialist advice.

RISK ASSESSMENT

The Council's investments no longer qualify for the Financial Services Compensation Scheme up to £85,000; however, this is considered to be an acceptable limit for investments in organisations of good credit quality. Larger amounts can be invested with organisations of high credit quality.

The Council does not employ external treasury advisors or subscribe to a credit rating agency. It bases its assessment of the risk attaching to potential investments with counterparties on their publicly available information, organisational structure and asset size.

The Council will also have regard to the amount of funds placed with a single institution.

APPROVED COUNTERPARTIES

The following counterparties are approved for the investment of surplus funds by the Council, with a duration of no longer than twelve months:

- HM Government and its agencies
- Local Authorities
- UK Clearing Banks
- Building Societies with an asset base in excess of £1,000 million or smaller societies where there are strategic or local considerations, limited to a principal investment of £85,000 with a single society

- UK FCA regulated qualifying money market funds with an AAA rating (Fitch credit rating).

TREASURY MANAGEMENT RESPONSIBILITIES

All investments are made in the name of the Town Council and will be approved by Full Council, having taken advice from the Responsible Financial Officer, who has knowledge and experience of the CIPFA codes of practice.

The Finance Committee oversees investment activities and the drafting of changes to this strategy.

Members of the Committee are suitably experienced and understand the nature of investment risks. Where necessary, their knowledge will be supplemented by formal or informal training.

ACTIVITIES FOR 2020/21

The Town Council plans to maintain its investments in the Penrith and Cumberland Building Societies. As it receives its full year's precept income early in the financial year, it will have surplus funds for most of the year and these will be invested in the CCLA Public Sector Deposit Fund until needed. As the Council has not previously managed its cash flow actively, it will adopt a cautious approach to investing surplus monies to ensure that its bank account balance is always sufficient to meet short-term requirements.

REVIEW

This strategy will be subject to annual review in advance of each financial year.

APPROVED:

REVIEW: ANNUAL



FINANCE COMMITTEE

13 JANUARY 2020

MATTER:

**General Data Protection
Regulations Risk Assessment**

Consider the GDPR risk assessment and recommend the risk assessment go forward for final ratification by Full Council.

AUTHOR:

V. Tunnadine Town Clerk

REVIEWED:

P. Foote Solicitor

SUPPORTING MEMBER:

Cllr Roger Burgin -
Chair of Finance Committee

ITEM NO:

11

LINK TO COUNCIL PLAN PRIORITIES:

Ensure that the Council is run in a lawful and business-like manner.

RECOMMENDATIONS:

Approve the risk assessment and agree the risk assessment goes forward for final ratification by Full Council.

What are the hazards?	Who might be harmed and how?	What are you doing already?	What further action is necessary?	Action by whom?	Action by When?	Done
<p>All Personal Data Personal data falls into hands of a third party</p>	<p>Staff, councillors, members of the public</p>	<p>Personal data identified. Retention and disposal Policy – approved. Office security annually risk assessed. All staff aware of procedures. All data secured physically and electronically. IT audit – Cyber Essential Plus carried out annually IT Security systems are in place and checked by IT company. All hard copy sensitive documents secured. No public access to the office. All IT equipment uses passwords. All councillors and staff have received training.</p>	<p>Full cyber essential plus tests and remedial repairs implemented due October 2019</p>	<p>VT/KTD</p>	<p>01/11/19</p>	
<p>All Personal Data Publishing of personal data in the minutes and other council documents</p>	<p>Staff, councillors, members of the public</p>	<p>Personal information is not recorded in the minutes or other council documents which are in the public domain. Members of the public are identified as “resident” or “a member of the public”. Officers are not named from attending authorities. Reasons for absence are not recorded in apologies or voiced in the public domain.</p>				

What are the hazards?	Who might be harmed and how?	What are you doing already?	What further action is necessary?	Action by whom?	Action by When?	Done
<p>Sharing of Data Personal data falls into hands of a third party</p>	<p>Staff, councillors, members of the public</p>	<p>The Council does not share personal data with any other organisations other than official approved partners such as the Local Government Pension Scheme.</p>				
<p>Hard Copy Data Hard copy data falls into hands of a third party</p>	<p>Staff, councillors, members of the public</p>	<p>Personal data which is no longer needed is stored and destroyed in line with the Retention of Documents policy All sensitive personal data is stored securely in a locked room and in a locked cabinet when not in use and on secure part of the server. The Council will operate a clear desk policy: no personal data is left unsecured on a desk at the end of the day and all equipment is shut down. Office Security risk assessed. All councillors will be aware of the risk of theft or loss of paper documents and the need to take sensible measures to protect them and will refrain from retaining any documents that contain personal data out of the Council Office. Councillors will handover paper copies of meeting papers after the meeting that contain personal or sensitive data. Personal and sensitive data is printed on pink paper to clearly mark the information as confidential.</p>				

What are the hazards?	Who might be harmed and how?	What are you doing already?	What further action is necessary?	Action by whom?	Action by When?	Done
<p>Electronic Data Theft or loss of a laptop, memory stick or hard drive containing personal data</p>	<p>Staff, councillors, members of the public</p>	<p>All devices are password protected. All councillors will be aware of the risk of theft or loss of devices and the need to take sensible measures to protect them and will refrain from retaining any documents that contain personal data on their equipment. Daily back-ups are made of council data. The IT contractors are responsible for the safe disposal of IT equipment and printers at the end of their life. The IT contractors ensure all new IT equipment has all security measures installed before use</p>				
<p>General Internet Security Unauthorised access to council computers and files</p>	<p>Staff, councillors, members of the public</p>	<p>NOTE: Annual Cyber Essential Plus assessment every October. All computers are password protected and that the passwords are not shared or displayed publicly. All computers have up-to-date anti-virus software, firewalls and file encryption is installed. Operating system on all computers is up-to-date and that updates are installed regularly. Shared drives do not provide unauthorised access to HR and other records containing personal information. Councillors are required to confirm to the IDO that their computers are passworded with anti-virus software, firewalls and file encryption when they complete the Councillor checklist.</p>				

What are the hazards?	Who might be harmed and how?	What are you doing already?	What further action is necessary?	Action by whom?	Action by When?	Done
<p>Email Security Unauthorised access to council emails</p>	<p>Staff, councillors, members of the public</p>	<p>All email accounts are password protected. The passwords are not shared or displayed publicly. Email accounts are monitored for GDPR compliancy. Each councillor has a separate council email addresses. Access to the councillor email accounts is via passwords known to the Town Clerk and IT Contractor and Councillor. Email accounts are monitored for GDPR compliancy. Blind copy (bcc) is used to send group emails to people outside the council. The Council will use encryption or passwords for emails that contain personal information. For payroll SAGE secure payslips are utilised which are password protected. Cut and paste is used for a new email to remove the IP address from the header. Emails from members of the public are not forwarded without their explicit consent. If consent cannot be sought and the matter is urgent the email will be copied and pasted into a new email with personal information removed. Emails from members of public are deleted when the query has been dealt with and there is no need to keep it.</p>				

What are the hazards?	Who might be harmed and how?	What are you doing already?	What further action is necessary?	Action by whom?	Action by When?	Done
Website Security Personal information or photographs of individuals published on the website	Staff, councillors, members of the public	Written consent is gathered including parental consent if the subject is 17 or under or a vulnerable adult. The Council has a DBS Policy for Vulnerable Adults and Children. DBS vetting commenced in 2018.				
Disposal of Computers and Printers Data falls into the hands of a third party	Staff, councillors, members of the public	The IT contractors wipe the hard drives from computers, laptops and printers or destroy them before disposing of the device.				
Social Media Displaying photographs of minors & vulnerable adults without consent	Staff, councillors, members of the public	Consent will be sought in advance of postings. Shared images from third parties will have assumed consent.				
Financial Risks Financial loss following a data breach because of prosecution or fines	Staff, councillors, members of the public	The Council has liability cover which specifically covers prosecutions resulting from a data breach and put aside sufficient funds (up to 4% of income) should the council be fined for a data breach.				
Financial Risks Budget for GDPR and Data Protection	Staff, councillors, members of the public	The Council has sufficient funds to meet the requirements of the new regulations both for equipment and data security and add to budget				
General Risks Loss of third party data due to lack of understanding of the risks/need to protect it	Staff, councillors, members of the public	All staff and councillors will receive adequate training and will be aware of the risks. Councillors are reminded to handover meeting papers to officers for shredding.				

What are the hazards?	Who might be harmed and how?	What are you doing already?	What further action is necessary?	Action by whom?	Action by When?	Done
General Risks Filming and recording at meetings	Staff, councillors, members of the public	When a meeting is closed to discuss confidential information (for example salaries, or disciplinary matters), officers will ensure that no phones or recording devices have been left in a room by a member of the public. If someone wishes to record a meeting they are requested to inform the meeting in case a third-party refuses consent to be recorded.				
General Risks Public access to the Council Office	Staff, councillors, members of the public	Separate office risk assessment carried out – all doors are locked, and all hard copy information is secured.				

Does any of the following apply to this risk assessment. If so, then you may wish to refer to the HSE supplementary guidance:

Area	YES	NO	Guidance
Safety Signs		✓	HSE – Safety Signs and Signals
Electricity		✓	HSE – Maintaining Portable Electrical Equipment HSE – Electrical Safety and You
Fire		✓	-
Working at Height		✓	HSE – Safe use of Ladders and Stepladders HSE – Working at Height
PPE		✓	HSE – A Short Guide to PPE at Work
Manual Handling		✓	HSE – Manual Handling at Work
Hazardous Substances		✓	HSE – Working with Substances Hazardous to Health COSHH
Display Screen Equipment		✓	HSE – Working with Display Screen Equipment
Vibration		✓	HSE – Control Body Pain from Vibration

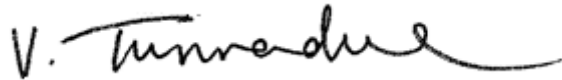
Name: Viv Tunnadine

Job Title: Town Clerk

Date: October 2019

Review Date: October 2020

Signature:

A handwritten signature in black ink, appearing to read 'V. Tunnadine', written in a cursive style.



