



Penrith Town Council

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

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DRAFT Minutes of the ordinary meeting of Penrith Town Council held on Monday 23 January 2023, at 6.00pm at Unit 2, Church House, Friargate, Penrith.

PRESENT

| | | | |
|----------------|---------------|-------------------|---------------|
| Cllr. Bowen | Pategill Ward | Cllr. Knaggs | West Ward |
| Cllr. Burgin | South Ward | Cllr. Lawson | Carleton Ward |
| Cllr. M. Clark | South Ward | Cllr. Rudhall | East Ward |
| Cllr. Davies | West Ward | Cllr. M. Shepherd | North Ward |
| Cllr. Donald | North Ward | Cllr. C Shepherd | East Ward |
| Cllr. Holden | Carleton Ward | Cllr. Snell | West Ward |
| Cllr. Kenyon | North Ward | | |

Town Clerk
Services and Contracts Manager
Responsible Finance Officer
Deputy Town Clerk
General Power of Competence

The Town Council resolved from 20 May 2019, until the next relevant Annual Meeting of the Council, that having met the conditions of eligibility as defined in the Localism Act 2011 and SI 965 The Parish Councils (General Power of Competence)(Prescribed Conditions) Order 2012, to adopt the General Power of Competence.

**DRAFT MINUTES FOR THE
ORDINARY MEETING OF FULL COUNCIL
23 JANUARY 2023**

PART I

PTC/96 Apologies

Apologies for absence were received from Cllrs. G. Clark and Hawkins.

PTC/97 Confirmation of Full Council Minutes

Members considered the draft minutes of the meeting of the Town Council held on Monday 19 December 2022.

Councillor Davies informed the meeting, that in his opinion, the meeting held on Monday 19 December 2022 was conducted unlawfully after the retirement of Members to consider Councillor Davies's representation for item 11 Code of Conduct Complaints. Members were informed by the Town Clerk that the Council's solicitor had been in correspondence with Cllr. Davies and confirmed that the meeting of Council on 19th December did not continue when Members retired after hearing Cllr. Davies's representation. The retirement at this juncture was agreed by Council after a vote by the members. The meeting resumed when the retiring members returned. The meeting was suspended during the members' retirement. The retirement was to enable members to consider the representations which had been made and receive any legal advice. The retirement was to enable or facilitate the members' proper and effective consideration of the matter. The meeting itself was held in accordance with the provisions of the Public Bodies (Admissions to Meetings) Act, 1960. The meeting was not inquorate. The meeting was conducted lawfully. Councillor Davies disagreed with the Council. To progress the approval of the minutes Members agreed that Councillor Davies's dissent be recorded in the minutes of the meeting. Councillor Davies authored and provided the following statement to be inserted into the minutes:

"Cllr Davies informed council that he had raised concerns with the monitoring officer at Eden District council about the conducting of the meeting of Penrith town council held on the 19th of December 2022. Cllr Davies believes the meeting became inquorate as 10 members of the council left the main council meeting that had not been suspended or moved to a part 2 item. As a result, Cllr Davies believes the meeting becoming inquorate as members left with only 3 elected members in the main council meeting room fell below the required 5 members for a meeting to remain quorate. As result Cllr Davies has said the councils meeting and business from item 11 on the agenda of the meeting held on the 19th of December is not valid having failed to be transacted in a legally called meeting and the minutes approved by council for that meeting are not valid from item 11."

PTC/97 Confirmation of Full Council Minutes Continued

RESOLVED THAT:

The minutes be approved, and the Chair sign the minutes.

PTC22/98 Declarations of Interest and Requests for Dispensations

Members were invited to provide 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. No declarations were received.

PTC22/99 Public Participation

Members noted that there were no questions or representations from members of the public.

County Councillor Bells sent her apologies.

County Councillor Carrick informed the meeting that there were 10 weeks until the new unitary authority of Westmorland and Furness is formally constituted. The shadow authority had been working to ensure that the authority would be safe and legal. Work related to Borderlands projects for improvements, and sustainability continue. Councillor Carrick requested that the Town Council be vigilant and diligent in its responses to planning applications and the possibility of developers "walking away" from essential infrastructure obligations via amendments of conditions citing viability was the main reason which could result in the growth in Penrith under resourced with inadequate infrastructure.

Excluded Item: Public Bodies (Admissions to Meetings) Act 1960

Members were asked to determine whether items 13 and 14 should be considered in detail, without the presence of the press and public, pursuant to Section 1(2) of the Public Bodies (Admission to Meetings) Act, 1960, as publicity relating to that (any of those) matter/s may be prejudicial to the public interest by reason of the confidential nature of the business to be transacted or for the other special reasons noted in relation to that matter on the agenda. Members noted that matter 13 may be considered as part of item 9 providing salary scale grades were not discussed in the public domain and noted that salaries were set nationally by the National Joint Council for Local Government Services. Members noted that the matters were considered exempt information as they related to the financial or business affairs of any particular person (including the authority holding that information) and personal sensitive information relating to members of staff.

