



# Penrith Town Council

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

**DATE: 20 JANUARY 2020**

You are summoned to attend a meeting of

## **PENRITH TOWN COUNCIL**

to be held on Monday **27 January 2020**, at 6.00 p.m. Unit 2, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR.

### **FULL COUNCIL MEMBERSHIP**

Cllr. Bowen	Pategill Ward	Cllr. Jackson	North Ward
Cllr. Burgin	South Ward	Cllr. Kenyon	North Ward
Cllr. Clark	South Ward	Cllr. Knaggs	West Ward
Cllr. S. Clarke	Carleton Ward	Cllr. Lawson	Carleton Ward
Cllr. Davies	West Ward	Cllr. M. Shepherd	North Ward
Cllr. Donald	North Ward	Cllr. Shepherd	East Ward
Cllr. Fallows	East Ward	Cllr. Snell	West Ward
Cllr. Hawkins	East Ward		

Mrs V. Tunnadine, Town Clerk

**Where Members will be asked to:**

# AGENDA FOR THE MEETING OF

## FULL COUNCIL 27 JANUARY 2020

### PART I

### PAGES

**1. Apologies for Absence**

Receive apologies from members.

**2. Minutes**

Authorise the Chairman to sign, as a correct record, the minutes of the meeting of the Council held on 25 November 2019.

**3. Public Participation and Representations**

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. Receive Reports from Penrith Councillors from Other Authorities**

- a) District Councillors
- b) County Councillors

**5. Declaration of Interests and Requests for Dispensations**

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.

6.	<b>EXCLUDED ITEMS: Public Bodies (Admission To Meetings) Act 1960</b>	<b>PAGES</b>
	Confirm whether items 15, 16 and 17 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.	
<b>7.</b>	<b>Chair's Report</b>	
	Receive and note a report by the Chair.	
<b>8.</b>	<b>Reports from Members</b>	
	Receive and note oral reports from Councillors regarding meetings they have attended as representatives of the Town Council.	
	<b>ADVICE NOTE:</b>	
	Members are asked to note that if there is agreement that there are matters arising from the information shared, that these items will be scheduled on to the agenda of the next most appropriate Council agenda.	
<b>9.</b>	<b>Resolutions Report</b>	<b>8</b>
	Receive and note the written report.	
<b>10.</b>	<b>Parking and Movement Study Report</b>	
	Receive and note the oral report from the Lead Member.	
<b>11.</b>	<b>VE Day Report</b>	
	Receive and note the oral report from the Lead Member	
<b>12.</b>	<b>Matters from Finance Committee</b>	
	Consider the following approved reports and recommendations from the Council's Finance Committee:	
	<b>a) Draft Budget 2020-21</b>	<b>9-37</b>
	Consider budget proposals for 2020/21 and an indicative medium-term Financial Forecast for the period to 2024/25 (note -staff pay awards for 2020-21 are appended to Council members as a pink confidential report)	
	<b>ADVICE NOTE:</b>	
	Members are advised that this matter can remain in part <u>one</u> if members refrain from orally identifying staff roles and pay grades.* *To disclose information would be a breach of the Council's obligations under the Data Protection Act 1998 and is considered exempt under Section 100A(4) of the Local Government Act 1972, members of the public (including the press) should be excluded from the meeting during discussion of the of items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 1 of Part 1 to Schedule 12A of the Act, information regarding present employees.	

	<b>PAGES</b>
<b>b) Precept Application</b> Resolve and request Eden District Council pay the sum of £454,233 to Penrith Town Council as its precept for the year 2020/21.	
<b>c) Budgetary Control Statement 2019/20: 30 November 2019</b> Ratify the budgetary control statement for the period to 30 November 2019 as recommended by the Finance Committee.	<b>38-51</b>
<b>d) Policies</b> Ratify the following policies as recommended by the Finance Committee:	
<ul style="list-style-type: none"> <li>i. <b>Reserves Policy</b> – annually reviewed and amended policy for the management of the Council’s financial reserves</li> </ul>	<b>52-59</b>
<ul style="list-style-type: none"> <li>ii. <b>Investments Policy</b> – annually reviewed and amended policy and recent transactions made</li> </ul>	<b>60-68</b>
<ul style="list-style-type: none"> <li>iii. <b>Disciplinary and Grievance Arrangements Policies</b> – amended policy using NALC updated template</li> </ul>	<b>69-84</b>
<ul style="list-style-type: none"> <li>iv. <b>Local Government Pension Scheme Employer Discretions Policy</b> – New policy using Local Government Pensions Scheme template</li> </ul>	<b>85-106</b>
<b>e) General Data Protection Regulations Risk Assessment</b> Ratify GDPR risk assessment as recommended by the Finance Committee.	<b>107 -113</b>
<b>13. Declaration of a Climate and Ecological Emergency Report</b> Consider the report and recommendations contained within.	<b>114 -133</b>
<b>14. Next Meeting</b> Note the next meeting is scheduled for 23 March 2020 at 6.00pm, Unit 2, Church House,19-24 Friargate, Penrith, Cumbria, CA11 7XR.	

**PART II Private Section**

**PINK**

There are the following items in this Part of the Agenda.

**15. Members interests**

Consider an update from the Deputy Town Clerk and Solicitor.

**16. Office Lease Renewal**

Review proposed terms.

**17. LCAS Review**

Consider the report and recommendations contained within.

**FOR THE ATTENTION OF ALL MEMBERS OF  
THE TOWN COUNCIL**



# Penrith Town Council

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Tel: 01768 899 773 Email: [office@penrithtowncouncil.co.uk](mailto:office@penrithtowncouncil.co.uk)

**DRAFT** Minutes of the meeting of

## PENRITH TOWN COUNCIL

Held on **Monday 25 November 2019**, at 6.00 p.m. Unit 2, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR.