FINANCE COMMITTEE

13 JANUARY 2020

MATTER:

SLCC Practitioners Conference
2020

Consider the training request
for the Town Clerk to attend
the SLCC Practitioners
Conference in February 2020.

AUTHOR:

V. Tunnadine Town Clerk

SUPPORTING MEMBER:

Cllr Roger Burgin -

Chair of Finance Committee

ITEM NO:

12

LINK TO COUNCIL PLAN PRIORITIES:

Supports the Council's role as a good employer.

RECOMMENDATIONS:

Approve the request for training.



Penrith Town Council

Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR

Tel: 01768 899 773 Email: office@penrithtowncouncil.co.uk

FINANCE COMMITTEE 13/01/2020 ITEM 12 TRAINING REQUEST FORM

* All fields must be completed for any training requests to be approved

Name of Employee:	V. Tunnadine
Position:	Town Clerk
Name of Event/ Course/ Programme / Qualification	SLCC Practitioners Conference February 2020
Method of Study (e.g. distance, classroom etc.) – please tick	
<ul style="list-style-type: none"> • Continuous Professional Development (CPD) ✓ • Conference/ Seminar/ Exhibition ✓ • External Training course • Qualification/ Vocational Training • Other (please specify) 	
Will you require any additional days off? e.g. for exams or study leave	Yes / No* Delete as appropriate If yes, please specify the additional time required (and frequency where appropriate)
Training Provider:	SLCC
Venue details if known:	Chesford Grange, Kenilworth.
Date:	25-28 February 2020

PART ONE – To be completed by applicant	
Business Case	
Is this learning activity part of your Personal Development Plan (PDP) as agreed at your appraisal meeting?	
Yes	
What is the training/development need if not part of your PDP?	
How does this link with the business of the Council and your responsibilities?	
Sector specific conference	
What are you expecting to learn on this course (your objectives)?/what are the topics covered?	
<ul style="list-style-type: none"> • Confidence, Change and Boosting your Wellbeing • Crucial Conversations and how to have them – the art of the “difficult” conversation • Crime Prevention & Community Safety – practical legal requirement knowledge • Software Solutions for a more efficient Council • Helping Local Councils Reduce Energy Bills & Carbon Emissions • Beyond the Code of Conduct: Dealing with Councillors with Criminal Records & Other Misdemeanours (England only) • Let’s Talk – Learn the top appraisal techniques to motivate your employees as well as identifying areas for improvement • Accessibility Statements – Keeping the Right Side of Compliance & Customer Service • Changing the Conversation – Comment on the NEW Taskforce Toolkit • Setting up a CIC • How the Circular Economy can Resource Communities: a Decade of Inspiration from Brighton & Hove • GDPR Principles and Policies, protecting practices are you there yet? • Refill Revolution at Frampton Peverall. Simple, effective & cost-efficient steps local councils can take to tackle climate crisis • General Power of Competence • How am I doing – Learn how to get the most out of your appraisal • Chippenham Town Council’s Devolution Journey • SSAFA: The Armed Forces Charity Julie McCarthy 	
Do you require any assistance in attending the course, including access, language, reading, writing or other? If the answer is YES, please provide details below	Delete as appropriate YES-/ NO
Any other relevant information	
None	
Signed (employee)*:	
	Date: 04/12/19

PART TWO FINANCIAL IMPLICATIONS	
Detail – excl. VAT	£
Course Fee:	*299.00
Total cost of travel to/from place of learning activity (or anticipated costs) NB: where applicable, any travel costs should be standard class or economy	
Travel @ 45p per mile by car –	183.60
Travel Public transport	
Car Parking	
Total cost of any accommodation needs for period of learning activity (or anticipated costs)	274.00 TBC**
Total cost of any learning materials in support of the learning activity (i.e. books, training equipment or similar)	
Any other (anticipated) costs not mentioned above? <ul style="list-style-type: none"> • Meals • Out of pocket expenses • Taxis • Other 	
Bursary/ Employee contribution	
TOTAL exl. VAT	
*Discounted until 22 January 2020	482.60
* *additional night required due to distance – a discounted rate will normally available once the booking is confirmed.	or up to 756.60

PART THREE – Approval to attend this learning activity is supported by:

APPROVAL	Name (please print)	Signature	Date
<p>INFORMAL APPROVAL Town Clerk (for total cost of less than £350) For training for Town Clerk: Council Chairman approves</p>		<p>Chairman</p>	
<p>FORMAL APPROVAL Finance Committee (for costs between £350 and £2,000)</p>		<p>Chairman</p>	
<p><u>Full Council</u> (for costs in excess of £2,001)</p>		<p>Chairman</p>	

Please retain a copy for your records and submit your application to the Town Clerk/Council Chairman.

PART FOUR - Office Use ONLY			
Action	Delete as appropriate	Signature	Date
Received by TC	Yes / No	Yes / No	
Approved by	Yes / No	Yes / No	
Learning Agreement required:	Yes / No		
Learning Agreement Issued:	Yes / No		Date issued
Learning Agreement returned:	Yes / No		Date returned
Cost/Budget code for learning activity			
Cost/budget code for travel and accommodation:			
Details entered onto	Delete as appropriate: CPD Register Yes / No* Training Register Yes / No* SAGE Yes / No*		Date
Any other information:			



FINANCE COMMITTEE

13 JANUARY 2020

MATTER:

LOCAL GOVERNMENT PENSION SCHEME (LGPS): EMPLOYER DISCRETIONS AND 2019 PENSION FUND VALUATION

Consider a draft policy for determining discretions available under the Pension Regulations and to inform Members of the results of the 2019 valuation of the Pension Fund.

AUTHOR:

Jack Jones - RFO

SUPPORTING MEMBER:

Cllr Roger Burgin -
Chair of Finance Committee

ITEM NO:

14

LINK TO COUNCIL PLAN PRIORITIES:

Determination of discretionary policies for the LGPS will support the Council's role as a good employer. The operation of the LGPS is closely prescribed by regulation; while the majority of the Scheme rules are mandatory, there are areas of discretion which have to be determined locally by the employing authority, i.e. the Town Council. The Public Services Pensions Act 2013 and various regulations relating to the LGPS, as referred to in the report.

RECOMMENDATIONS

- i) Consider the draft pensions discretions policy at Appendix A of this report and to forward it, with any amendments, to Council for approval; and
- ii) Note and accept the results of the 2019 valuation of the Pension Fund.

1. REPORT DETAILS

A. Background

The Local Government Pension Scheme (LGPS) is a statutory scheme, established by an Act of Parliament and governed by the Public Services Pensions Act 2013 (PSPA 2013); detailed administration is governed by secondary legislation. Whilst the regulations are set on a national basis, individual Funds are managed by designated administering authorities at a local level. Cumbria County Council is the Administering Authority for the Cumbria LGPS and as such is responsible for administering the Fund for the benefit of its own employees and the employees of scheduled bodies, including the Town Council. The day to day administration of the Cumbria Scheme is managed by Your Pension Service (YPS), based in Preston.

Membership of the LGPS is open to all eligible employees of local government and other participating employers who are under 75 years of age. All eligible employees are automatically enrolled into Cumbria LGPS but have the freedom to opt-out should they so wish. Regulations specify the type and amounts of pension and other benefits payable in respect of Scheme members who leave, retire or die. They also determine the employee contribution rates payable on an ongoing basis and the method of determining employer contribution rates.

The 2019/20 employee contribution rates range from 5.5% and 12.5%, depending on the Scheme member's actual salary. Employer contribution rates are set by the Fund's Actuary every three years as part of the actuarial valuation. The last triennial valuation was undertaken as at 31 March 2016 which set employer contribution rates for three years from April 2017; the headline rate for the Town Council was set at 17.5%. The next triennial valuation has just been undertaken, based on the assets and liabilities of the Fund as at 31 March 2019.

The LGPS is a defined benefit scheme. Major changes to the benefits payable took effect from 1 April 2014; benefits are now based on Career Average Related Earnings (CARE) rather than the previous basis of final salary. Scheme members with qualifying service prior to 1 April 2014 retain their existing entitlements but benefits accrued from that date are calculated on the CARE basis.

This report deals with two issues: the determination of policies specifying the Town Council's use of discretionary provisions under the LGPS Regulations and the results of the 2019 triennial valuation of the Fund.

B. LGPS Discretions

YPS have helpfully identified the discretionary powers for which a policy needs to be determined under relevant regulations and areas where it is useful or prudent for policy intentions to be established. The following paragraphs outline the organisation's guidance on the preparation of policy statements.

"General

The regulations governing the pension arrangements allow greater Scheme flexibility for both employers and members, and in particular give employers greater scope for local decision making.

Each Scheme employer must formulate and keep under review their policy concerning the exercise of their functions in awarding additional pension to members and in operating early retirement and flexible retirement provisions including those related to redundancy and compensatory payments. Policy decisions must be publicised to Scheme members.

In addition to these mandatory policy decisions there are many other areas where discretionary policy decisions can be made by employers.

Key Principles

In formulating policies, Scheme employers must have regard to the extent to which the exercise of the functions could lead to a serious loss of confidence in the public service and be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

Purpose of the policy statements

Your Pension Service will consult with employers on how they exercise the key discretionary powers. YPS are not required to approve employers' policy statements but full disclosure of the information should take place before they can be put into operation. YPS offers assistance and, where necessary, takes any appropriate action in cases where an employer's policy is likely to lead to undue costs to the Pension Fund.

Publication

In respect of the mandatory policy requirements, a written statement should be published indicating the policy which is being applied by the employer in the exercise of its functions. A copy of the Scheme employer's policy decisions should be sent to Your Pension Service.

