



AGENDA FOR THE AUDIT COMMITTEE AND AUDIT COMMITTEE (ADVISORY)

Members of the Audit Committee and Audit Committee (Advisory) are summoned to a meeting, which will be held in Committee Room 4, Town Hall, Upper Street, N1 2UD on, **29 January 2015 at 7.30 pm.**

John Lynch
Head of Democratic Services

Enquiries to : Jackie Tunstall
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Despatched : 21 January 2015

Membership

Councillor Richard Greening (Chair)
Councillor Olly Parker (Vice-Chair)
Councillor Raphael Andrews
Councillor Dave Poyser

Substitute Members

Councillor Clare Jeapes
Councillor Paul Smith
Councillor Jilani Chowdhury
Councillor Claudia Webbe

Co-opted Member

David Bennett

Quorum: is 3 Councillors



A. Formal Matters

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1. Apologies for Absence
2. Declaration of substitute members
3. Declarations of interest

If you have a **Disclosable Pecuniary Interest*** in an item of business:

- if it is not yet on the council's register, you **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent;
- you may **choose** to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.

In both the above cases, you **must** leave the room without participating in discussion of the item.

If you have a **personal** interest in an item of business **and** you intend to speak or vote on the item you **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent but you **may** participate in the discussion and vote on the item.

***(a) Employment, etc** - Any employment, office, trade, profession or vocation carried on for profit or gain.

(b) Sponsorship - Any payment or other financial benefit in respect of your expenses in carrying out duties as a member, or of your election; including from a trade union.

(c) Contracts - Any current contract for goods, services or works, between you or your partner (or a body in which one of you has a beneficial interest) and the council.

(d) Land - Any beneficial interest in land which is within the council's area.

(e) Licences- Any licence to occupy land in the council's area for a month or longer.

(f) Corporate tenancies - Any tenancy between the council and a body in which you or your partner have a beneficial interest.

(g) Securities - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

This applies to **all** members present at the meeting.

4. Minutes of previous meeting 1 - 4

B. Items for Decision - Audit (Advisory) Committee

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2. Internal Audit Interim Report 39 - 50

C.	Items for Decision - Audit Committee	Page
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2.	Annual Treasury and Investment Strategy	61 - 84
3.	Change of Polling Places - Highbury East, Barnsbury and Holloway	85 - 90
4.	Update on Impact of Individual Electoral Registration	91 - 96
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6.	Market Supplements Policy	129 - 134
7.	Workplace Resolution Policy	135 - 150
8.	Establishing an Islington Pension Board	151 - 160

D. Urgent non-exempt items

Any non-exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

E. Exclusion of press and public

To consider whether, in view of the nature of the remaining item on the agenda, it is likely to involve the disclosure of exempt or confidential information within the terms of the Access to Information procedure rules in the Constitution and, if so, whether to exclude the press and public during discussion thereof.

F.	Confidential/exempt items	Page
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1.	Public Health Staff Payments	161 - 164
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G. Urgent exempt items (if any)

Any exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

The next meeting of the Audit Committee and Audit Committee (Advisory) will be on 24 March 2015

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London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 29 September 2014

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 29 September 2014 at 7.30 pm.

Present: **Councillors:** Richard Greening (Chair), Raphael Andrews and David Poyser
Also Present: **Independent Member:** David Bennett

Councillor Richard Greening in the Chair

10 APOLOGIES FOR ABSENCE (Item 1)

Apologies were received from Councillor Parker.

11 DECLARATION OF SUBSTITUTE MEMBERS (Item 2)

None.

12 DECLARATIONS OF INTEREST (Item 3)

All Councillors declared an interest in Item B3, Elected Member Pensions. The Committee noted the legal advice, that a dispensation was not required for this item and members were able to discuss and vote on the matter.

13 MINUTES OF PREVIOUS MEETING (Item 4)

RESOLVED:

That the minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held on the 19 June 2014 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

It was noted that a report regarding Individual Electoral Registration was to be submitted to the Audit Committee in January 2015 and that additional days had been set aside for the audit priorities on data protection, leaseholder service and major works charges and the joint review on public health.

14 STATEMENT OF ACCOUNTS 2013/14 AND ANNUAL GOVERNANCE REPORTS (Item B1)

The external auditors, KPMG, reported that they had issued an unqualified audit opinion on the financial statements and VFM conclusion.