### PRESENT

Cllr. Burgin	South Ward	Cllr. Kenyon	North Ward
Cllr. Clark	South Ward	Cllr. Knaggs	West Ward
Cllr. Davies	West Ward	Cllr. Shepherd	East Ward
Cllr. Donald	North Ward	Cllr. Snell	West Ward
Cllr. Fallows	East Ward		
Cllr. Hawkins	East Ward		
Cllr. Jackson	North Ward		

Town Clerk  
Deputy Town Clerk  
Services & Contracts Manager

## **DRAFT MINUTES FOR THE MEETING OF**

### **FULL COUNCIL**

**25 NOVEMBER 2019**

#### **PART I**

##### **PTC19/79 APOLOGIES FOR ABSENCE**

Apologies were received from:

Cllrs/ Bowen, Clarke and Lawson.

##### **PTC19/80 MINUTES**

Members considered the draft minutes and requested that two headings be amended prior to authorising the Chair to sign the minutes as follows:

PTC19/63: Amending Climate Change Action Plan to Sustainable Energy and Climate Action Plan.

PTC19/74: Amending Cultural Strategy to Arts and Cultural Strategy.

##### **RESOLVED THAT**

That the Chair sign, as a correct record, the minutes of the meeting of the Council held on Monday 23 September 2019 and sign the amendments to the headings.

##### **PTC19/81 PUBLIC PARTICIPATION**

Members noted that there were no questions or representations that had been received from members of the public prior to the meeting.

##### **PTC19/82 REPRESENTATIONS FROM OTHER AUTHORITIES**

###### **DISTRICT COUNCILLORS:**

Members noted that District Cllr. Holden had sent apologies.

District Cllr. Clark informed the meeting that at the recent District Council's Housing and Communities Committee, the Police gave a presentation on traffic related anti-social behaviour and their actions to date.

District Council Leader Cllr. Taylor informed the meeting that the District Council had adopted their Council Plan.

###### **COUNTY COUNCILLORS:**

Members noted that County Cllrs. Bell and Carrick had sent their apologies.

Cllr. Whipp informed the meeting of the partnership working that had facilitated the development of the Penrith Parking and Movement Study, and suggested that by attending each authority's respective meetings this would further enhance partnership working and would assist information sharing and further collaboration between the authorities.

##### **PTC19/83 DECLARATION OF INTERESTS AND REQUESTS FOR DISPENSATIONS**

Members noted that no declarations of interests or requests for dispensations by Members in respect of items on the agenda were received prior to the meeting.

## **PTC19/84 EXCLUDED ITEM: PUBLIC BODIES (ADMISSION TO MEETINGS) ACT 1960 – REVIEW OF CO-OPTION APPLICATIONS**

Members confirmed that matter 11 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, if Members choose to review the co-optees applications.

## **PTC19/85 RESOLUTIONS REPORT**

Members noted the Resolutions Report.

## **PTC19/86 CHAIRS REPORT**

Members noted the Chairs Report.

## **PTC19/87 MEMBERS REPORTS**

Members received oral reports from Councillors regarding meetings they had attended as representatives of the Town Council.

Cllr. Davies attended the Omega Proteins Liaison Group Meeting on 22 October and asked that the meeting notes be appended to the minutes of the meeting. Cllr. Davies also attended a site visit to Omega Proteins and would be attending the Youth Advisory Panel launch on 30 November. Cllr. Davies had attended the Cumbria Association of Local Councils Annual General Meeting and had been elected on to their executive.

Cllrs Davies and Snell attended the Ullswater Community College Prize Giving.

Cllr. Snell had attended the Eden District Council Planning Committee meeting and would also be attending the Youth Advisory Panel launch on 30 November.

Cllr. Fallows informed the meeting that along with Cllr. Bowen he had attended the Cumbria Development Education Centre for a film screening about the experiences of Syrian refugees.

## **PTC19/88 CO-OPTION POLICY**

Members considered the amended Co-option Policy.

### **RESOLVED THAT**

The policy be approved.

## **PTC19/89 CO-OPTION TO NORTH WARD**

Members considered two applications for co-option to Penrith North Ward.

The co-optee was invited to make representation to the meeting. Members requested to ask questions from the application form and the meeting moved in to Part Two, and the press and public were asked to leave the meeting. After the closed session, the press and public returned and voting took place by paper ballot.

### **RESOLVED THAT**

Cllr. Michael Shepherd be co-opted to Penrith North Ward and assume his position in the meeting, having signed the declaration of office, in the presence of the Town Clerk



## **PTC19/90 DEVOLUTION**

Members noted the progress of devolution and that the Council was discussing with Eden District Council what its plans are for the development of Castle Park.

### **RESOLVED THAT**

- i. In principle approval for grass cutting to be transferred to the Council from 01 April 2022, with the caveat that the outcome of Eden District Council's desk top research exercise be completed in 2020.
- ii. A budget of £1500 be allocated for independent Play Area Inspection reports from the Devolved Services budget which will be commissioned by Eden District Council in 2020.
- iii. The play area at Bowscar be transferred to the Council along with the other play areas contained within this report.
- iv. A budget of £1200 be allocated from the Devolved Services budget, to meet the shared costs of the installation of step counters and accompanying software at Blue Bell and Sandgate toilets for a period of 3 months, which will be commissioned by Eden District Council in 2020, with the caveat that a quotation be sought for a survey period longer than 3 months. If the value of the quotation is by no more than 25% or £300 the Services and Contracts Manager can proceed.
- v. In principle approval for the transfer of the District Council flower beds.

## **PTC19/91 PARKING AND MOVEMENT STUDY**

Members received an oral report from Cllr. Jackson.

## **PTC19/92 OFFICE LEASE RENEWAL**

Members considered the written report and approved the recommendations contained within.

### **RESOLVED THAT**

The matter be deferred to seek further advice from the Council's solicitor regarding break clauses.