Changing Policy Statements

Employer's policy statements are not "cast in stone"; employment conditions are subject to change and a policy, once regarded as fair and impartial may, over time, come to be seen as outdated and unreasonable. The Scheme rules therefore allow for a revised statement to be issued.

Any change to the discretions exercised under the LGPS Regulations can take immediate effect from the date the Scheme employer agrees the change. However any change to the discretions exercised under the Discretionary Compensation Regulations 2000, the Discretionary Compensation Regulations 2006 or the Injury Allowances Regulations 2011 cannot take effect until one month after the date the Scheme employer publishes a statement of its amended policy.

Where, as a result of a review, a Scheme employer determines to amend their policy, they must send a copy of the statement of the amended policy to YPS within a month of the revision."

Draft Policy Statement (Appendix A)

Appendix A provides details of the policy decisions that need to be made for all current discretionary areas, comprising areas where a mandatory decision is required as well as other areas of discretion where it might be considered prudent for a policy statement to be made.

The discretions in the Appendix are grouped into three sections:

Part A – Covers areas where mandatory written policy statements have to be published in relation to the requirements under the Local Government Pension Scheme regulations.

Part B - Covers areas where, although mandatory written policy statements are not required, it would be useful for employers to establish a clear policy intention in relation to the exercise of the employer's functions under the Local Government Pension Scheme regulations.

Part C – Covers areas where mandatory written policy statements have to be published in relation to the requirements under the Local Government discretionary payments and compensation regulations.

The main text in the Appendix identifies the area of discretion, the reference to the relevant regulation(s) and a description of the permitted discretion. This information has been provided by YPS to assist employers.

The text in *italic* shows the recommended policy decision for the Committee to consider for each discretion. These recommendations have been produced by reference to advice provided by SLCC and the Local Government Pensions Committee and by researching other local councils' policies. Members will notice that several of the suggested individual policies are worded so that they can apply in exceptional circumstances; this gives the flexibility to treat each case on its merits.

Many of the discretions are relatively technical in nature and most will have financial implications if exercised. Additionally, because of the small number of Council employees, individual discretions may be rarely, or even never, used. (The Committee should note that, although the Council only came into existence in 2015, employees could have transferred entitlements prior to then from their earlier local government employment.)

The Committee is requested to review the individual recommended policies. Attention is drawn to the following principles as YPS advise that the policy should:

- a) have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;
- b) should not be used for any ulterior motive;
- c) will be exercised reasonably;
- d) will only be used when there is a real and substantial future benefit to the Town Council for incurring the extra costs that may arise; and
- e) will be duly recorded when applied.

C. Pension Fund: 2019 Actuarial Valuation

This information was reported informally to the Budget Working Party in December.

Employee contribution rates are reviewed every three years and are comprised of two elements: a percentage rate for future service and a cash amount to clear any deficit arising from past service. The 2019 triennial actuarial valuation of the Pension Fund has increased the percentage rate from 17.5% to 19.9% for 2020/21, offset by the deficit contribution reducing from £3,100 to £nil. The net result is an estimated additional cost of £640.

An ongoing national issue for local government is a Supreme Court ruling that changes to the pension scheme made in 2015 had discriminated against younger employees.

The judgement arose from legal action brought by the Fire Brigades Union and a group of judges led by Victoria McCloud; the probable outcome is that all local government pension funds will have to pay compensation to affected staff, a cost which will be passed on to employers. The actuary estimates that the cost to this Council could result in up to an extra £4,000 in each of the three years. As this cost will be dependent on the method of rectifying the problem, no provision has been made in the 2020/21 proposed budget and it is intended that the cost, when known, is met from contingencies or reserves.

2. FINANCIAL IMPLICATIONS

The cost of exercising any of the discretions cannot be estimated until an individual case occurs. The proposed budget for 2020/21 provides for the known cost of the revised superannuation contribution rates, while reserves are robust enough to meet any costs arising from the McCloud judgement that cannot be absorbed by contingencies.

3. RISK MANAGEMENT

RISK	CONSEQUENCE	CONTROLS REQUIRED
The Council fails in its duty to determine appropriate policies in respect of discretions.	Potential legal challenge; inadvertent commitment of unsustainable costs.	Sound policies that do not fetter the Council's discretion to deal with unforeseen circumstances relating to requests for enhancement of employee pensions.

4. APPENDICES

Draft Policy Statement

5. BACKGROUND PAPERS

- YPS advice & draft discretions policy template
- SLCC advice on pension discretions
- LGPC advice on pension discretions
- Cumbria Pension Fund Annual Report 2018/19
- Cumbria Pension Fund Actuarial Valuation 2019
- 2020/21 Budget working papers

DRAFT

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

EMPLOYER DISCRETIONS: STATEMENT OF POLICY

EMPLOYER NAME: PENRITH TOWN COUNCIL

Penrith Town Council has prepared this written statement of policy in relation to its exercise of certain discretionary functions available under the relevant LGPS Regulations.

GENERAL

The discretions described in this statement will be exercised by full Council following detailed consideration of cases/applications by the Finance Committee. In all cases, the costs of awarding the discretion will be identified and individual decisions will take into account the best interests of the Town Council, its council taxpayers and any equality considerations.

CRITERIA

Application of the individual policies will:

- a) have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;
- b) not be used for any ulterior motive;
- c) be exercised reasonably;
- d) only be used when there is a real and substantial future benefit to the Town Council for incurring the extra costs that may arise; and
- e) be duly recorded when applied.

PART A – Mandatory policy statements – Formulation of policy in accordance with:

Regulation 60 of the Local Government Pension Scheme (LGPS) Regulations 2013

Paragraph 2 (2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014

Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008

Regulation 106 of the Local Government Pension Scheme Regulations 1997

PART A1 – Discretions from 1 April 2014 in relation to post 31 March 2014 active members and post 31 March 2014 leavers (excluding councillor members)

Power of Scheme employer to award additional pension

(Regulation 31 of the LGPS Regulations 2013)

An employer can grant extra annual pension of up to a maximum £7,026 (figure at 1 April 2019) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency. This maximum figure that can be initially awarded will be index linked and the level increased on the 1st April each year.

Employer's policy:

Penrith Town Council has no intention to make general use of this discretionary power but may consider its use in exceptional circumstances.

Power of Scheme employer to contribute towards the cost of a member purchasing additional pension

(Regulation 16 (2) (e) and 16 (4) (d) of the LGPS Regulations 2013)

Where an active Scheme member wishes to purchase extra annual pension of up to £7,026 (figure at 1 April 2019) by making Additional Pension Contributions (APCs), the employer may voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution. This maximum figure that can be initially purchased will be index linked and the level increased on the 1st April each year.

Employer's policy:

Penrith Town Council has no intention to make general use of this discretionary power but may consider its use in exceptional circumstances.

Flexible retirement

(Regulation 30 (6) and (8) of the LGPS Regulations 2013, Regulations 3 (5), 11(2), 11(3), and para.2(1A) of sch.2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 regulation 18(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

The Local Government Pension Scheme allows scheme members who have attained the age of 55 to draw all or part of their retirement benefits under flexible retirement arrangements even though they have not retired providing that:

- the employer consents, and
- there has been a reduction in hours, or
- there has been a reduction in grade.

Specifically where the employer consents to flexible retirement then, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw), the employer can also allow the member to choose to draw all, part or none of the pension benefits they accrued after 31 March 2008.

However, benefits taken on flexible retirement will be subject to a potential actuarial reduction if they are being drawn earlier than the member's normal retiring age (flexible retirement provisions may be operated for members potentially up to a member's 75th birthday). The reductions applied will be in accordance with guidance issued by the government actuary. Employers can, if they choose, waive in whole or in part, any reductions that might apply.

Employer's policy:

Penrith Town Council will consider requests for flexible retirement on a case by case basis and only approve applications where it is in the best interests of the Council. In such cases where the early release of pension benefits is approved, an actuarial reduction factor will be applied to the pension benefits unless the member satisfies the "Rule of 85"¹ or the Town Council decides to waive the reduction.

The cost of the "strain" on the pension fund will need to be met by Penrith Town Council and this will be taken into consideration when deciding whether the application is in the best interests of the Council and its council taxpayers.

¹ The Rule of 85 applies to staff who were members of the LGPS between 1 April 1998 and 30 September 2006, whereby some or all of their benefits could be protected from an early payment reduction. To be protected, the employee's age plus scheme membership (both in whole years) must add up to 85. The protection may still apply in certain limited circumstances.

Early retirement and waiving actuarial reductions

(Schedule 2 paragraphs 1(1)(c), 2(1), 2(2) and Regulation 3 (1) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Regulation 30(8) of the LGPS Regulations 2013 and regulation 30(5) and 30A(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

If a member leaves a local government employment before he is entitled to the immediate payment of retirement benefits, then if he is age 55 or more (or having attained age 55 and have previously been awarded deferred benefits after 01 April 2014) he may choose to receive payment of them immediately.

Any benefits payable may be reduced as appropriate in accordance with guidance issued by the Government Actuary.

A policy decision is required to be made in respect of each of the following discretions:

(1) Where a member voluntarily draws benefits between the age of 55 and 60 who has then satisfied the 'Rule of 85' or will do so before their 60th birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60th birthday. The employer has discretion to require the actual date upon which the member satisfied (or would have satisfied) the 'Rule of 85' to be used. This will have the effect of reducing the actuarial reduction. Should an employer exercise this discretion, the employer must pay to the fund a pension strain payment.

(2) In addition, employers can, if they choose, waive in whole or in part any reductions that might apply and the employer must pay to the Pension Fund a sum representing the capital cost of waiving those reductions. Due to the complexity in the level of protected benefits that now apply to different members, establishing what level of benefits can be waived can be difficult. Annex 1 lists the options available to employers in terms of the level of reductions that can be waived and the grounds under which they may be waived.

Employer's policy:

Penrith Town Council will consider covering the cost of waiving deductions on a case by case basis and only approve applications where it is in the best interests of the Council. In such cases where the early release of pension benefits is approved, an actuarial reduction factor will be applied to the pension benefits unless the member satisfies the "Rule of 85" or the Town Council decides to waive the reduction.