RESOLVED THAT:

Items 13 and 14 be considered in private session.

PTC22/100 Report from the Council Chair

Member noted that no duties undertaken by or on behalf of the Town Mayor took place due to adverse weather and the Christmas recess.

PTC/101 Reports from Members

Members received and noted the following oral reports from Councillors: Councillor Lawson informed the meeting that the Carleton Heights Residents Group were planning to meet in person in March and that there remained issues regarding maintenance charges increasing despite there being a greater number of houses.

Councillors Lawson and Holden informed the meeting that they had supported residents in the new housing developments in Carleton during the adverse weather. No gritting had taken place and there were no grit bins as the roads were not adopted. Liaising with the developer and Cumbria County Council had resulted in grit bins being provided and to ensure that the access gateway remains safe and open.

Councillor Holden informed the meeting that the Muga installation was progressing.

Councillor Knaggs informed the meeting that he was pleased that the government had responded to the Councils request for a review of free school provision and whilst the response was disappointing, the County Council's initiative to provide free school meals was welcome. Councillor Knaggs and Councillor Shepherd were meeting with the Leader of the Shadow Westmorland and Furness Authority and Tim Farron MP, to discuss the future of Castle Park. Councillor Knaggs expressed his concern that the District Councils bid for Levelling Up funding was unsuccessful.

PTC22/102 Resolutions Tracker

Members noted the report.

PTC22/103 Matters from the Finance Committee

Members considered matters from the Council's Finance Committee from their meeting held on Monday 16 January 2023 which had been considered and approved by the members of the Council's Finance Committee. The Committee Chair requested that these matters be brought to the Full Council for ratification and approval:

a) Budgetary Control Statement 2022/23: 31 December 2022

Ratify the Budgetary Control Statement for the period 31 December 2022.

RESOLVED THAT:

The budgetary control statement be ratified.

PTC22/103 Matters from the Finance Committee Continued

b) Proposed Budget 2023/24

Members noted that the 2023/24 proposed budget and precept application was developed and considered by Council's Finance Committee on 16 January 2023. The Chair read out a statement as appended at Appendix A and moved that Council approve:

- i. The **Forecast Outturn** expenditure for 2022/23 of £417,092.

RESOLVED THAT:

The Forecast Outturn expenditure for 2022/23 of £417,092 be approved.

- ii. The maximum grant for the **Signature Events Grant Fund** be £5,000 per event per annum and the Signature Events Grant Fund Scheme be updated accordingly with an annual budget of £20,000 be established for 2023/24 as included in the proposed budget.

RESOLVED THAT:

The maximum grant for the Signature Events Grant Fund be £5,000 per event per annum and the Signature Events Grant Fund Scheme be updated accordingly with an annual budget of £20,000 be established for 2023/24 as included in the proposed budget.

- iii. **Budget 2023/24 and Precept:** The Proposed budget 23/24 with total expenditure of £575,665 and for a formal written request be made to Eden District Council to pay the sum of £468,295 to Penrith Town Council as its precept for the year 2023/24, representing a nil increase in Council Tax. Members agreed that the budget included:

- a. Salaries payable to Council staff in 2023/24, as detailed in the supporting confidential report.
- b. The inclusion of Christmas lighting, Town Greening, and Town Dressing into the schedule of work for 2023/24 with costs met from the Town Projects budget.
- c. The creation of an Elections Reserve of £30,000 met from underspending from the current year budget and thereafter a contribution of £5,000 per annum is made over the full term of the Medium-Term Financial Plan.
- d. The budgeted transfers to and from financial reserves and the proposed level of those reserves.
- e. The parameters and forecasts in the Proposed Medium Term Financial Plan.

RESOLVED THAT:

The budget be approved with the inclusions and that a formal written request be made to Eden District Council to pay the sum of £468,295 to Penrith Town Council as its Precept for the year 2023/24, representing a nil increase in Council Tax.

PTC22/103 Matters from the Finance Committee Continued

c) Draft Policies

Members were asked to ratify the draft policies:

- Reserves Policy
- Investment Strategy
- Social Media Policies
- Training Policy

i. Reserves Policy

Members considered the Reserves Policy.

RESOLVED THAT:

The Reserves Policy be approved.

ii. Investment Policy

Members considered the Investments Policy

RESOLVED THAT:

The Investment Strategy be approved.

iii. Social Media Policy

Members considered the Social Media Policy.