## **PTC19/93 MOTION FROM CLLR. KENYON - PENRITH ALLEYWAYS**

Members considered the motion and approved the recommendations contained within the supporting report.

### **RESOLVED THAT**

- i. Insert in the Council's Business Plan at priority 21:

"Work with other partners and authorities to improve, and maintain access alleyways in the Town Centre"

to enable this priority to go forward with other similar schemes of work in the Council Business Plan, to the Town Working Group for their further consideration.

- ii. Allocate £5,000 via a virement from underspending in Town Projects, to research the ownership and condition of the alleyways and report to CCEG Committee any recommendations regarding the feasibility to carry out remedial work, long-term maintenance and ownership of the alleyways, noting that this scheme of work may have to be contracted out to specialist contractor.

## **PTC19/94 MOTION FROM CLLR. DONALD**

Members considered the following motion from Councillor Donald:

Penrith Town Council notes that tackling discrimination is a key part of our vision and commitment, to both Penrith and society in general. This should have no exemptions. Penrith Town Council and its partners should try to be more careful in what we say, with renewed attention to disability and psychological health.

Disability and mental health discrimination are no less important or included in statutory measures, but there are frequent examples of less effort and less respect in delivering non-discriminatory outcomes for disabled people, specifically around the use of language. No evidence is needed here: it is encountered in the street, at work, on television, even in Parliament and in local council meetings.

Words such as mad, crazy, nutty and bonkers are regularly used in public and private arenas to denote negative and pejorative situations or behaviour. They are used - amongst other things - to describe failure, stupidity, instability and recklessness, instead of through existing adjectives which adequately describe the same.

Likewise, the words lame, crippled and deformed, are often used to describe appearance or infrastructure (such as the economy). Many more examples of benign slurs, in regular usage, go unquestioned and unchecked.

The likening of failure, stupidity, instability or recklessness to experiences of negative mental health or psychological distress, or of any form of impairment, is ultimately counterproductive. It distracts from the individuality of a person's experience; and with the capacity we need to identify ourselves with someone else's experience of difference and adversity.

It is surely preferable to think in terms of the straightforward meaning we intend, than short-cut to a thoughtless cliché. For example, rather than "I had a crazy day", we can refer to "an overwhelming day"; instead of "a mad suggestion", we can make "a ludicrous suggestion"; "a lame idea" is actually simply "a lousy idea"; and someone acting "bonkers" really means they are "stupid" or "irresponsible". The linguistic alternatives are endless and found in any good thesaurus.

Arguments are sometimes made that these words are not technically discriminatory, that they are more interesting in conversation and in such general usage as to be perfectly harmless. The same apologies were once made with regard to other protected characteristics. Though harm may not be intended, especially in most indirect and merely thoughtless circumstances, we consider that harm is, indirectly, being done.

Careless language undermines the integrity with which we openly seek to champion and respect diversity and achieve parity of esteem. It implies a correlation of dysfunction - where there is none.

It is also, potentially, offensive.

The same disrespect for gender, race and sexuality, is still, unfortunately, possible but we now rightly defend and protect those experiences and identities from carelessness and attack. Choices are being made, and attention needs to be brought to these choices of terminology.

The linguist Benjamin Whorf described a principle of linguistic relativity, which shapes our perceptions, and ultimately attitudes and behaviours. Language can help create and control the different worlds and spaces in which we live and participate. We can therefore seek to address and redress this, where appropriate. In disability legislation this is known as reasonable adjustment.

Penrith Town Council believes that a reasonable adjustment should be made when using language. We should avoid unnecessary correlations between protected characteristics and descriptions of negative perception. As far as disability and particularly mental health are concerned, we recognise that the use of colloquial language is at an earlier and ongoing stage of change and progress, There is no expectation here of recrimination or punitive measures: simply a reminder that that we move towards a greater understanding of and commitment to the language we use.

**RESOLVED THAT**

The motion be approved.

## **PTC19/95 COUNCIL BUSINESS PLAN**

Members noted the written report and approved the recommendations contained within.

**RESOLVED THAT**

The Council Plan be approved with the amendments as listed in the consultation feedback report as follows:

- a) Section 12 – New – Agenda Matter 16
- b) Section 13 - Updated
- c) Section 14 – Health and Wellbeing – priorities banner amended from:  
“Reduce Waste” to  
“Support projects that reduce waste, emissions and address climate change”
- d) 21 – New – Penrith alleyways Agenda Matter 15
- e) 37 – Deleted

## **PTC19/96 MATTERS FROM COMMUNITY, CULTURE AND ECONOMIC GROWTH COMMITTEE**

Members considered the report and approved the recommendations from the Council’s Community, Culture and Economic Growth Committee, contained within.

**RESOLVED THAT**

- i. A budget allocation of £9,5000 from reserves to support youth and community engagement for the remainder of this financial year, be ratified.
- ii. Delegated authority be given to the Community Engagement Officer for expenditure for works associated with youth and community engagement up to a value of £10,000.

## **PTC19/96 CONTINUED**

- iii. The 2019/20 budgetary allocation for the arts and culture strategy be increased by £5,000 to £10,000 by virement from the Greening budget, as recommended by the Council's Responsible Finance Officer, be ratified.
- iv. Delegated authority be given to the Economic Development Officer for expenditure for works associated with the arts and culture strategy up to a value of £10,000. ptc19/97 Matters from Finance Committee

## **PTC19/97 MATTERS FROM FINANCE COMMITTEE**

### **a) BUDGETARY CONTROL STATEMENT 2019 EXPENDITURE TO MONTH END 30 SEPTEMBER 2019**

Members were asked to ratify the Budgetary Control Statement 2019 Expenditure to month end 30 September 2019, the six-month balance report as approved by Council's Finance Committee. Members noted that the budgetary control statement showed that overall spending to the end of September had been contained within the profiled budget; the substantial underspendings are expected to level out as the year progresses. Members noted that there were no significant concerns about overspends and no issues arising from the Council's balance sheet at 30 September.