The cost of the "strain" on the pension fund will need to be met by Penrith Town Council and this will be taken into consideration when deciding whether the application is in the best interests of the Council and its council taxpayers.

PART A2 – Discretions in relation to scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014 (excluding Councillor members)

Power of Scheme employer to award additional membership

(Regulation 3 (10) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and regulation 12 of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

An employer can within 6 months of the date of termination grant extra membership in the pension scheme to a Scheme member whose employment was terminated before 1 April 2014 on the grounds of redundancy or business efficiency. Note that this is a time limited discretion which expires on 30 September 2014 for those whose employment is terminated on 31 March 2014.

Employer's policy:

This discretion has now expired, and no policy statement is required.

Early release of deferred benefits

(Regulations 30(2), (5), 30A(3) and (5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and reg.3(5A)(c), para.1(1)(aa) and para.2(1) of sch.2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014)

Prior to 14 May 2018, members who left the scheme between 1 April 2008 and 31 March 2014 with deferred benefits (or suspended tier 3 benefits) who make an application to release benefits on or after age 55 and before age 60 required the former employer's consent. From 14 May 2018, this is no longer the case.

A policy decision is required to be made in respect of each of the following discretions:

- (1) Where a member voluntarily draws benefits between the age of 55 and 60 who has then satisfied the 'Rule of 85' or will do so before their 60th birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60th birthday. The employer has discretion to require the actual date upon which the member satisfied (or would have satisfied) the 'Rule of 85' to be used. This will have the effect of reducing the actuarial reduction. Should an employer exercise this discretion, the employer must pay to the fund a pension strain payment.

(2) In addition, employers can, if they choose, waive on compassionate grounds all of the actuarial reduction. If an employer does so, it must pay to the Pension Fund a sum representing the capital cost of waiving those reductions.

Employer's policy:

Applications for early release of benefits from members between the age 55 and 60 will only be accepted in cases where:

- a) it can be demonstrated as being in the best interests of the Council;*
- or*
- b) there are compassionate grounds for the early release of pension benefits.*

All applications will be considered by the Finance Committee before approval.

In such cases where the early release of pension benefits is approved, an actuarial reduction factor will be applied to the pension benefits unless the member satisfies the "Rule of 85" or Penrith Town Council decides to waive the reduction.

The cost of the "strain" on the pension fund will need to be met by Penrith Town Council and this will be taken into consideration when deciding whether the application is in the best interests of the Council and its council taxpayers.

PART A3 – Discretions in relation to scheme members who ceased active membership on or after 1 April 1998 and before 1 April 2008 and active councillor members and councillor members who ceased active membership on or after 1 April 1998

Early release of deferred benefits with employer consent (Regulations 31(2) and (5) of the LGPS Regulations 1997 and reg.3(5A)(b), para.1(1)(f) and para.2(1) of sch.2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014)

A policy decision concerning early release of benefits needs to be made in relation to active members who have left the scheme between 1 April 1998 and 31 March 2008 with deferred benefits and councillor members who left after 1 April 1998 who make an application to release benefits on or after age 50* and before age 55.

*It should be noted that benefits paid on or after age 50 and before age 55 would be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5 April 2006.

Prior to 14 May 2018, members who left the scheme between 1 April 1998 and 31 March 2008 with deferred benefits (and councillor members) who make an application to release benefits on or after age 55 and before age 60 required the former employer's consent. From 14 May 2018, this is no longer the case.

A policy decision is required to be made in respect of each of the following discretions:

(1) Where a member voluntarily draws benefits between the age of 55 and 60 who has then satisfied the 'Rule of 85' or will do so before their 60th birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60th birthday. The employer has discretion to require the actual date upon which the member satisfied (or would have satisfied) the 'Rule of 85' to be used. This will have the effect of reducing the actuarial reduction. Should an employer exercise this discretion, the employer must pay to the fund a pension strain payment.

(2) In addition, employers can, if they choose, waive on compassionate grounds all of the actuarial reduction. If an employer does so, it must pay to the Pension Fund a sum representing the capital cost of waiving those reductions.

Employer's policy:

Applications for early release of benefits from members between the age 55 and 60 will only be accepted in cases where:

- a) it can be demonstrated as being in the best interests of the Council;*
- or*
- b) there are compassionate grounds for the early release of pension benefits.*

In such cases where the early release of pension benefits is approved, an actuarial reduction factor will be applied to the pension benefits unless the member satisfies the "Rule of 85" or Penrith Town Council decides to waive the reduction.

The cost of the "strain" on the pension fund will need to be met by Penrith Town Council and this will be taken into consideration when deciding whether the application is in the best interests of the Council and its council taxpayers.

PART A4 – Discretions in relation to scheme members who ceased active membership before 1 April 1998

(Regulation D11(2) (c) of the LGPS Regulations 1995)

A policy decision concerning early release of benefits needs to be made in relation to active members who have left the scheme before 1 April 1998 who make an application on compassionate grounds to release benefits on or after age 50* and before age 60. Under these rules the sole discretion for an employing authority is that they may determine on compassionate grounds that benefits are to become payable on an unreduced basis.

*It should be noted that benefits paid on or after age 50 and before age 55 would be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, a Scheme sanction charge will not be payable.

Employer's policy:

Applications for early release of benefits from members between the age 50 and 60 will only be accepted in cases where:

- a) it can be demonstrated as being in the best interests of the Council;*
- or*
- b) there are compassionate grounds for the early release of pension benefits.*

In such cases where the early release of pension benefits is approved, an actuarial reduction factor will be applied to the pension benefits unless the member satisfies the "Rule of 85" or Penrith Town Council decides to waive the reduction.

The cost of the "strain" on the pension fund will need to be met by Penrith Town Council and this will be taken into consideration when deciding whether the application is in the best interests of the Council and its council taxpayers.

PART B – Formulation of policy in accordance with further discretions under the Local Government Pension Scheme Regulations 2013

There are a number of other discretions which Scheme employers may exercise under the LGPS Regulations 2013. There is, however, no requirement to have a written policy in respect of these. However the following areas of discretion would be useful for scheme members, in order for them to establish the clear policy intention that the employers hold in these particular areas.

Shared Cost Additional Voluntary Contributions (SCAVCs)

(Regulation 17 of the LGPS Regulations 2013)

An active member may elect to pay AVCs into a scheme established under contract between his appropriate administering authority and a body approved for the purposes of the Finance Act 2004.

An employer can, at its discretion, contribute to the AVC scheme and where they do the AVC scheme is known as a shared cost additional voluntary contributions arrangement (SCAVC). An employer should establish whether, how much and in what circumstances to either continue with an existing SCAVC or enter into a new SCAVC.

Employer's policy:

Penrith Town Council has no intention to make general use of this discretionary power but may consider its use in exceptional circumstances.

Late transfer requests

(Regulation 100(6) and 22(7) and (8) of the LGPS Regulations 2013 and reg.10(6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014)

The Local Government Pension Scheme Regulations allow for the acceptance of transfer value payments into the fund (subject to the Pension Fund administering authority's approval) to enable members to transfer pension rights accrued prior to joining the scheme into the LGPS, and thereby count additional pension. This election should be made within 12 months of first joining the LGPS in the employment.

The discretion allowed under regulation 100(6) relates to the acceptance of transfers relating to non LGPS membership, where the member makes a request after the expiry of the first 12 months of joining the LGPS.

In most situations, previous LGPS rights are automatically aggregated unless an election to keep those accrued benefits separate is received. Regulations 22 (7) and (8) allow an employer to extend the 12 month time limit within which a Scheme member who has a deferred LGPS benefit in England or Wales following the cessation of employment (or cessation of a concurrent employment) to elect not to have the deferred benefits aggregated with their new LGPS employment (or on-going concurrent LGPS employment) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership).

Regulation 10(6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 allows a member to elect to aggregate a deferred benefit in respect of membership which ceased before 1 April 2014. Under this provision, the member would be awarded additional CARE benefits under the 2014 Scheme. The member must make the election to do so within 12 months of joining the 2014 Scheme (or such longer time as the employer may allow).

Employer's policy:

Penrith Town Council has no intention to make general use of this discretionary power, but will cases where there are exceptional circumstances, e.g. the inability of the applicant to obtain a transfer value within the 12-month period or the election having been lost in transit.

Contributions payable by active members

(Regulation 9 and 10 of the LGPS Regulations 2013)

An active member shall make contributions to the Scheme at the relevant contribution rate, from his pensionable pay, in each employment in which he is an active member. The contribution rate to be applied to his pensionable pay in any financial year is the rate determined by the employer with reference to the tiered contribution pay bands stated in the regulations.

Where there is a material change to a member's pensionable pay in the course of a financial year, the employer may re-determine the contribution rate to be applied.

Employer's policy:

Penrith Town Council will review all Scheme members' contribution rates at the start of the financial year; the rate will not be affected by additional hours worked during the year but will be reviewed if there has been a material change to a member's permanent contractual pay in the course of that year.

Assumed Pensionable Pay

(Regulation 21(4),(5), (5A) and (5B) of the LGPS Regulations 2013)

Employers have the following two discretions:

- (1) Whether or not, when calculating assumed pensionable pay when a member:
- a) is on reduced contractual pay or no pay on due to sickness or injury, or
 - b) is absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, shared parental or adoption leave, or
 - c) is absent on reserve forces service leave, or
 - d) retires with a Tier 1 or Tier 2 ill health pension, or - dies in service

to include in the calculation the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred. A 'regular lump sum payment' is a payment for which the member's employer determines there is a reasonable expectation that such a payment would be paid on a regular basis.

- (2) Where the pensionable pay received in the relevant 3 month period or, as the case may be, 12 week period, was, in the opinion of the employer, materially lower than the level of pensionable pay that the member normally receives, the employer has discretion to replace the actual pensionable pay received with a higher level of pensionable pay to reflect the level of pensionable pay that the member would normally have received. An employer must have regard to the level of pensionable pay received in the previous 12 months when working out what level of pensionable pay the member normally receives.