- Moved by Councillor C. Shepherd and seconded by Councillor Lawson, that the Social Media Policy be adopted.
- Amendment by Councillor Davies, that the Social Media Policy be deferred and determined by the new Council after the elections in May 2024. The amendment fell as there was no seconder.
- Moved by Councillor Shepherd and seconded by Councillor M Rudhall, that the Social Media Policy as written be adopted, with the addition of a glossary of terms and be reviewed annually.
- Councillor Davies requested a named vote. A named vote was taken when there were:
 - For the Motion: Councillors Bowen, Donald, Holden, Kenyon, Knaggs, Lawson, Rudhall, M Shepherd, C Shepherd and Snell.
 - Against the Motion: Councillor Davies.
 - Abstentions: Councillor M Clark, Burgin.

The motion was carried when it was **RESOLVED THAT** the Social Media Policy be adopted, with the addition of a glossary of terms and be reviewed annually.

iv. Training Policy

Members considered the Training Policy

RESOLVED THAT:

The Training Policy be adopted.

PTC22/104 Penrith Football Club

Members considered the draft letter of support.

RESOLVED THAT:

That the letter be approved and submitted.

PTC22/105 Draft Neighbourhood Plan Update

Members noted the report that was provided by the Deputy Town Clerk as appended C.

PTC22/106 Next Meeting

Members noted the next meeting of Council was scheduled for Monday 27 March 2023 at 6.00pm, Unit 2, Church House, Friargate, Penrith.

PART II – PRIVATE SECTION

The following matters were considered exempt information as they related to the financial or business affairs of any particular person (including the authority holding that information) and personal sensitive information relating to members of staff.

PTC22/107 Proposed Budget 2023/24: Staff Salaries Information

Members noted the staff salaries report for 2023/24.

PTC22/108 Staffing Matters

Members noted the report.

CHAIR:

DATE:

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

Access to Information

Copies of the agenda are available for members of the public to inspect prior to the meeting. Agenda and Part I reports are available on the Town Council website:
<https://www.penrithtowncouncil.gov.uk/>

Background Papers

Requests for the background papers to the Part I reports, excluding those papers that contain exempt information, can be made between the hours of 9.00am and 3.00pm, Monday to Wednesday via office@penrithtowncouncil.gov.uk

APPENDICES TO THE MINUTES:

A: BUDGET REPORT PROPOSAL FROM THE COUNCIL CHAIR

B: BUDGET REPORT WITHOUT APPENDICES

C: DRAFT PENRITH NEIGHBOURHOOD PLAN REPORT

DRAFT

2023-24 Proposed Budget

Introduction for Chair

I am pleased to present this budget report to the Town Council.

The 2023/24 proposed budget has a total expenditure of £575,665 which requires a precept of £468,295 and represents a nil increase in the Penrith Town Council element of the Council Tax. With the on-going problems associated with the pandemic and the cost-of-living challenges, we feel that an increase would be inappropriate and have managed our finances to meet that aim. A typical household in Penrith, with a property valued in Band B, will see the Town Council's full Council Tax element maintained at £64.63, representing about £1.24 per week.

Accompanying the budget is a robust and sustainable financial plan, based on modest future rises in Council Tax, which will continue to grow our services and maintain sufficient reserves to ensure our resilience.

The proposed budget for 2023-24 provides the framework for the Council to continue the progress it has made since its inception and enables it to plan for a sustainable financial future.

The main adjustments to the Council's budget are the reallocation of existing resources to increase the Town Projects budget to enable the Council to respond to schemes of work that would have previously been undertaken by Penrith Business Improvement District (BID). Penrith BID revote rejection requires the Council to support some of the BID's schemes of work that were felt the community valued and as such the budget has sought to provide the resources to allow town greening, Christmas light provision and town dressing to continue in 2023. The other adjustment is the development of a new Elections Reserve as it is expected that all future election costs other than the Parish Elections in May 2023 will be recharged to the Council by the unitary authority and as such it is prudent to plan for these future costs and the budget also provides resources for the new, Signature Events Grants scheme which will support community cohesion, celebrate local culture and provide benefits for the local economy.

The forthcoming re-organisation of local government is the major event on the Council's horizon and the budget includes £5,000 in 2023-24 to allow the Council to respond to the planning for any new service delivery requirements. Although we now understand the shape of the new unitary authority in the area, we still do not know the extent of assets and services which may be transferred to the Town Council. The Council has a good track record in this respect as the long-term running costs of assets already taken

over from Eden District Council are being delivered at a lower cost than previously charged to Penrith residents.