#### **RESOLVED THAT**

The Budgetary Control Statement 2019 Expenditure to month end 30 September 2019 be ratified.

### **b) FAIRHILL SIGNATURE PROJECTS FUND**

Members were asked to ratify delegated authority as approved by Finance Committee for Councillors Bowen and Burgin to agree the award of contract for the Fairhill Signature Projects Fund, Play Area Extension.

#### **RESOLVED THAT**

Delegated authority as approved by Finance Committee for Councillors Bowen and Burgin to agree the award of contract for the Fairhill Signature Projects Fund, Play Area Extension, be ratified.

## **PTC19/98 RURAL MARKET TOWNS GROUP**

Members considered the correspondence from the Rural Services Network to join the Rural Market Towns Group.

#### **RESOLVED THAT**

The Council join the Rural Market Towns Group which will include an annual subscription fee.

## **PTC19/99 NEXT MEETING**

Members noted the next meeting was scheduled for 27 January 2020 at 6.00pm, Unit 2, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR.



# FULL COUNCIL

27/01/20

**MATTER:** RESOLUTIONS REPORT

**ITEM:** 9

Members are asked to **NOTE:**

Minute Ref	Matter Title	Progress
PTC19/60	Neighbourhood Plan	The draft Neighbourhood Plan has been submitted to Eden District Council to enable the statutory Regulation 16 consultation to take place. No further progress/information to report.

Minute Ref	Matter Title	Progress
PTC19/73	Fairhill Signature Projects Fund	7 companies responded to the invitation to tender. Each tender was assessed and after due diligence the contract has been awarded and work commences on site in the next few weeks.

Minute Ref	Matter Title	Progress
PTC19/90	Devolution	Note that the value of extending the survey exceeded the resolved caveat and Services and Contracts Manager proceeded with a 3 month survey.

Minute Ref	Matter Title	Progress
PTC19/93	Penrith Alleyways	Included in the published business Plan 2017-23. £5,000 allocated. Associated works will be reported to CCEG committee in due course.

Minute Ref	Matter Title	Progress
PTC19/96	Matters from Community, Culture and Economic Growth Committee	Arts and Cultural Strategy – being progressed via CCEG Committee Community engagement and youth projects – being progressed via CCEG Committee

Minute Ref	Matter Title	Progress
PTC19/98	Rural Market Towns Group	PTC has joined the group and has been informed that no membership fees will be levied until the start of the new financial year.



# FULL COUNCIL

## 27/01/2020

- MATTER:** **PROPOSED BUDGET 2020/21**  
To consider budget proposals for 2020/21 and an indicative medium-term Financial Forecast for the period to 2024/25.
- AUTHOR:** RFO
- SUPPORTING MEMBER:** Cllr Roger Burgin -  
Chair of Finance Committee
- ITEM NO:** 12 a

### LINK TO COUNCIL PLAN PRIORITIES

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.

### RECOMMENDATIONS:

- I. Approve the Forecast Outturn expenditure for 2019/20 of £443,349;
- II. Approve the Proposed Budget 2020/21 with total expenditure of £491,454, representing a 1.7% increase in Council Tax;
- III. Agree the budgeted transfers to and from financial reserves and the level of those reserves;
- IV. Have regard to the advice of the Responsible Finance Officer in relation to the robustness of estimates and the adequacy of reserves;
- V. Note the prospects for future years contained in the indicative Medium-Term Financial Forecast, based on continuing modest annual Council Tax increases; and
- VI. Request Eden District Council to pay the sum of £454,233 to Penrith Town Council as its precept for the year 2020/21.

# **1. REPORT DETAILS**

## **1.1 INTRODUCTION**

Draft estimates for 2020/21 were considered by the Budget Working Group on 2 December 2019.

Minor changes following that meeting were included in a proposed budget which was considered by Finance Committee on 13 January 2020 and forwarded, with one small amendment, to this meeting for approval.

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.

## **1.2 PROPOSED BUDGET 2020/21**

## **APPENDIX A**

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

- a) The Actual Outturn income and expenditure for 2018/19, for comparison purposes.
- b) The Approved Budget for 2019/20, as agreed by Council on 28 January 2019.
- c) 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:

	£	£
<b>Expenditure per Approved Budget 2019/20</b>		<b>460,824</b>
Net reduction in Planning Committee expenditure	(5,000)	
Partial slippage of Town Projects budget into 2020/21	(15,000)	
Underspending 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	(4,670)	
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.	(6,000)	
Other minor variations (net)	(160)	
		(17,475)
<b>Forecast Outturn Expenditure 2019/20</b>		<b>443,349</b>

- d) 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:

	£	£
<b>2019/20 Precept</b>		<b>437,813</b>
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"> <li>• Full year cost of Solicitor post £11,630</li> <li>• Anticipated 4.0% pay award April 2020 £7,800</li> <li>• Incremental advances £3,510</li> <li>• Net increase in superannuation contributions £640</li> <li>• Removal of one-off training costs (£1,300)</li> </ul>	22,280	
Reduced expenditure on Civic Functions and Cost of Democracy, including £5,420 on Elections	(7,970)	
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)	701	
		16,420
<b>Proposed Precept 2020/21</b>		<b>454,233</b>

- e) The position on the Council's three reserves over the two financial years.
- f) 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.

### **1.3 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.

### **1.4 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 Council Taxbase notified by Eden DC earlier this month. The Medium-Term Financial 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 £2,000 in 2019/20 and to 1,500 in 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.

### o 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.

### o War Memorial

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

### o Benches & Bus Shelters

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

### o Bandstand

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

### o 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 23019/20 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 £1,000 for the remainder of 2019/20, then set at £4,500 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.

## **1.5 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, ie £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.