Employer's policy:

Penrith Town Council has no intention to make general use of this discretionary power but may consider its use in exceptional cases.

Shared-cost APCs to buy back lost pension

(Regulation 16 (16) of the LGPS Regulations 2013)

Members on the following types of leave which are not covered by APP are able to enter into an APC contract to buy back the lost CARE pension. If they make the election within 30 days of return, the employer must fund two-thirds of the cost. The employer has discretion to extend the 30-day deadline.

- a) Additional maternity leave during which no pensionable pay is received
- b) Additional adoption leave during which no pensionable pay is received
- c) Shared parental leave during which no pensionable pay is received
- d) Authorised unpaid leave (excluding strike leave).

If the individual leave period lasted longer than 36 months, the employer is only required to share the cost in relation to the first 36 months of the leave.

Employer's policy:

Penrith Town Council has no intention to make general use of this discretionary power but may consider its use in exceptional cases.

PART C – Mandatory policy statement* – Formulation of policy in accordance with:

Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Regulation 26 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000

Regulation 14 of the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

*The mandatory requirements for a written policy under these regulations do not extend to employers whose employees are members of the LGPS by virtue of an admission agreement however as the provisions still apply it would be deemed appropriate for a policy statement to be in place

PART C1 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Redundancy and Compensation Payments

(Regulation 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006)

These regulations provide a discretionary power to award a one-off lump sum payment of up to 2 years pay (104 weeks), inclusive of any redundancy payment made. This applies to any member who terminates their employment on the grounds of redundancy, efficiency or in the case of a joint appointment (not job shares) where termination arises because the other holder of the joint appointment has left it.

The provisions apply to all employees who are eligible for participation in the LG Pension Scheme, whether or not they are current members of the scheme.

There is also a discretionary power to waive the weekly pay ceiling placed on statutory redundancy payments and to calculate, instead, on pay up to the actual week's pay.

Employer's policy:

Penrith Town Council will consider awarding one-off lump sum payments and/or waiving the weekly pay ceiling where it is in the best interests of the Council.

PART C2 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000

Redundancy and Compensatory Added Years payments

(Regulation 17,19,21 and 25 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000)

Prior to the 2006 discretionary regulations employers could award employees additional service following a redundancy or efficiency retirement where that employee was over age 50. Although this facility is no longer available to current active employees, there are still discretionary decisions to be made in respect of employees who are already in receipt of additional service. These include:

How to apportion any surviving spouses or civil partner's annual compensatory added years payment where the deceased person is survived by more than one spouse or civil partner.

How the annual added years will be apportioned amongst any eligible children.

Whether, in respect of the spouse of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998, the normal pension suspension rules should be ignored i.e. whether the spouse's or civil partner's annual compensatory added years payments should continue to be paid or if the authority's policy is to apply the normal suspension rules, whether the spouse's or civil partner's annual compensatory added years payment should be reinstated after the end of the remarriage, new civil partnership or cohabitation.

Whether and to what extent to reduce or suspend the member's annual compensatory added years payment during any period of re-employment in local government and how to reduce the member's annual compensatory added years payment following the cessation of a period of re-employment in local government.

Employer's policy:

Penrith Town Council has no intention to make general use of this discretionary power unless the need arises and will then make a decision depending on the individual circumstances.

PART C3 – Discretions in relation to the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 Injury Allowance payments

(Regulations 3 to 7 of the Local Government (Discretionary Compensation) (Injury Allowances) Regulations 2011)

Under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 Scheme employers must formulate, publish and keep under review a policy on:

- (1) whether or not to make an injury award to those who sustain an injury or contract a disease as a result of anything they were required to do in performing the duties of their job and in consequence of which they:
 - a) suffer a reduction remuneration, or
 - b) cease to be employed as a result of an incapacity which is likely to be permanent and which was caused by the injury or disease, or
 - c) die leaving a surviving spouse, civil partner or dependant, and

- (2) if the Scheme employer has a policy to make such payments, how it will determine the amount of injury allowance to be paid.

Employer's policy:

Penrith Town Council has no intention to make general use of this discretionary power but may consider its use in exceptional circumstances.

Declaration

It is understood that the above discretions are applicable to all eligible members of the Scheme. In respect of the mandatory policy requirements, a written statement should be published indicating the policy which is being applied by that employer in the exercise of its functions. A copy of the scheme employer's policy decisions should be sent to Your Pension Service within one month of the date the policy is revised.

Any change to the discretions exercised under the LGPS Regulations can take immediate effect from the date the Scheme employer agrees the change.

Any change to the discretions exercised under the Discretionary Compensation Regulations 2000, the Discretionary Compensation Regulations 2006 or the Injury Allowances Regulations 2011 cannot take effect until one month after the date the Scheme employer publishes a statement of its amended policy.

Signed on behalf of the Employing Authority:

Name in Block Capitals:

Position:

Employing Authority: Penrith Town Council

Date:

Signed on behalf of the Employing Authority:

Name in Block Capitals:

Position:

Employing Authority: Penrith Town Council

Date:

Annex 1 – if voluntarily retiring

If there is an actuarial reduction regarding the particular tranche of membership, the employer has the right to -

	Group 1	Group 2	Group 3	Group 4
Part A	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.
Part B1	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all or none on this on compassionate grounds.
Part B2	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.
Part C	Waive all, some or none on any grounds.	Waive all or none on compassionate grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.
Part D1	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.

Part A = membership to 31 March 2008

Part B1= membership 1 April 2008 to 31 March 2014

Part B2 = membership 1 April 2014 to 31 March 2016

Part C = membership 1 April 2016 to 31 March 2020

Part D1 = membership 1 April 2020 onwards

Group 1 member = a member who was an active member prior to 1 October 2006 and who was born on 31 March 1956 or earlier

Group 2 member = a member who was an active member prior to 1 October 2006, was born between 1 April 1956 and 31 March 1960 inclusive, and who would reach their CRA by 31 March 2020

Group 3 member = a member who was an active member prior to 1 October 2006 and who is not a Group 1 or Group 2-member

Group 4 member = a member who was not a member prior to 1 October 2006.

If the member retires on flexible retirement, the employer may waive all, some or none of any reduction on any grounds.



FINANCE COMMITTEE

13 JANUARY 2020

MATTER:

**Disciplinary and
Grievance
Arrangements**

Consider the revised
Disciplinary and Grievance
Arrangements as prescribed
and issued by NALC.

AUTHOR:

V. Tunnadine Town Clerk

SUPPORTING MEMBER:

Cllr Roger Burgin -

Chair of Finance Committee

ITEM NO:

15

LINK TO COUNCIL PLAN PRIORITIES:

Supports the Council's role as a good employer.

RECOMMENDATIONS:

Approve the policy.

NALC LEGAL TOPIC NOTE 22

NOVEMBER 2019

DISCIPLINARY AND GRIEVANCE ARRANGEMENTS

Introduction

The Ledbury decision

Council's duty of care

Councillors and council staff: understanding their respective roles

Committees and sub-committees

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The disciplinary investigation

Suspension

Mediation

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Introduction

1. This LTN provides guidance on:
 - the disciplinary process: how councils can deal with concerns about employee misconduct or poor performance
 - the grievance process: how employees can raise work-related concerns with the council or, when their concerns are about a councillor, with the principal authority.
2. NALC has produced model disciplinary and grievance policies that contain the procedures that councils should follow. They are in the appendix to this LTN.
3. Many disciplinary and grievance matters can be resolved informally by having a quiet word with the employee. However effective formal procedures can ensure that employees are dealt with fairly, consistently and in accordance with equality and employment legislation.
4. Council policies should comply with the ACAS Code of Practice on Disciplinary Procedures (<http://www.acas.org.uk/index.aspx?articleid=2174>). See also “Discipline and Grievances at Work – the ACAS Guide” https://www.acas.org.uk/media/1043/Discipline-and-grievances-at-work-The-Acas-guide/pdf/DG_Guide_Feb_2019.pdf.

The Ledbury decision

5. The High Court case of R (Harvey) v Ledbury Town Council [2018] EWHC 1151 (Admin) (“Ledbury”) has changed the way in which councils must deal with an employee’s grievance if the complaint is about the conduct of a councillor. Employees cannot now use **the formal stages** of their council’s grievance procedure if their complaint should be dealt with under the council’s code of conduct. If the council cannot resolve the matter **informally (which can include mediation) - see paragraph 26**, the complaint can only be dealt with by the employee submitting their complaint to the principal authority’s monitoring officer. The council has no power to deal with it. If the complaint is not a code of conduct matter, it can be dealt with under the formal stages of the council’s grievance procedure. For more information on Ledbury see Legal Briefing L 08-18 June 2018

Council’s duty of care

6. When an employee’s complaint is about a councillor’s conduct, Ledbury restricts grievance arrangements to the informal stage. However, the council,

like any employer has an on-going duty to take reasonable care of its staff which does not disappear if an employee makes a complaint to the principal authority's monitoring officer.

7. The employer's duty of care requires that it takes all steps which are reasonably possible to ensure employees' health, safety and wellbeing. The duty is wide-ranging and can arise throughout employment. The following list contains examples:
 - clearly defining jobs and undertaking risk assessments
 - ensuring a safe work environment
 - providing adequate training and feedback on performance
 - ensuring that staff do not work excessive hours
 - providing areas for rest and relaxation
 - protecting staff from bullying or harassment, either from colleagues or third parties
 - protecting staff from discrimination
 - providing communication channels for employees to raise concerns
 - consulting employees on issues which concern them.
8. An employer can be deemed to have breached the duty of care by failing to do everything that was reasonable in the circumstances to keep employees safe from harm. Employees also have responsibilities for their health and wellbeing at work. For example, although employees must obey their employer's lawful instructions, they can refuse to undertake work that is not safe. This includes work damaging to their health.