The community is returning to normal following the Covid pandemic but is now facing new challenges with the increasing cost of living and this has meant that 2022-23 has been a further difficult year for the Council and its community. Internally, the Council has had to manage with a reduced number of staff due to sickness and a vacancy, yet despite these limitations, we have been able to keep our services running for the benefit of the Town's residents. In the second half of the current year the Council has been able to successfully recruit a Community Services Officer and welcomed a replacement RFO in to post, and as such we expect that the increased capacity will allow the Council's priorities to be progressed.

In closing, I would like to thank Councillor Knaggs, the members of the Finance Committee and Council Committees and officers for their contributions in developing the budget, which will enable the Council to continue providing quality services for the Town and for it to deliver its Business Plan priorities from a sound financial footing.

I therefore propose all four recommendations in the budget report and commend them to you.

Councillor Charlie Shepherd, Council Chair

23 January 2023

FULL COUNCIL

23 January 2023

[SUPPORTING APPENDICES CAN BE VIEWED WITH THE AGENDA PACK FOR THE MEETING]

Matter: Proposed Budget 2023-24

Purpose of Report:

Consider and approve the Proposed Budget and Council Tax Precept for 2023/24, service development proposals and the proposed Medium Term Financial Plan.

Item no: 9

Author: John Kemp, RFO

Supporting Member: Cllr David Knaggs, Committee Chair

This is a public report.

Recommendations:

- iv. Approve the Forecast Outturn expenditure for 2022/23 of £417,092.
- v. Approve the maximum grant for the Signature Events Grant Fund be £5,000 per event per annum and the Signature Events Grant Fund Scheme be updated accordingly with an annual budget of £20,000 be established for 2023/24 as included in the proposed budget.
- vi. Approve the Proposed Budget 2023/24 with total expenditure of £575,665 which includes:
 - f. Salaries payable to Council staff in 2023/24, as detailed in the supporting confidential report.
 - g. The inclusion of Christmas lighting, Town Greening and Town Dressing into the schedule of work for 2023/24 with costs met from the Town Projects budget.
 - h. The creation of an Elections Reserve of £30,000 met from underspending from the current year budget and thereafter a contribution of £5,000 per annum is made over the full term of the Medium-Term Financial Plan.
 - i. The budgeted transfers to and from financial reserves and the proposed level of those reserves.
 - j. The parameters and forecasts in the Proposed Medium Term Financial Plan.
- vii. A formal written request be made to Eden District Council to pay the sum of £468,295 to Penrith Town Council as its precept for the year 2023/24, representing a nil increase in Council Tax.

Law and Legal Implications

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.

1. Report Details

A. Introduction

Draft estimates for 2023/24 were considered by the Budget Working Group on 13 December 2022. The Budget Working Group proposed a nil increase in Council Tax for next year in view of the current circumstances, the cost of living and that reserves were at a comparatively high level, giving scope for a release of resources to the annual budget over a period of years to fund new initiatives.

The Council Taxbase figure for next year has been provided by Eden DC. The figure is 5,636 representing a 2.87% increase on the previous year. Eden DC has confirmed the CTRS grant to be paid which will be £7,642.

Proposed estimates were presented to Finance Committee on the 16 January 2023, which determined to forward them to this meeting for approval.

This report presents the Proposed Budget for 2023/24 (Appendix A), including a position on growth items (Appendix C), and budget adjustments which can be financed by a nil increase in Council Tax.

A Medium-Term Financial Plan (MTFP) has been produced alongside the Proposed Budget to demonstrate that budgets can be affordable in the longer term. The Plan summarised at Appendix B is based the parameters set out in this report at item C.

This report presents a Proposed Budget for 2023/24 and Medium-Term Financial Plan, which indicate that the Council will be able to set sustainable budgets for subsequent years that will incorporate further financial growth in services and meet its target reserve level, with modest annual tax increases.

B. Proposed Budget 2023/24

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 2021/22, for comparison purposes.
- b) The Approved Budget for 2022/23.
- c) The Forecast Outturn for the current year with the projected full year's expenditure based on trends identified from budget monitoring statements and including the effect of decisions made by Council to date and proposals for the redirection of estimates. Total outturn expenditure for 2022/23 of £417,092 is forecast to decrease by £112,392 from the Approved Budget of £529,484.
- d) The Proposed Budget for 2023/24, 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.

Based on these estimates, the proposed precept for 2023/24 will be £468,295 the increase of £13,086 from the 2022/23 figure of £455,209 is due to a higher Council Taxbase.

- e) The position on the Council's three reserves over the two financial years.
- f) The resulting Council Tax based on the budgets representing a nil increase in the Council Tax for 2023/24.