## 1.6 COUNCIL TAX

Eden DEC has determined a Council Taxbase of 5,466.76 for 2020/21, which is an increase of 107.97 (2.0%) on the 2019/20 figure. The District Council has also notified that Council Tax Reduction Scheme grant will be £7,829; the reduction of £111 from 2019/20 is more than compensated by the taxbase increase.

The Government has announced that it does not propose to set 'referendum principles' for town and parish councils in England for 2020/21 (these principles are a form of council tax capping). However, the Government 'remains concerned about the pressure placed on taxpayers from thousands of town and parish councils across England' and expects them to exercise 'even greater restraint' for 2020/21. The Government will keep the matter under 'active review' for future years.

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).

## 1.7 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 £
<b>Town Projects:</b> Increase budget provision from £15,000 to £30,000	15,000	-	-	-	-
<b>Cultural Strategy:</b> Delivery of the Strategy's aspirations (reduced from £10,000)	7,500	-	-	-	-
<b>Member &amp; Officer Training:</b> Increase from £1,300 to £2,970	1,670	1,670	1,670	1,670	1,670
<b>Member &amp; Officer Training:</b> Attendance at Conferences	3,000	3,000	3,000	3,000	3,000
<b>Allowance for future growth</b>	-	4,330	3,330	3,830	26,530
<b>Total</b>	<b>27,170</b>	<b>9,000</b>	<b>8,000</b>	<b>8,500</b>	<b>31,200</b>

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 appropriate headings in 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.

## **2. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES**

Legislation requires major precepting and billing authorities to “have regard” to the advice of their chief finance officer relating to the robustness of estimates and the adequacy of financial reserves when setting its budget requirement. Although this duty is not extended to local councils, it represents good practice which should be followed and it has been incorporated in the draft Reserves Policy.

The RFO’s advice is that the Council’s estimates contained in the Proposed 2020/21 Budget are sufficiently robust to enable the Council to set its precept for the year. In particular:

- The estimates provide for existing committed levels of service, based on known expenditure and trends, and for agreed growth items;
- A prudent allowance has been made for inflationary pay scale increases and incremental advances effective from 1 April 2020;
- Appropriate allowance has been made for potential future non-pay inflation;
- Contingency provisions have been made for unforeseen expenditure;
- Operational risks are identified, assessed and managed, with appropriate insurance cover obtained where required;
- A prudent approach has been taken to the generation of income; and
- In financial terms, the Council has matured since its creation and has a good record of sound budget and financial management.

Councillors' attention is specifically drawn to the following risk factors:

- Although the proposed budget allows for the forecast effects of the 2020 pay award; additional demands made on staff which cannot be accommodated within their contractual working week will have to be met from existing budgets as officer support. At a future stage, it is intended to rationalise staffing budgets to improve budgetary control.
- The risk of transferring assets from Eden DC is mitigated by the availability of devolution grants and the availability of budgeted monies earmarked for the Devolution Reserve.
- In the event of any of these assumptions proving to be inadequate, there is a general contingency budget of £5,000, which would be used before resorting to a withdrawal of funds from reserves.

Finally, the RFO advises that the Council's budgeted reserves, being consistent with the Reserves Policy, are adequate for the 2020/21 financial year and as the basis for subsequent years, when the Council's target level of reserves can be met by modest increases in Council Tax.

The overall picture is therefore one of a sound financial position.

### **3. FINANCE IMPLICATIONS**

This report is concerned solely with financial management.

### **4. RISK MANAGEMENT**

<b>RISK</b>	<b>CONSEQUENCE</b>	<b>CONTROLS REQUIRED</b>
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.

### **5. APPENDICES ATTACHED TO THIS REPORT**

2020/21 Proposed Budget:

- Budget Summary
- Medium Term Financial Forecast

### **6. 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	
	£	£		£	£	£	£
			<b>INCOME</b>				
			<b>Precept:</b>				
417,739		437,813	Council Tax		437,813		454,233
8,058		7,940	<b>EDC - CTRS Grant</b>		7,940		7,829
			<b>Other Income:</b>				
865		30	Investment Interest		500		500
262		10	Miscellaneous Income		10		10
<b>426,924</b>		<b>445,793</b>	<b>TOTAL INCOME</b>		<b>446,263</b>		<b>462,572</b>
			<b>EXPENDITURE</b>				
			<b>PLANNING COMMITTEE:</b>				
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
<b>17,285</b>		<b>20,000</b>	<b>Planning Committee Total</b>		<b>15,000</b>		<b>15,000</b>

ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
£	£	£		£	£	£	£
790		30,000	<b>CCEG COMMITTEE:</b>				
			<b>Town Projects</b>		15,000		15,000
0	5,000		<b>Arts &amp; Entertainment:</b>				
15,185	30,000		Officer Support	10,000		5,000	
			Events Grants	30,000		30,000	
15,185		35,000			40,000		35,000
			<b>Environment:</b>				
23,967	21,000		Greening	16,000		15,500	
630	500		Community gardeners/greening	500		0	
24,597		21,500			16,500		15,500
			<b>Community Grants</b>		22,000		32,000
25,253		32,000					
			<b>Corporate Communications:</b>				
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
<b>67,567</b>		<b>122,090</b>	<b>CCEG Committee Total</b>		<b>106,590</b>		<b>114,330</b>

ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
£	£	£		£	£	£	£
			<b>FINANCE COMMITTEE:</b>				
			<b>Staffing:</b>				
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
			<b>Accommodation:</b>				
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
			<b>Civic Functions:</b>				
0	1,550		Civic Functions	400		400	
783	1,000		Mayoral Expenses	1000		700	
0	500		Deputy Mayor's Expenses	500		300	
135	400		Civic Regalia	100		100	
8,239	0		Armistice Centenary Project Fund	0		0	
9,157		3,450	Sub-Total		2,000		1,500
			<b>Cost of Democracy:</b>				
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	<b>IT</b>		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	<b>Website</b>		1,020		2,050
			<b>Devolved Services:</b>				
(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	<b>GDPR/Website Accessibility Regs</b>		5,625		0