For more information see - <http://www.acas.org.uk/index.aspx?articleid=3751>

9. Many of the issues described by ACAS may be relevant when an employee makes a complaint (including a complaint about a councillor). A council should always consider whether its ongoing duty of care requires action that does not involve its grievance procedure. This ongoing duty is referred to the in the grievance procedure contained in the Appendix.

Councillors and council staff: understanding their respective roles

10. Difficulties can arise because of misunderstandings by councillors of their roles and responsibilities and those of council staff. A better understanding may help to reduce the number of councillor complaints by council staff,
11. It is not councillors who employ council staff, it is the council. So a councillor has no inherent authority to instruct staff in their duties. Individual

councillors must not involve themselves in the day-to-day running of the council, unless they have been delegated the authority to do so by the council.

12. Council functions can generally be delegated to staff either directly from the council or through its committees. This enables staff to undertake the day-to-day running of the council.
13. If a councillor has a concern about the actions of any member of staff (including the clerk), it should not be raised directly with the staff member. It should be raised with the chair of the council or the chair of the relevant committee.

Committees and sub-committees

14. Disciplinary and grievance arrangements may be established by full council or by a staffing committee. The authority to decide a disciplinary matter, a grievance or an appeal can be delegated to a sub-committee. This should be confirmed in its terms of reference. Councillors with direct involvement in a disciplinary or grievance matter should not be appointed to a sub-committee or an appeal panel. An appeal panel should not contain any member who made the original decision.
15. A sub-committee should have three members. This is because:
 - i. one councillor cannot make a decision on behalf of the council
 - ii. a two-member sub-committee would always allow the Chairman to secure their desired outcome by exercising the casting vote in the event of a tie
 - iii. more than three members will probably be unwieldy. It may also make it more difficult to find members with no direct involvement and it will reduce the pool of potential appeal panel members.

Meetings

16. Meetings should be arranged as soon as possible but the employee should be given reasonable time to prepare. Proceedings should be minuted. If possible the minute taker should be a member of staff,
17. The employee and companion (if there is one) must make all reasonable efforts to attend. Employees have a statutory right to be accompanied by a workplace colleague, a trade union representative or a trade union official to

a grievance, disciplinary or appeal meeting. The ACAS Code of Practice clarifies that an employee's request to be accompanied must be reasonable.

18. If the employee's companion is not available on the proposed date of the meeting, the employee can request a postponement and can propose an alternative date within five working days of the original meeting unless it would be unreasonable not to propose a later date. If the employee does not attend the meeting, they should be given the opportunity to be represented and to make written submissions.

Decisions

19. Employees should be informed, promptly and in writing, of the council's decision. If possible, the decision should be handed to the employee.
20. Disciplinary and grievance decisions should notify the employee of the right to appeal. Appeals can take various forms, depending on the circumstances of each case. They can range from a review of the original decision (essentially an assessment whether the grievance was fairly decided on the evidence heard) to a complete re-hearing (the hearing takes place as if the matter was being heard for the first time by the council). For example, if an employee was dismissed for reasons that were not part of the disciplinary process, in the interests of fairness, it would generally be necessary to re-hear the matter completely at appeal.
21. Councils cannot increase disciplinary sanctions at the appeal stage unless they have explicitly included a contractual right to do so in the disciplinary policy.

The disciplinary investigation

22. In cases of misconduct, an investigation of the facts should be carried out as soon as possible. Other than for allegations of minor misconduct, an investigator should be appointed by the council's staffing committee. The Investigator's role is to submit a report with recommendations to the staffing committee which decides whether further action should be taken. An investigator must be independent, fair and objective, and should normally be a councillor. If this is not possible, (for example, because all the councillors have direct involvement in the matter), the staffing committee should appoint someone from outside the council. ACAS recommends that anyone appointed as an investigator should, where possible, have had appropriate training. This applies to councillors and outside investigators.

23. An employee does not have a statutory right to be accompanied to an investigatory meeting. However, the disciplinary procedure in the Appendix permits employees to be accompanied.
24. In cases of poor performance, it may not be necessary to have an investigation.

For further information see ACAS booklet "Conducting Workplace Investigations" - https://www.acas.org.uk/media/4483/Conducting-workplace-investigations/pdf/Conducting_Workplace_Investigations.pdf

Suspension

25. In certain situations, a council may decide that suspension with pay is necessary while the investigation is carried out. However, suspension will not be appropriate in every case. It may be appropriate when:
 - working relationships have broken down
 - the council reasonably believes that the employee may interfere with its investigations
 - there is a risk to an employee's health or safety
 - the work of the council may be damaged

Suspension with pay should only be used as a last resort. It should be reviewed to ensure it is not continuing unnecessarily. It should always be made clear that the suspension is temporary, not an assumption of guilt and not a disciplinary sanction.

Mediation

26. Mediation is a confidential dispute resolution process that requires the consent of the council and the employee. It may be appropriate at any stage of the disciplinary or grievance procedure, for example where there have been communication breakdowns or allegations of bullying and harassment. Mediators do not make judgments or determine outcomes - they ask questions that help to uncover underlying problems, assist the parties to understand the issues and clarify the options for resolving their difference or dispute. See <http://www.acas.org.uk/index.aspx?articleid=1680>

Data protection

27. Information about disciplinary or grievance matters should be restricted to those involved in the disciplinary/grievance process. Any disciplinary action or grievance outcome should remain confidential. The employee's

disciplinary and grievance records should be held by a council in accordance with the General Data Protection Regulation (GDPR). Personal data may be contained in documents (such as letters, emails, employee statements and GP records) used in a grievance or disciplinary process. The GDPR requires that all personal data is used only for the purposes specified. Personal data should be held no longer than is necessary, after which it should be destroyed. Sensitive personal data (such as GP records) are subject to stricter regulation. An employer's GDPR obligations should be set out in the privacy policy that it provides to its employees. For more information on the GDPR see the GDPR Toolkit which can be found in the members' section on the NALC website.

Template letters

28. Correspondence must clearly specify disciplinary and grievance processes and outcomes. For example, if a council decided to dismiss an employee following a disciplinary procedure, the letter sent to the employee should contain the reasons for dismissal because it could become an important document if there was an unfair dismissal claim. It should also contain details of appeal arrangements. ACAS has produced some helpful template letters that council can adapt to their own circumstances.

<https://www.acas.org.uk/templates>

Other Legal Topic Notes (LTNs) relevant to this subject:

LTN	Title	Relevance
38	Data Protection	Explains how personal data should be held.
69	ASBOs & Harassment	Gives guidance on the Protection from Harassment Act 1997.
78	Equality Act 2010	Explains the statutory protection from alleged discrimination (against age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) Explains the statutory duties imposed on councils which are aimed at preventing discrimination and promoting equality in recruitment and in the workplace.

79	Staff Pensions	Confirms pension arrangements that apply to local councils.
80	Members' conduct and the registration and disclosure of their interests (England)	Explains members' obligations under the Localism Act 2011.

Editable versions of the appendices can be accessed on <http://www.nalc.gov.uk/members-area/templates> and clicking on the disciplinary and grievance procedures.

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Penrith Town Council

Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR
Tel: 01768 899 773 Email: office@penrithtowncouncil.co.uk

DISCIPLINARY POLICY

Introduction

- 1 This policy is based on and complies with the 2015 ACAS Code of Practice. It also takes account of the ACAS guide on discipline and grievances at work.

https://www.acas.org.uk/media/1043/Discipline-and-grievances-at-work-The-Acas-guide/pdf/DG_Guide_Feb_2019.pdf

The policy is designed to help Council employees improve unsatisfactory conduct and performance in their job. Wherever possible, the Council will try to resolve its concerns about employees' behaviour informally, without starting the formal procedure set out below.

- 2 The policy will be applied fairly, consistently and in accordance with the Equality Act 2010.
- 3 This policy confirms:
 - informal coaching and supervision will be considered, where appropriate, to improve conduct and / or attendance
 - the Council will fully investigate the facts of each case
 - the Council recognises that misconduct and unsatisfactory work performance are different issues. The disciplinary policy will also apply to work performance issues to ensure that all alleged instances of employees' underperformance are dealt with fairly and in a way that is consistent with required standards. However, the disciplinary policy will only be used when performance management proves ineffective.
 - employees will be informed in writing about the nature of the complaint against them and given the opportunity to state their case
 - employees will be provided, where appropriate, with written copies of evidence and relevant witness statements in advance of a disciplinary hearing

- employees may be accompanied or represented by a companion – a workplace colleague, a trade union representative or a trade union official - at any investigatory, disciplinary or appeal meeting. The companion is permitted to address such meetings, to put the employee's case and confer with the employee. The companion cannot answer questions put to the employee, address the meeting against the employee's wishes or prevent the employee from explaining his/her case
- the Council will give employees reasonable notice of any meetings in this procedure. Employee must make all reasonable efforts to attend. Failure to attend any meeting may result in it going ahead and a decision being taken. An employee who does not attend a meeting will be given the opportunity to be represented and to make written submissions
- if the employee's companion is not available for the proposed date of the meeting, the employee can request a postponement and can propose an alternative date that is within five working days of the original meeting date unless it is unreasonable not to propose a later date
- any changes to specified time limits in the Council's procedure must be agreed by the employee and the Council
- information about an employee's disciplinary matter will be restricted to those involved in the disciplinary process. A record of the reason for disciplinary action and the action taken by the Council is confidential to the employee. The employee's disciplinary records will be held by the Council in accordance with the General Data Protection Regulation (GDPR)
- audio or video recordings of the proceedings at any stage of the disciplinary procedure are prohibited, unless agreed by all affected parties as a reasonable adjustment that takes account of an employee's medical condition
- employees have the right to appeal against any disciplinary decision. The appeal decision is final
- if an employee who is already subject to the Council's disciplinary procedure raises a grievance, the grievance will normally be heard after the completion of the disciplinary procedure
- disciplinary action taken by the Council can include a written warning, final written warning or dismissal
- this procedure may be implemented at any stage if the employee's alleged misconduct warrants this
- except for gross misconduct when an employee may be dismissed without notice, the Council will not dismiss an employee on the first occasion that it decides there has been misconduct
- if an employee is suspended following allegations of misconduct, it will be on full pay and only for such time as is necessary.