C. Proposed Medium Term Financial Plan (MTFP)

Appendix B

Appendix B shows a forecast of income and expenditure for the years 2023/24 to 2027/28, based on the figures in the 2023/24 Draft Budget, again showing only continuation budgets. These are adjusted for planned variations, together with a modest provision for growth in subsequent years; basic figures are at April 2023 prices and future inflation has been allowed for as a global figure on staffing and running costs.

Except for a standstill Council Tax and allowance for a 4% pay award for 2023/24, the parameters adopted in the Plan are largely those in the current MTFP approved in January 2022 and updated as part of this budget review process:

- A nil Council Tax increase for 2023/24 followed by 3.0% in each of the years 2024/25 to 2027/28.
- Pay inflation of 4% in 2023/24 and 2.0% thereafter.

- Average price inflation of 5% pa (which would imply a real terms reduction in several budgets, justified by the propensity for underspending).
- Achievement of a General Reserve equivalent to 35% of net expenditure by 31 March 2025 and reducing to 30% from 01 April 2026 onwards.
- Contributions to the Devolution Reserve until expenditure on existing devolved assets reaches the agreed target figure of £46,344.

Based on these parameters, the Council can demonstrate that it has a viable and sustainable financial plan for the next five years.

D. Service Development Proposals (Growth Items)

Appendix C

Planning Committee proposed no Growth bids be considered for 2023/24, following their meeting in November.

Finance Committee proposed no Growth Bids be considered for 2023/24 following their meeting in November.

It has been confirmed to the Council that the Penrith BID revote returned a no vote and the organisation will cease as of 31 March 2023. This change in Town circumstances means that it is anticipated that there be an expectation that some of the BID'S schemes of work may fall to the Council. This budget review has taken such factors in to account and proposes an amendment to established budgets to allow the Council to meet the costs of Greening, Xmas Lights and Town Dressing under the Town Projects budget line.

As some of these schemes of work are new the narrative is included within the Service Development section of the report, although strictly the items are being budgeted for by an adjustment in existing budget lines as follows:

Town Projects is being increased from £10,000 to £47,000 by the following means:

- £10,000 retained as per the current year.
- A virement of £10,000 from the Participatory Budget to Town Projects.
- A virement of £5,000 from the Town Greening Budget to Town Projects.
- A virement of £22,000 from Grants Budget to Town Projects.

Each of the budgets from where the virement is being proposed is underspent in the current year.

Going Paperless is considered to be unaffordable at this moment, allowing budget to be available to meet schemes of work which Penrith BID would have been responsible for. It is proposed that the Council considers efficiency measures to reduce its use of paper and printing costs and that other measures such as the provision of Committee administration software and the purchase of tablet devices is reviewed at a later time.

E. Detailed Budgets

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

a) Income

The precept income for 2023/24 is based on a 0.0% increase in Council Tax and a small increase in the Council Taxbase. The parameters in the Medium-Term Plan project tax income which will allow sustainable budgets and reducing the General Reserve towards its target level. The investment income budget has been increased due to higher interest rates.

b) Planning Committee

Planning Services are expected to continue at their current level of £10,000 pa; however, the inability to progress expenditure on Climate Change initiatives has delayed the majority of the programme by a further year, so as to start in 2023/24. The proposed budget includes the removal of the Climate Community Consultation budget of £5,000 which has been added to the Corporate Communications budget allowing a more varied range of uses on a Council wide level.

c) CCEG Committee

This report is written on the understanding that Members are in the future going to consider whether the CCEG Committee is reinstated.

Based on budget monitoring in the current year, a significant underspending of £58,100 is forecast for the Committee's budget lines overall in 2022/23 expenditure.

Town Projects

The budget for 2022/23 is £10,000 for Town Projects and £5,000 for Marketing Penrith. The proposed budget for 2023/24 removes in full the Marketing Penrith budget as this was a one-off external grant. The Town Projects budget is proposed to be increased from £10,000 to £47,000 to support the cost of initiatives arising from the demise of Penrith BID. This includes the virements as set out in Section D to support the costs for the provision of Greening, Xmas Lights and Town Dressing.

Arts & Entertainment

The proposed budget for 2023/24 includes £10,000 for Arts and Cultural Development and enabling the delivery of the actions contained within the Priorities Plan.

Environment

Town Greening is an area of work that the Penrith BID progressed. The budget in 2022/23 is underspent. The budget for 2023/24 proposes the virement of the Greening Budget (£5k) to Town Projects.

Corporate Communications

The Corporate Communications budget is proposed to increase to £15,000 which includes the £10,000 budgeted in the current year and supplemented by a £5,000 virement from the Climate Community Consultation budget allowing a more varied range of uses on a Council wide level.