ACTUAL OUTTURN 2018/19	APPROVED BUDGET 2019/20		BUDGET HEADING	FORECAST OUTTURN 2019/20		PROPOSED BASE BUDGET 2020/21	
	£	£		£	£	£	£
			<b>Other Overheads:</b>				
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	<b>Repairs &amp; Renewals</b>		8,000		8,000
<b>302,557</b>		<b>313,734</b>	<b>Finance Committee Total</b>		<b>320,759</b>		<b>330,454</b>
<b>0</b>		<b>5,000</b>	<b>Contingency</b>		<b>1,000</b>		<b>4,500</b>
<b>n/a</b>		<b>0</b>	<b>Available Resources for allocation to growth</b>		<b>0</b>		<b>27,170</b>
<b>50,000</b>		<b>0</b>	<b>Transfer to/(from) Acquisitions Reserve</b>		<b>0</b>		<b>0</b>
<b>437,409</b>		<b>460,824</b>	<b>TOTAL EXPENDITURE</b>		<b>443,349</b>		<b>491,454</b>
			<b>INCREASE/(DECREASE) IN</b>				
<b>(10,485)</b>		<b>(15,031)</b>	<b>GENERAL RESERVE</b>		<b>2,914</b>		<b>(28,882)</b>

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

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
	£	£	£	£	£
<b>INCOME</b>					
<b>Precept:</b>					
Council Tax	454,233	472,481	491,295	510,650	530,547
<b>EDC - CTRS Grant</b>	7,829	7,700	7,550	7,350	7,100
<b>Other Income:</b>					
Investment Interest	500	500	500	500	500
Miscellaneous Income	10	10	10	10	10
<b>TOTAL INCOME</b>	<b>462,572</b>	<b>480,691</b>	<b>499,355</b>	<b>518,510</b>	<b>538,157</b>
<b>EXPENDITURE</b>					
<b>PLANNING COMMITTEE:</b>					
Planning Consultancy	15,000	10,000	10,000	10,000	10,000
<b>Planning Committee Total</b>	<b>15,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>

BUDGET HEADING	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
<b>CCEG COMMITTEE:</b>					
<b>Town Projects</b>	15,000	0	0	0	0
<b>Arts &amp; Entertainment:</b>					
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
<b>Environment:</b>					
Greening	15,500	15,500	15,500	15,500	15,500
	15,500	15,500	15,500	15,500	15,500
<b>Community Grants</b>	32,000	32,000	32,000	32,000	32,000
<b>Corporate Communications:</b>					
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
<b>CCEG Committee Total</b>	<b>114,330</b>	<b>99,330</b>	<b>99,330</b>	<b>99,330</b>	<b>99,330</b>

BUDGET HEADING	2020/21	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
<b>FINANCE COMMITTEE:</b>					
<b>Staffing:</b>					
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
<b>Accommodation:</b>					
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
<b>Civic Functions:</b>					
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
<b>Cost of Democracy:</b>					
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
<b>IT</b>	20,000	20,000	20,000	20,000	20,000
<b>Website</b>	2,050	2,050	2,050	2,050	2,050

<b>BUDGET HEADING</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Devolved Services:</b>					
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
<b>Other Overheads:</b>					
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
<b>Repairs &amp; Renewals</b>	8,000	8,000	3,000	3,000	3,000
<b>Finance Committee Total</b>	<b>329,954</b>	<b>332,044</b>	<b>328,394</b>	<b>334,405</b>	<b>338,855</b>

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



<b>RESERVES:</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	£	£	£	£	£
<b>General Reserve:</b>					
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
<b>Balance carried forward 31 March</b>	<b>155,288</b>	<b>171,845</b>	<b>203,086</b>	<b>237,911</b>	<b>256,153</b>
<i>Target General Reserve</i>				237,913	256,153
<b>Devolution Reserve:</b>					
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
<b>Balance carried forward 31 March</b>	<b>119,853</b>	<b>145,642</b>	<b>156,106</b>	<b>156,106</b>	<b>156,106</b>
<b>Acquisitions Reserve:</b>					
Balance brought forward 1 April	50,000	50,000	50,000	50,000	50,000
Contribution from Annual Budget	0	0	0	0	0
<b>Balance carried forward 31 March</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>TOTAL RESERVES AT 31 MARCH</b>	<b>325,141</b>	<b>367,487</b>	<b>409,192</b>	<b>444,017</b>	<b>462,259</b>

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



## **FULL COUNCIL**

**27/01/2020**

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

**MATTER:**

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

**ITEM:**

12 c

**AUTHOR:**

Jack Jones - RFO

**SUPPORTING**

Cllr Roger Burgin -

**MEMBER:**

Chair of Finance Committee

### **LINK TO COUNCIL PLAN PRIORITIES**

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

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

### **RECOMMENDATIONS**

To ratify the budgetary control statement.

## 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.



## **RISK MANAGEMENT**

<b>RISK</b>	<b>CONSEQUENCE</b>	<b>CONTROLS REQUIRED</b>
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.