The Committee noted the comments of the external auditor that working papers supplied during the audit were of a high quality and officers dealt efficiently with audit queries and within the planned timescales.

RESOLVED that:

- 1) The 2013/14 Statement of Accounts and the accompanying Annual Governance Statement be approved;
- 2) The auditor's Annual Governance Reports and value for money conclusion be noted;
- 3) The action plan in Appendix 1 of the Annual Governance report be agreed;
- 4) The letter of representation set out in Appendix B be approved.
- 5) The Chief Accountant and his team be thanked for their excellent work on the Statement of Accounts.

15 LOCAL GOVERNMENT PENSIONS SCHEME 2014 - DISCRETIONARY POLICY

(Item B2)

The Committee noted that the trade unions had received a copy of the draft report and no comments had been received.

It was also noted that there was no significant financial loss in retaining the current discretionary policies and policies agreed could be changed if considered necessary at a later stage.

RESOLVED

That the following policy statements be agreed:-

1) Regulation 16(2)(e) and 16(4)(d) – funding of additional pension

Not to fund additional pension either by way of regular on-going contributions or by way of a one off lump sum payment, as is the current approach.

2) Regulation 30(6) – flexible retirement.

To continue with the council's existing provision for flexible retirement.

3) Regulation 30(8) – waiving of actuarial reduction.

To consider the early release of pension benefits without actuarial reduction on the grounds of redundancy/efficiency but not on compassionate grounds, as is the current policy.

4) Regulation 31 – Award of additional pension.

To continue with the current policy.

5) Additional discretions.

i) Not to switch on the 85 year rule for those who retire before the age of 60 as is the current policy.

ii) to consider the early release of pension benefit for leavers post 31 March 2008 and pre 1 April 2014 in line with discretions enacted in the relevant policies in force pre 1 April 2014.

6) the policy discretions in respect of Regulation 30(8), where the council is the administering body and a former employer has ceased to be a scheme employer be agreed as detailed in resolutions minute no.15, 1-5 above.

16 ELECTED MEMBER PENSIONS (Item B3)

The Audit Committee noted that the Local Government Association was to meet on the 9 October 2014 to consider options for pension provision for elected members.

RESOLVED that:

1) the current position regarding membership of the Local Government Pension Scheme for elected members and the advice contained in the report be noted;

2) the matter be considered further once the outcome of the Local Government Association discussions regarding member pensions was known.

17 THE COUNCIL'S USE OF SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (Item C1)

It was noted that the OSC inspection was in November 2013 although the update to Audit Committee was not submitted until September 2014.

RESOLVED that:-

- 1) The OSC report, following the inspection on the 15 November 2014, be noted.
- 2) The Council's Action Plan to address the recommendation so the OSC report be noted.
- 3) The level and nature of covert surveillance undertaken by the Council be noted.
- 4) future updates be submitted to the next available Audit Committee following the OSC inspection report, rather than on an annual basis.

18 INTERNAL AUDIT CHARTER (Item C2)

RESOLVED that the Internal Audit Charter be noted.

19 THE COUNCIL'S USE OF SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 - EXEMPT APPENDIX (Item 1)

RESOLVED that the exempt appendix be noted.

The meeting ended at 8.45 pm

CHAIR

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Report of: **Executive Member for Finance and Resources**

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	January 2015		

Delete as appropriate		Non-exempt	
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SUBJECT: Risk Management Update January 2015

1.Synopsis

1.1.A risk management report on the Council's refreshed approach to risk management and the outputs of implementing the new approach across the Council.

1.2.This report sets out the Council's principal risks as agreed with CMB in November 2014.

2. Recommendations

2.1.The Audit Committee are asked to note the contents of the report and:

- Consider and be satisfied as to the adequacy of the risk management approach;
- Note the progress made in embedding the new risk management framework and the planned risk management activities going forward;
- For major risk exposures, be satisfied with the proposed action.

3. Background

3.1. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Council has approved and adopted a refreshed approach to risk management which is in line with best practice industry standards (Institute of Risk Management and the International Standard ISO3100 for Risk Management).

3.2. The report explains how the risk approach has been used across the council, outputs from the development and implementation of a top-down and bottom-up approach to risk management, and future planned activities to embed risk management into the culture of the organisation.