Participatory Budget

The Participatory Budget of £10,000 is to be reallocated in full to the Town Projects budget to assist with the delivery of schemes of work arising from the demise of Penrith BID. The Forecast Outturn shows no expenditure in the current year. Whilst a Participatory Budget Policy is scheduled to be developed in the new year any budgetary implications can be considered at the time of considering the draft policy.

d) Council

Grants

The forecast outturn for the current year is £19,000. The budget for 2022/23 was £57,000. Grants have historically been underspent. A review of the Grants Budget has been undertaken as part of the budget preparation.

The proposed budget 2023/24 allows for £15,000 to be retained in the Grants budget and replaces the current separate Grow Nature, Small Grants and Large Grants scheme in to one single budget. The grant schemes will still operate under the current Grant Scheme Policy.

Council approved the Signature Grants Scheme Policy 10 October 2022, however resolved that the maximum grant and budget be recommended for approval as part of the budget setting process. Members are recommended to approve a maximum grant of £5,000 per Signature Fund event per annum and the budget for 2023/24 is £20,000 and is met from a revision to the existing grants budget.

The difference of £22,000 between the current year (£57,000) and proposed budget in 2023/24 (£35,000) is to be vired to the Town Projects budget.

e) Finance Committee

Staffing

The 2022/23 Forecast Outturn and 2023/24 Proposed Budget estimate the costs of the existing approved staff establishment. After adjusting for pay awards and recruiting for the RFO and CSO post the overall staff cost budget is £67,000 higher than in the previous budget year. Future years' forecast pay awards are provided as a global sum alongside price inflation. The 2023/24 Draft Budget assumes a full establishment. The supporting Part 2 confidential report shows the recommended salary points for each member of staff, effective from 01 April 2023. Future years' forecast pay awards are provided as 4% in 2023/24 and 2.0% thereafter.

Accommodation

The principal changes in accommodation budgets for 2023/24 relates to heat, lighting and water to reflect the increase in utility charges.

Civic Functions

There are no proposed changes to these budgets.

Cost of Democracy

The Forecast Outturn for 2022/23 is in line with the approved budget. Members are advised that the Council has been notified that Election costs for May 2023 elections are going to be met by the new Westmorland and Furness Council on a one-off arrangement. This implies that future election costs will be recharged to the Council. As such it is recommended as part of the budget process to consider an Election Reserve. It is proposed that this be in the form of £30,000 met from underspends from the current year's budget, and thereafter a contribution of £5,000 per annum over the full term of the Medium-Term Financial Plan. This budget would also be available to meet the costs of one off by elections and ensure the Council has funds to meet election costs in 2027.

IT

The expenditure for IT is in line with budget. The same budget is proposed in 2023/24.

Website

The expenditure for Website is in line with budget. The same budget is proposed in 2023/24.

Devolved Services

The Forecast Outturn for 2022/23 and the Draft Budget 2023/24 include the latest estimated costs and income for assets already transferred from Eden DC. The Medium-Term Plan no longer provides for the transfer of Play Areas and Toilets as these will be part of the larger discussion on Local Government Review (LGR). Service expenditure forecasts have been reviewed in the light of operating experience and are continued into future years.

- Allotments

The ongoing budget includes the cost of asset maintenance, boundary repairs and hedge cutting. The 2023/24 Budget is £800.

- Benches & Bus Shelters

There is the need for some minor refurbishment of the bus shelter on Bridge Lane which can be met from the proposed budget of £3,000. Should a new scheme come forward for a new bus shelter on the Scaws Estate the costs may be met from the Devolution Reserve once the scheme is further developed.

The budget of £1,500 for benches is intended to meet the costs of refurbishment or replacement of existing benches as required.

- Bandstand

The 2022/23 Forecast Outturn includes income of £750 from the Board & Elbow public house for use of the area; in 2023/24, income of £825 has been agreed.

- Musgrave Monument:

The 2023/24 budget of £800 meets the costs of clock inspection and survey and the maintenance inspection of the latchway inspection.

- Fairhill Park

The 2023/24 budget provides for £5,500 expenditure including costs in relation to grounds maintenance, play area inspection, tree works and other adhoc expense.

- 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 £475 expenditure.

- Thacka Beck

The Council approved an additional budget of £25,500 from the Devolution Reserve to implement enhancements during 2022/23. The approved enhancements have been implemented in full during the current year. The ongoing budget is £3,700.

- Local Government Review

The 2023/24 budget proposes a £5,000 budget for the initial costs any works associated with LGR.

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. This target was increased to £46,344 because of the Signage budget being added to the Devolved Services heading. It is forecast that the total cost of services will be permanently lower than £46,344 so the difference is contributed to the Devolution Reserve, which will accumulate until decisions are made on its use. In the light of LGR it is recommended as prudent to continue the contribution to the Devolution Reserve in line with current arrangements.