## **APPENDICES ATTACHED TO THIS REPORT**

Income & Expenditure and Balance Sheet statements



# 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
£	£		£	£	£
		<b>INCOME</b>			
		<b>Precept:</b>			
437,813	437,813	Council Tax	291,875	291,875	0
7,940	7,940	<b>EDC - CTRS Grant</b>	5,293	5,293	0
		<b>Other Income:</b>			
30	30	Investment Interest	20	401	381
10	10	Miscellaneous Income	7	1	(6)
<b>445,793</b>	<b>445,793</b>	<b>TOTAL INCOME</b>	<b>297,195</b>	<b>297,570</b>	<b>375</b>
		<b>EXPENDITURE</b>			
		<b>PLANNING COMMITTEE:</b>			
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
<b>20,000</b>	<b>43,715</b>	<b>Planning Committee Total</b>	<b>29,143</b>	<b>5,581</b>	<b>23,562</b>

Approved Budget 2019/20	Latest Budget 2019/20	Heading	Budget to Date	Actual to Date	Favourable/ (Adverse) Variance
£	£		£	£	£
		<b>CCEG COMMITTEE:</b>			
30,000	30,000	<b>Town Projects</b>	8,000	5,780	2,220
		<b>Arts &amp; Entertainment:</b>			
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
		<b>Environment:</b>			
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	<b>Community Grants</b>	32,000	6,484	25,516
		<b>Corporate Communications:</b>			
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
<b>123,110</b>	<b>132,610</b>	<b>CCEG Committee Total</b>	<b>95,073</b>	<b>46,143</b>	<b>48,930</b>

Approved Budget 2019/20	Latest Budget 2019/20	Heading	Budget to Date	Actual to Date	Favourable/ (Adverse) Variance
£	£		£	£	£
		<b>FINANCE COMMITTEE:</b>			
		<b>Staffing:</b>			
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)
		<b>Accommodation:</b>			
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
		<b>Civic Functions:</b>			
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
		<b>Cost of Democracy:</b>			
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	<b>IT</b>	11,257	15,824	(4,567)
		<b>Devolved Services:</b>			
(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	<b>Website Accessibility Regulations</b>	3,750	3,981	(231)
		<b>Other Overheads:</b>			
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
<b>312,714</b>	<b>324,009</b>	<b>Finance Committee Total</b>	<b>187,107</b>	<b>181,897</b>	<b>5,210</b>
5,000	5,000	Contingency	3,333	0	3,333
0	0	Transfer to/(from) Acquisitions Reserve	0	0	0
<b>460,824</b>	<b>505,334</b>	<b>TOTAL EXPENDITURE</b>	<b>314,656</b>	<b>233,621</b>	<b>81,035</b>
<b>(15,031)</b>	<b>(59,541)</b>	<b>INCREASE/(DECR) IN GENERAL RESERVE</b>	<b>(17,461)</b>	<b>63,949</b>	<b>81,410</b>
		<b>RESERVES:</b>			
		<b>General Reserve:</b>			
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
<b>89,043</b>	<b>121,715</b>	<b>Balance carried forward</b>	<b>163,795</b>	<b>245,205</b>	<b>81,410</b>
		<b>Devolution Reserve:</b>			
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
<b>93,899</b>	<b>87,534</b>	<b>Balance carried forward</b>	<b>55,815</b>	<b>55,815</b>	<b>0</b>

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



## Penrith Town Council

### BALANCE SHEET AS AT 30 NOVEMBER 2019

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





## **FULL COUNCIL**

**27/01/2020**

### **DRAFT RESERVES POLICY 2020/21**

**MATTER:** Ratify the amended policy for the management of the Council's financial reserves.

**ITEM:** 12 d i

**AUTHOR:** Jack Jones - RFO

**SUPPORTING** Cllr Roger Burgin -

**MEMBER:** Chair of Finance Committee

### **LINK TO COUNCIL PLAN 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.

### **RECOMMENDATIONS**

Ratify the policy.

## 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](mailto: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
<b>General Reserves</b>		
General Reserve (General Fund Working Balance)	<ul style="list-style-type: none"> <li>• Provision of working capital.</li> <li>• Buffer against uneven cash flows, inflationary pressures, sharp budgetary changes, unexpected events or emergencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Assessed on the basis of financial risks to the Council.</li> <li>• Long-term target to be 50% of revenue expenditure at 31 March 2024 and thereafter.</li> <li>• Minimum level: £100,000</li> <li>• Range: £100,000 to £260,000</li> </ul>
<b>Earmarked Reserves</b>		
Devolution Reserve	<ul style="list-style-type: none"> <li>• Accumulation of funds in the early years of devolved asset transfers when grant income from Eden DC is available.</li> <li>• Cushion against the longer-term full costs of devolved assets being higher than expected, renovation and/or improvements.</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Typical Range: £nil to £156,000</li> </ul>
Acquisitions Reserve	<ul style="list-style-type: none"> <li>• To support the activities associated with buying, surveying, legal fees, investing and managing land and proper.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Range: £nil to £50,000</li> </ul>

**DATE OF APPROVAL:**





# FULL COUNCIL

27/01/2020

**MATTER:**

**INVESTMENTS POLICY**

To ratify the 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:**

12 d ii

**LINK TO COUNCIL PLAN 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. 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.

**RECOMMENDATIONS:**

Ratify the policy noting the investment transactions made in December 2019

## 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:

	<b>December 2019 Balance £</b>	<b>Transfer of Funds £</b>	<b>Resulting Balance £</b>
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
<b>Total</b>	<b>518,860</b>	<b>0</b>	<b>518,860</b>

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

## 7. APPENDICES ATTACHED TO THIS REPORT

A - Draft Investment Strategy 2020/21

## 8. BACKGROUND PAPERS

- Building Societies Association factsheet
- CCLA website



# Penrith Town Council

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## 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**



## **FULL COUNCIL**

**27/01/2020**

**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:**

12 d iii

### **LINK TO COUNCIL PLAN PRIORITIES:**

Supports the Council's role as a good employer.

### **RECOMMENDATIONS:**

Ratify the policy.



# Penrith Town Council

Unit 1, Church House, 19-24 Friargate, Penrith, Cumbria, CA11 7XR  
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## 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](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.



# Penrith Town Council

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## 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](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.

NALC 2019

**Adopted May 2018**

**Reviewed and amended January 2020**



## FULL COUNCIL

27/01/2020

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

**MATTER:** Ratify the policy for determining discretions available under the Pension Regulations and to inform Members of the results of the 2019 valuation of the Pension Fund.