- Suspension is not a disciplinary sanction. The Council will write to the employee to confirm any period of suspension and the reasons for it,
- the Council may consider mediation at any stage of the disciplinary procedure where appropriate (for example where there have been communication breakdowns or allegations of bullying or harassment). Mediation is a dispute resolution process that requires the consent of affected parties

Examples of misconduct

4 Misconduct is employee behaviour that can lead to the employer taking disciplinary action. The following list contains some examples of misconduct: The list is not exhaustive.

- unauthorised absence
- poor timekeeping
- misuse of the Council's resources and facilities including telephone, email and internet
- inappropriate behaviour
- refusal to follow reasonable instructions
- breach of health and safety rules.

Examples of gross misconduct

5 Gross misconduct is misconduct that is so serious that it is likely to lead to dismissal without notice. The following list contains some examples of gross misconduct: The list is not exhaustive

- bullying, discrimination and harassment
- incapacity at work because of alcohol or drugs
- violent behaviour
- fraud or theft
- gross negligence
- gross insubordination
- serious breaches of council policies and procedures e.g. the Health and Safety Policy, Equality and Diversity Policy, Data Protection Policy and any policies regarding the use of information technology
- serious and deliberate damage to property
- use of the internet or email to access pornographic, obscene or offensive material
- disclosure of confidential information.

Suspension

- 6 If allegations of gross misconduct or serious misconduct are made, the council may suspend the employee while further investigations are carried out. Suspension will be on full pay. Suspension does not imply any determination of guilt or innocence, as it is merely a measure to enable further investigation.
- 7 While on suspension, the employee is required to be available during normal hours of work in the event that the council needs to make contact. The employee must not contact or attempt to contact or influence anyone connected with the investigation in any way or to discuss this matter with any other employee or councillor.
- 8 The employee must not attend work. The council will make arrangements for the employee to access any information or documents required to respond to any allegations.

Examples of unsatisfactory work performance

- 9 The following list contains some examples of unsatisfactory work performance: The list is not exhaustive.
 - inadequate application of management instructions/office procedures
 - inadequate IT skills
 - unsatisfactory management of staff
 - unsatisfactory communication skills.

The Procedure

- 10 Preliminary enquiries_ The council may make preliminary enquiries to establish the basic facts of what has happened in order to understand whether there may be a case to answer under the disciplinary procedure.

If the employee's manager believes there may be a disciplinary case to answer, the council may initiate a more detailed investigation undertaken to establish the facts of a situation or to establish the perspective of others who may have witnessed misconduct.

- 11 Informal Procedures. Where minor concerns about conduct become apparent, it is the manager's responsibility to raise this with the employee and clarify the improvements required. A file note will be made and kept by the manager. The informal discussions are not part of the formal disciplinary procedure. If the conduct fails to improve, or if further matters of conduct become apparent, the manager may decide to formalise the discussions and invite the employee to a first stage disciplinary hearing.

Disciplinary investigation

- 12 A formal disciplinary investigation may sometimes be required to establish the facts and whether there is a disciplinary case to answer.
- 13 If a formal disciplinary investigation is required, the Council's staffing committee will appoint an Investigator who will be responsible for undertaking a fact-finding exercise to collect all relevant information. The Investigator will be independent and will normally be a councillor. If the staffing committee considers that there are no councillors who are independent (for example, because they all have direct involvement in the allegations about the employee), it will appoint someone from outside the Council. The Investigator will be appointed as soon as possible after the allegations have been made. The staffing committee will inform the Investigator of the terms of reference of the investigation. The terms of reference should specify:
 - the allegations or events that the investigation is required to examine
 - whether a recommendation is required
 - how the findings should be presented. For example, an investigator will often be required to present the findings in the form of a written report
 - who the findings should be reported to and who to contact for further direction if unexpected issues arise or advice is needed.
- 14 The Investigator will be asked to submit their findings within 20 working days of appointment where possible. In cases of alleged unsatisfactory performance or of allegations of minor misconduct, the appointment of an investigator may not be necessary, and the Council may decide to commence disciplinary proceedings at the next stage - the disciplinary meeting (see paragraph 22).
- 15 The staffing committee will notify the employee in writing of the alleged misconduct and details of the person undertaking the investigation. The employee may be asked to meet an investigator as part of the disciplinary investigation. The employee will be given sufficient notice of the meeting with the Investigator so that he/she has reasonable time to prepare for it. The letter will explain the investigatory process and that the meeting is part of that process. The employee will be provided with a copy of the Council's disciplinary procedure. The Council will also inform the employee that when he/she meets with the Investigator, he/she will have the opportunity to comment on the allegations of misconduct.
- 16 Employees may be accompanied or represented by a workplace colleague, a trade union representative or a trade union official at any investigatory meeting.

- 17 If there are other persons (e.g. employees, councillors, members of the public or the Council's contractors) who can provide relevant information, the Investigator should try to obtain it from them in advance of the meeting with the employee.
- 18 The Investigator has no authority to take disciplinary action. His/her role is to establish the facts of the case as quickly as possible and prepare a report that recommends to the staffing committee whether or not disciplinary action should be considered under the policy.
- 19 The Investigator's report will contain his/her recommendations and the findings on which they were based. He/she will recommend either:
 - the employee has no case to answer and there should be no further action under the Council's disciplinary procedure
 - the matter is not serious enough to justify further use of the disciplinary procedure and can be dealt with informally or
 - the employee has a case to answer and a formal hearing should be convened under the Council's disciplinary procedure.
- 20 The Investigator will submit the report to the staffing committee which will decide whether further action will be taken.
- 21 If the Council decides that it will not take disciplinary action, it may consider whether mediation would be appropriate in the circumstances.

The disciplinary meeting

- 22 If the staffing committee decides that there is a case to answer, it will appoint a staffing sub-committee of three councillors, to formally hear the allegations. The staffing sub-committee will appoint a Chair from one of its members. The Investigator shall not sit on the sub-committee.
- 23 No councillor with direct involvement in the matter shall be appointed to the sub-committee. The employee will be invited, in writing, to attend a disciplinary meeting. The sub-committee's letter will confirm the following:
 - the names of its Chair and other two members
 - details of the alleged misconduct, its possible consequences and the employee's statutory right to be accompanied at the meeting
 - a copy of the information provided to the sub-committee which may include the investigation report, supporting evidence and a copy of the Council's disciplinary procedure
 - the time and place for the meeting. The employee will be given reasonable notice of the hearing so that he /she has sufficient time to prepare for it

- that witnesses may attend on the employee's and the Council's behalf and that both parties should inform each other of their witnesses' names at least two working days before the meeting
- that the employee may be accompanied by a companion - a workplace colleague, a trade union representative or a trade union official

The purpose of the disciplinary meeting hearing is for the allegations to be put to the employee and then for the employee to give their perspective. It will be conducted as follows:

- the Chair will introduce the members of the sub-committee to the employee and explain the arrangements for the hearing
- the Chair will set out the allegations and invite the Investigator to present the findings of the investigation report (if there has been a previous investigation)
- the Chair will invite the employee to present their account
- the employee (or the companion) will set out his/her case and present evidence (including any witnesses and/or witness statements)
- any member of the sub-committee and the employee (or the companion) may question the Investigator and any witness
- the employee (or companion) will have the opportunity to sum up

24 The Chair will provide the employee with the sub-committee's decision with reasons, in writing, within five working days of the meeting. The Chair will also notify the employee of the right to appeal the decision.

25 The disciplinary meeting may be adjourned to allow matters that were raised during the meeting to be further investigated by the sub-committee.

Disciplinary action

26 If the sub-committee decides that there should be disciplinary action, it may be any of the following:

First written warning

If the employee's conduct has fallen beneath acceptable standards, a first written warning will be issued. A first written warning will set out:

- the reason for the written warning, the improvement required (if appropriate) and the time period for improvement
- that further misconduct/failure to improve will result in more serious disciplinary action
- the employee's right of appeal

- that a note confirming the written warning will be placed on the employee's personnel file, that a copy will be provided to the employee and that the warning will remain in force for a specified period of time (e.g. 12 months).

Final written warning

If the offence is sufficiently serious, or if there is further misconduct or a failure to improve sufficiently during the currency of a prior warning, the employee will be given a final written warning. A final written warning will set out:

- the reason for the final written warning, the improvement required (if appropriate) and the time period for improvement
- that further misconduct/failure to improve will result in more serious disciplinary action up to and including dismissal
- the employee's right of appeal
- that a note confirming the final written warning will be placed on the employee's personnel file, that a copy will be provided to the employee and that the warning will remain in force for a specified period of time (e.g. 12 months).

Dismissal

The Council may dismiss:

- for gross misconduct
- if there is no improvement within the specified time period, in the conduct which has been the subject of a final written warning
- if another instance of misconduct has occurred and a final written warning has already been issued and remains in force.

- 27 The Council will consider very carefully a decision to dismiss. If an employee is dismissed, he/she will receive a written statement of the reasons for his/her dismissal, the date on which the employment will end and details of his/her right of appeal. If the sub-committee decides to take no disciplinary action, no record of the matter will be retained on the employee's personnel file. Action taken as a result of the disciplinary meeting will remain in force unless it is modified as a result of an appeal.

The appeal

- 28 An employee who is the subject of disciplinary action will be notified of the right of appeal. His/her written notice of appeal must be received by the Council within five working days of the employee receiving written notice of the disciplinary action and must specify the grounds for appeal.