Other Overheads

A review of expenditure on these budgets has resulted in several minor variations.

Repairs & Renewals

For 2023/24 the budget is being reduced from £3,000 to £2,000.

f) Contingency

The general contingency provision is set at £3,000. It is considered that the main unforeseen areas of expenditure have been adjusted for as part of the proposed budget i.e., salaries.

g) Inflation

Anticipated pay and price inflation has been included in the detailed budgets for 2023/24. For 2024/25 onwards, the MTFP allows for compound pay inflation of 2.0% pa and price inflation at an average rate of 5% pa as a global figure.

F. Reserves

The Draft Budget and Medium-Term Plan assume a continuation of existing plans for reserves but with the introduction of a new Elections Reserve.

General Reserve

The Council has a policy of reaching a target balance in the Reserve equivalent to 35% of its forecast net expenditure by 31 March 2025, reducing to 30% from 01 April 2026. Underspending in previous years, and a forecasted underspend of £112,000 this financial year, mean that this target is not yet met. As a result, there are resources in the Reserve which can be used to fund service delivery over the life of the Plan.

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 MTFP projections forecast that this target figure will not be reached and that contributions will stabilise at £17,944 in 2025/26, leading to a balance of £255,369 on 31 March 2028. The reserve is intended to act as a cushion against the longer-term full costs of devolved assets being higher than expected, necessary renovation and/or improvements and any expectations arising from LGR.

Acquisitions Reserve

This reserve will be removed in March 2023.

Elections Reserve

This report proposes as part of the budget process to consider the creation of an Election Reserve. It is proposed that this be in the form of £30,000 met from underspends from the current year's budget, and thereafter a contribution of £5,000 per annum over the full term of the Medium-Term Financial Plan. This budget would also be available to meet the costs of one off by elections and ensure the Council has funds to meet election costs in 2027.

G. Council Tax

The current year's Band D Council Tax is £83.09 per property. Adoption of the Proposed Budget for 2023/24 would result in a nil increase. The proposed budget is based on a confirmed Council Taxbase of 5636 (2.87% increase), resulting in a precept of £468,295.

The Medium-Term Plan at Appendix B indicates that a 3.0% increase in Council Tax in each of the following four years would fund sustainable base budgets with an allowance for growth and meet the Council's target reserve.

H. Observations

- i) This will be the third year in a row that a nil increase is proposed. While there is no need in the short term for an increase, the medium-term forecasts allow for only modest financial growth over the life of the MTFP. All other things being equal, the introduction of more ambitious new spending programmes in future years would require tax increases beyond the 3.0% factored into the Plan. If this were the case, a nil increase now would represent a lost opportunity to secure a higher base income: a 1.0% rise in 2023/24 would represent around £24,000 additional income over the five years of the Plan.
- ii) The latest rate of inflation as measured by the Consumer Price Index is 11.1% (October 2022), much higher than the Bank of England's 2.0% target and the highest in a long time. The main reason is higher energy and fuel costs, which are not a large component of the Council's expenditure.
- iii) The Medium-Term Financial Plan assumes average inflationary price increases of 5% pa. This may appear to be low, particularly when CPI is expected to be above this until well into 2023. In reality, the Council has not automatically inflated budgets each year recently, only where contractually committed, yet there has been no pressure on budgets and significant overall underspending. At the present time, while acknowledging that a 5% increase may suggest real terms cut in budgets, this is not considered to be a problem.
- iv) We do not know the outcome of the negotiations for the April 2023 staff pay round. The trade unions are suggesting inflation linked pay rises; however, this is considered unlikely given the settlement this year and examples in the media of other public sector pay disputes. The Draft Budget allows for 4% wage inflation and MTFP assumes 2% from 2024/25 thereafter and appears reasonable.
- v) Superannuation contributions are assessed triennially; and will increase from 19.9% this year to 21.5% from April 2023. Contributions are based on actuarial forecasts such as age of the workforce, working lives and life expectancy, together with economic factors such as inflation and investment returns. The effect of the increase in contributions from April 2023 will be £3,960 next year (£19,300 over the next 5 years).