**ITEM:** 12 d iv

**AUTHOR:** Jack Jones - RFO

**SUPPORTING** Cllr Roger Burgin -

**MEMBER:** Chair of Finance Committee

### 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

Ratify the draft pensions discretions policy at Appendix A of this report

and

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 *italics* 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 1<sup>st</sup> 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 1<sup>st</sup> 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 75<sup>th</sup> 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"<sup>1</sup> 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.*

<sup>1</sup> 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 60<sup>th</sup> birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60<sup>th</sup> 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 60<sup>th</sup> birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60<sup>th</sup> 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 60<sup>th</sup> birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60<sup>th</sup> 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.

## **Annex 1 – if voluntarily retiring**

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

	<b>Group 1</b>	<b>Group 2</b>	<b>Group 3</b>	<b>Group 4</b>
<b>Part A</b>	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.
<b>Part B1</b>	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.
<b>Part B2</b>	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.
<b>Part C</b>	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.
<b>Part D1</b>	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.**



# **FULL COUNCIL**

## **27/01/2020**

**MATTER:**

**GENERAL DATA**  
**PROTECTION REGULATIONS**  
**RISK ASSESSMENT**

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

**AUTHOR:**

Town Clerk

**REVIEWED:**

**SUPPORTING  
MEMBER:**

Cllr Roger Burgin -  
Chair of Finance Committee

**ITEM NO:**

12 e

**LINK TO COUNCIL PLAN PRIORITIES:**

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

**RECOMMENDATIONS:**

Ratify the risk assessment



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><b>All Personal Data</b> 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><b>All Personal Data</b> 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><b>Sharing of Data</b> 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><b>Hard Copy Data</b> 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><b>Electronic Data</b> 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><b>General Internet Security</b> Unauthorised access to council computers and files</p>	<p>Staff, councillors, members of the public</p>	<p><b>NOTE:</b> 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><b>Email Security</b> 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
<b>Website Security</b> 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.				
<b>Disposal of Computers and Printers</b> 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.				
<b>Social Media</b> 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.				
<b>Financial Risks</b> 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.				
<b>Financial Risks</b> 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				
<b>General Risks</b> 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
<b>General Risks</b> 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.				
<b>General Risks</b> 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



## FULL COUNCIL

25/11/19

### MATTER:

Declaration of a Climate and Ecological Emergency

### ITEM:

13

### AUTHOR:

TOWN CLERK

### SUPPORTING

CLLR. LAWSON

### MEMBER:

CHAIR

## LINK TO COUNCIL PLAN PRIORITIES

Supports projects that reduce waste, emissions and address climate change

Resolution PTC19/26 Declaration of a Climate and Ecological Emergency

## RECOMMENDATIONS

- i. Note Appendix A, B and C – **[B & C not for public circulation]**
- ii. Approve the quotation from Cumbria Action for Sustainability to assess the Council's business operations and assets.
- iii. Approve the Council's participation in SLCC webinar sessions as follows:
  - Climate Emergency Series 1: Declaring an emergency and action planning –
  - Climate Emergency Series 2: Reducing energy use in buildings
  - Climate Emergency Series 3: Community-based energy projects
  - Climate Emergency Series 4: Zero Carbon Neighbourhood Planning
  - Climate Emergency Series 5: Community Engagement and Social Media
- iv. Approve the Town Clerk as Lead Officer and Cllr. Lawson as the Lead Member and report back to Full Council.

**PTC19/26 Declaration of a Climate and Ecological Emergency  
Report  
APPENDIX A**

<b>Activity</b>	<b>Resolution Work Plan</b>	<b>Commencement Date</b>	<b>Cost</b>
Research and Training	Academic research Extensive research – best practise Councils Website research Meetings with specialist advisors	July 2019 - ongoing	Officer time
	Participation in a series of 5 SLCC webinars	February – March 2020	£350.00 training budget
Mentorship and Planning	Action planning support with LEAP	September - ongoing	Nil
Baseline Data PTC Operations	CAfS assessment – agree quotation and commence	Refer to quote <b>Appendix C</b>	£1,125 Repairs and renewals budget
Baseline Data Penrith	Contact stakeholders across the parish, district, and county to help deliver this goal by identifying common denominators, relevant strategies, plans and resources.	February 2020	Not known
Community Led Action Planning	Refer to strategic action plan document – noting this is an internal working document and not for general circulation	January 2020 – ongoing <b>Appendix B</b>	Cost of outcomes not known yet
Climate Change Partnership Group Development As A Steering Group	Informal meetings and discussions commenced with EDC and CCC	January 2020 - ongoing	Officer time
Specialist Support	Informal discussions initiated with CAfS . Other specialist will be brought in via the Councils established Plastic Clever Penrith Group – refer to strategic action plan document	January 2020 - ongoing	Officer time



<b>OFFICE ONLY</b>	
<b>Tracking Information</b>	<b>Completed</b>
All sections completed	✓
All required documents received reviewed by officers	✓
Hard copy check	✓
Pink Papers	✓
<b>Signed off</b>	<b>Date</b>
Chair	14/01/2020
Town Clerk	17/01/2020
Solicitor	16/01/2020
RFO	14/01/2020
Service & Contracts Manager	17/01/2020
<b>Circulated to</b>	<b>Date</b>
Council:	20/01/20220

<b>FULL COUNCIL MEMBERSHIP</b>			
Cllr. Bowen	Pategill Ward	Cllr. Jackson	North Ward
Cllr. Burgin	South Ward	Cllr. Kenyon	North Ward
Cllr. Clark	South Ward	Cllr. Knaggs	West Ward
Cllr. S. Clarke	Carleton Ward	Cllr. Lawson	Carleton Ward
Cllr. Davies	West Ward	Cllr. M. Shepherd	North Ward
Cllr. Donald	North Ward	Cllr. Shepherd	East Ward
Cllr. Fallows	East Ward	Cllr. Snell	West Ward
Cllr. Hawkins	East Ward		