- 29 The grounds for appeal include;
- a failure by the Council to follow its disciplinary policy
 - the sub-committee's disciplinary decision was not supported by the evidence
 - the disciplinary action was too severe in the circumstances of the case
 - new evidence has come to light since the disciplinary meeting.
- 30 Where possible, the appeal will be heard by a panel of three members of the staffing committee who have not previously been involved in the case. This includes the Investigator. There may be insufficient members of the staffing committee who have not previously been involved. If so, the appeal panel will be a committee of three members of the Council who may include members of the staff committee. The appeal panel will appoint a Chair from one of its members.
- 31 The employee will be notified, in writing, within 10 working days of receipt of the notice of appeal of the time, date and place of the appeal meeting. The employee will be advised that he/she may be accompanied by a companion - a workplace colleague, a trade union representative or a trade union official.
- 32 At the appeal meeting, the Chair will:
- introduce the panel members to the employee
 - explain the purpose of the meeting, which is to hear the employee's reasons for appealing against the disciplinary decision
 - explain the action that the appeal panel may take.
- 33 The employee (or companion) will be asked to explain the grounds for appeal.
- 34 The Chair will inform the employee that he/she will receive the decision and the panel's reasons, in writing, usually within five working days of the appeal hearing.
- 35 The appeal panel may decide to uphold the disciplinary decision of the staffing committee, substitute a less serious sanction or decide that no disciplinary action is necessary. If it decides to take no disciplinary action, no record of the matter will be retained on the employee's personnel file.
- 36 If an appeal against dismissal is upheld, the employee will be paid in full for the period from the date of dismissal and continuity of service will be preserved.
- 37 The appeal panel's decision is final.

NALC 2019

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Reviewed and Amended January 2020



Penrith Town Council

Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR
Tel: 01768 899 773 Email: office@penrithtowncouncil.co.uk

GRIEVANCE POLICY

Introduction

1. This policy is based on and complies with the 2015 ACAS Code of Practice (<http://www.acas.org.uk/index.aspx?articleid=2174>).

It also takes account of the ACAS guide on discipline and grievances at work.

(https://www.acas.org.uk/media/1043/Discipline-and-grievances-at-work-The-Acas-guide/pdf/DG_Guide_Feb_2019.pdf).

It aims to encourage and maintain good relationships between the Council and its employees by treating grievances seriously and resolving them as quickly as possible. It sets out the arrangements for employees to raise their concerns, problems or complaints about their employment with the Council. The policy will be applied fairly, consistently and in accordance with the Equality Act 2010.

2. Many problems can be raised and settled during the course of everyday working relationships. Employees should aim to settle most grievances informally with their line manager.
3. This policy confirms:
 - employees have the right to be accompanied or represented at a grievance meeting or appeal by a companion who can be a workplace colleague, a trade union representative or a trade union official. This includes any meeting held with them to hear about, gather facts about, discuss, consider or resolve their grievance. The companion will be permitted to address the grievance/appeal meetings, to present the employee's case for his /her grievance/appeal and to confer with the employee. The companion cannot answer questions put to the employee, address the meeting against the employee's wishes or prevent the employee from explaining his/her case.

- the Council will give employees reasonable notice of the date of the grievance/appeal meetings. Employees and their companions must make all reasonable efforts to attend. If the companion is not available for the proposed date of the meeting, the employee can request a postponement and can propose an alternative date that is within five working days of the original meeting date unless it is unreasonable not to propose a later date
- any changes to specified time limits must be agreed by the employee and the Council
- an employee has the right to appeal against the decision about his/her grievance. The appeal decision is final
- information about an employee's grievance will be restricted to those involved in the grievance process. A record of the reason for the grievance, its outcome and action taken is confidential to the employee. The employee's grievance records will be held by the Council in accordance with the General Data Protection Regulation (GDPR)
- audio or video recordings of the proceedings at any stage of the grievance procedure are prohibited, unless agreed by all affected parties as a reasonable adjustment that takes account of an employee's medical condition
- if an employee who is already subject to a disciplinary process raises a grievance, the grievance will normally be heard after completion of the disciplinary procedure
- if a grievance is not upheld, no disciplinary action will be taken against an employee if he/she raised the grievance in good faith
- the Council may consider mediation at any stage of the grievance procedure where appropriate, (for example where there have been communication breakdowns or allegations of bullying or harassment). Mediation is a dispute resolution process which requires the consent of affected parties
- Employees can use all stages of the grievance procedure If the complaint is not a code of conduct complaint about a councillor. Employees can use the informal stage of the council's grievance procedure (paragraph 4) to deal with all grievance issues, including a complaint about a councillor Employees cannot use the formal stages of the council's grievance procedure for a code of conduct complaint about a councillor. If the complaint about the councillor is not resolved at the informal stage, the employee can contact the monitoring officer of [[] council] who will inform the employee whether or not the complaint can be dealt with under the code of conduct. If it does not concern the code of conduct, the employee can make a formal complaint under the council's grievance procedure (see paragraph 5

- If the grievance is a code of conduct complaint against a councillor, the employee cannot proceed with it beyond the informal stage of the council's grievance procedure. However, whatever the complaint, the council has a duty of care to its employees. It must take all reasonable steps to ensure employees have a safe working environment, for example by undertaking risk assessments, by ensuring staff and councillors are properly trained and by protecting staff from bullying, harassment and all forms of discrimination
- If an employee considers that the grievance concerns his or her safety within the working environment, whether or not it also concerns a complaint against a councillor, the employee should raise these safety concerns with his or her line manager at the informal stage of the grievance procedure. The council will consider whether it should take further action in this matter in accordance with any of its employment policies (for example its health and safety policy or its dignity at work policy) and in accordance with the code of conduct regime

Informal grievance procedure

4. The Council and its employees benefit if grievances are resolved informally and as quickly as possible. As soon as a problem arises, the employee should raise it with his/her manager to see if an informal solution is possible. Both should try to resolve the matter at this stage. If the employee does not want to discuss the grievance with his/her manager (for example, because it concerns the manager), the employee should contact the Chair of the staffing committee or, if appropriate, another member of the staffing committee. If the employee's complaint is about a councillor, it may be appropriate to involve that councillor at the informal stage. This will require both the employee's and the councillors consent.

Formal grievance procedure

5. If it is not possible to resolve the grievance informally and the employee's complaint is not one that should be dealt with as a code of conduct complaint (see above), the employee may submit a formal grievance. It should be submitted in writing to the Chair of the staffing committee.
6. The staffing committee will appoint a sub-committee of three members to hear the grievance. The sub-committee will appoint a Chair from one of its members. No councillor with direct involvement in the matter shall be appointed to the sub-committee.

Investigation

7. If the sub-committee decides that it is appropriate, (e.g. if the grievance is complex), it may appoint an investigator to carry out an investigation before the grievance meeting to establish the facts of the case. The investigation may include interviews (e.g. the employee submitting the grievance, other employees, councillors or members of the public).
8. The investigator will summarise their findings (usually within an investigation report) and present their findings to the sub-committee.

Notification

9. Within 10 working days of the Council receiving the employee's grievance (this may be longer if there is an investigation), the employee will normally be asked, in writing, to attend a grievance meeting. The written notification will include the following:
 - the names of its Chair and other members
 - the date, time and place for the meeting. The employee will be given reasonable notice of the meeting which will normally be within 25 working days of when the Council received the grievance
 - the employee's right to be accompanied by a workplace colleague, a trade union representative or a trade union official
 - a copy of the Council's grievance policy
 - confirmation that, if necessary, witnesses may attend (or submit witness statements) on the employee's behalf and that the employee should provide the names of his/her witnesses as soon as possible before the meeting
 - confirmation that the employee will provide the Council with any supporting evidence in advance of the meeting, usually with at least two days' notice
 - findings of the investigation if there has been an investigation
 - an invitation for the employee to request any adjustments to be made for the hearing (for example where a person has a health condition).

The grievance meeting

10. At the grievance meeting:
 - the Chair will introduce the members of the sub-committee to the employee
 - the employee (or companion) will set out the grievance and present the evidence
 - the Chair will ask the employee questions about the information presented and will want to understand what action does he/she wants the Council to take
 - any member of the sub-committee and the employee (or the companion) may question any witness
 - the employee (or companion) will have the opportunity to sum up the case
 - a grievance meeting may be adjourned to allow matters that were raised during the meeting to be investigated by the sub-committee.
11. The Chair will provide the employee with the sub-committee's decision, in writing, usually within five working days of the meeting. The letter will notify the employee of the action, if any, that the Council will take and of the employee's right to appeal.

The appeal

12. If an employee decides that his/her grievance has not been satisfactorily resolved by the sub-committee, he/she may submit a written appeal to the staffing committee. An appeal must be received by the Council within five working days of the employee receiving the sub-committee's decision and must specify the grounds of appeal.
13. Appeals may be raised on a number of grounds, e.g.:
 - a failure by the Council to follow its grievance policy
 - the decision was not supported by the evidence
 - the action proposed by the sub-committee was inadequate/inappropriate
 - new evidence has come to light since the grievance meeting.
14. The appeal will be heard by a panel of three members of the staffing committee who have not previously been involved in the case. There may be insufficient members of the staffing committee who have not previously been involved. If so, the appeal panel will be a committee of three Council members who may include members of the staffing committee. The appeal panel will appoint a Chair from one of its members.

15. The employee will be notified, in writing, usually within 10 working days of receipt of the appeal of the time, date and place of the appeal meeting. The meeting will normally take place within 25 working days of the Council's receipt of the appeal. The employee will be advised that he/she may be accompanied by a workplace colleague, a trade union representative or a trade union official.
16. At the appeal meeting, the Chair will:
 - introduce the panel members to the employee
 - explain the purpose of the meeting, which is to hear the employee's reasons for appealing against the decision of the staffing sub-committee
 - explain the action that the appeal panel may take.
17. The employee (or companion) will be asked to explain the grounds of appeal.
18. The Chair will inform the employee that he/she will receive the decision and the panel's reasons, in writing, within five working days of the appeal meeting.
19. The appeal panel may decide to uphold the decision of the staffing committee or substitute its own decision.
20. The decision of the appeal panel is final.

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