- vi) Setting a precept based on a fixed or nil increase in Council Tax means that it is dependent on knowledge of the actual Council Taxbase determined by Eden DC. This figure has been confirmed by Eden DC at 5636 properties representing a 2.87%. The MTFP assume 1.0% p.a. rises after 2023/24. Standstill Taxbases throughout the five years of the Plan would result in £90,000 less income, demonstrating how spending plans are dependent on regular healthy increases in the Taxbase.
- vii) Appendix B shows that the MTFP forecast predicts that the Devolution Reserve will continue to grow, with expenditure on the assets never reaching the target £46,344 figure and annual contributions levelling out at £17,944. By 31 March 2028, the Reserve will have a balance of £255,369, which is beyond any day to day demands. Although this is an unlikely scenario as there is bound to be the need for major repairs, improvements or upgrades which would reduce the balance, the Council may need to reconsider the purpose of the Reserve, its accumulation of resources and its potential use. It would be appropriate to conduct this review over the next twelve months when LGR has been implemented.
- viii) By far the biggest unknown in the Medium-Term Plan is the implication of Local Government Review. The Plan assumes business as usual, with no increased responsibilities taken over by the Council. This assumption may be unlikely, with the Council potentially being expected to adopt services and/or assets which may or may not come across with adequate funding, presenting a potential risk to future Council Tax levels. There is no way to predict the consequences at present, but the Council is in a strong financial position, with sustainable standstill budgets and healthy Devolution Reserve. It will be important to revise the medium-term projections when new responsibilities are being considered, to ensure that the Council's longer-term budgets remain viable.

I. NEXT STEPS

The Committee is asked to consider this report in conjunction with the draft Reserves and Investment Policies elsewhere on the agenda. Firm budget proposals will then be submitted for decision by Full Council on 23 January 2023.

2. Options Analysis including risk assessment

Risk & Consequences

The Council sets an invalid or inadequate budget.

An inability to raise a valid precept or insufficient resources to deliver the Council's objectives.

Overspendings leading to unwelcome curtailment of other spending

programmes; possible unpalatable council tax increase; potential reputational damage.

An expectation to undertake schemes of work previously undertaken by others.

Controls Required

A sound budget process will address these risks.

3. Financial and Resource Implications

This report is concerned solely with financial management. All figures other than the current year's budget and last year's outturn are provisional at this stage.

Appendices – available on the Town Council website

2023/24 Draft Budget:

- Budget Summary
- Summary Medium Term Financial Plan
- Service Development Proposals (Growth Items)

Background Papers

2023/24 Budget Working Papers

Neighbourhood Plan Update

- a. The draft Neighbourhood Development Plan which commenced in 2017, was submitted to Eden District Council in December 2019 to allow them to undertake the Regulation 16 consultation. Due to Covid, the consultation did not start until the latter half of 2020 with the public examination in March 2021.
- b. At the public examination the Independent Examiner raised some issues regarding Beacon Hill and requested the Town Council and landowners to try to develop a policy specifically for that area. This was not possible so the Examiner prepared one himself which could not be supported.
- c. The Examiner released his final report on the draft Penrith Neighbourhood Development Plan on 29th March 2022 and recommended some changes based on a revised Planning Policy Framework.
- d. The Examiner felt that a policy for Beacon Hill was unachievable and stated as Beacon Hill did not meet the national criteria for Local Green Space designation as it was an extensive area of land, it should therefore be deleted. He also recommended deletion of Policy 8 (Identifying and Protecting Local Green Space) and Policy 9 (Protecting and Enhancing Sport, Leisure and Recreation Facilities) in their entirety.
- e. Although the green spaces were identified by Penrith residents with reasons why they were important and special and felt they should be protected, the Examiner queried whether they were 'demonstrably special' to residents.
- f. Penrith Town Council challenged the Examiners assumptions and a meeting was held with officers of Eden District Council who suggested that it would be helpful to the District Council for the Town Council to review and confirm its submission and that it would be helpful if there was some authority, such as Counsel's opinion, which the District Council would be able to rely on if it wished to contradict or not approve the Examiner's recommendations.
- g. Penrith Town Council reviewed its submission which was sent to Eden District Council and reported to Penrith Town Council in December 2022.
- h. It was not necessary for the Town Council to obtain Counsel's opinion for its own purposes. The District Council would always have had to obtain its own opinion if it was unclear on matters of law relating to its statutory responsibilities or needed advice from counsel. The District Council would not have been able to rely upon an opinion which had been obtained by a third party and, more particularly, the Town Council which has a distinct interest in the outcome of the District Council's deliberations.

The interests and roles of the District Council and the Town Council relating to the examiner's report and recommendations are not the same.

- i. A further meeting has been held with Eden District Council officers to make comments on the Examiner's approach. At the meeting there was an understanding of our views on Policy 9 and how it met the national criteria, and no further information is thought to be necessary at this stage.
- j. Eden District Council have also indicated that they are willing to consider additional evidence on Policy 8 (Identifying and Protecting Local Green Space) sites indicating why the areas are demonstrably special to residents of Penrith. Some additional confirmation is awaited from EDC at this time.

END OF MINUTES

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