4. Implications

4.1. Financial implications

The programme of work has been met from within the existing Internal Audit revenue budget.

4.2. Legal Implications

None specific to this report.

4.3. Environmental Implications

There are no environmental implications

4.4. Equality Impact Assessment

There are no direct equality implications arising from the recommendation in this report

5. Conclusion and reasons for recommendations

To further embed the improved risk management process, we will continue to undertake the activities outlined above and the following activities over the next 12-months:

- Continue to facilitate, moderate and provide an independent challenge through detailed risk discussions management teams and provide progress updates to CMB and AC biannually.
- Deliver a risk management training session for Audit Committee members;
- Communications for staff to raise awareness of risk and opportunity management and its application;
- Develop early warning indicators (EWI) for principal risks. EWIs are metrics which act as an early warning signal and will be used to monitor identified exposures over time.
- Development of an online training tool/workshop package for day-to-day managers across the Council to heighten level of risk based thinking.
- Encourage risk discussions and joint collaboration/interdependencies with various risk streams across the Council e.g. Health & Safety, Insurance, Business Continuity, Information Security.
- Agreed to help Strategic Procurement to develop a supplier risk assessment tool to help minimise the possibilities of supply chains risks and build the Council's resilience.

- Align risk management requirements within transformation programmes/projects with the overall risk management framework

Final Report Clearance

Signed by



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Corporate Director of Finance

Date

Received by

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Head of Democratic Services

.....
Date

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London Borough of Islington

RISK MANAGEMENT REPORT FOR AUDIT COMMITTEE

JANUARY 2015

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4. PRINCIPLES UNDERPINNING THIS REPORT

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6. DEPARTMENTAL RISKS PROFILE

7. EMBEDDING RISK MANAGEMENT – PROGRESS TO DATE & PLANNED ACTIVITIES

Appendix A: Risk management tolerability criteria

Appendix B: Principal risks register entries

1. INTRODUCTION

This report, which has been prepared for the Audit Committee (AC), is based on a report that was considered and approved by the Corporate Management Board (CMB) in December 2014.

The terms of reference of the Audit Committee highlights specific duties to risk management as follows:

- *To consider the Council's arrangements for corporate governance and risk management and recommend necessary actions to ensure compliance with best practice.*

This report addresses the necessary steps undertaken to improve the risk maturity of the Council and the future planned activities to build on the existing arrangements for risk management and move towards a risk managed organisation where it will enable greater level of empowerment and ownership of risk and opportunities at levels within the organisation.

Audit Committee is therefore requested to:

- a. Consider and be satisfied as to the adequacy of the risk management approach;
- b. Note the progress made in embedding the new risk management framework and the planned risk management activities going forward;;
- c. For major risk exposures, be satisfied with the proposed action.

2. EXECUTIVE SUMMARY

This section provides a summary of the key observations made in this report.

- **Risk management process:** We facilitated 1:1 risk discussions with senior officers, undertaken 24 divisional risk sessions and 5 directorate moderation sessions to arrive at the risks and ratings outlined in this document. A description of the process can be found in section 3.
- **Top-down principal risks:** 11 principal risks have been agreed and moderated by CMB as those risks which either: impact the ability to achieve Islington's key objectives and priorities, are cross-cutting throughout the Council or have the potential to cause severe reputational consequences if it was to materialise. The four highest scoring risks facing the Council at present include: Homelessness as a result of housing demands, the ability to provide an effective repairs service; information governance and our ability to optimise business transformation from future IT projects. This is reflected in the Principal risk heat map in section 5 with further detailed analysis of existing controls and future improvement actions found in appendix A.
- **Major departmental risks:** Certain departmental/divisional risks, not covered by the principal risks, have been identified as having current risk scores above the risk appetite. These are outlined in section 6 and are regularly reviewed by departments on a periodic basis. Details and further analysis for these risks sit with the department owning the risk.

- **Risks overview by numbers:** The table below provides an overview of the principal risks across the Council. The main focus of this report is on principal risks (*a risk profile, however, for each department can be found in section 6*)

	Principal Risks
Total Risk Events Identified	11
Risks above an acceptable level of tolerability (risk score > 15)	4

- **Risk management maturity:** In June 2014, Risk presented Islington’s current risk management maturity which was assessed as being *risk aware/formalised* at best. CMB agreed that it would want the Council to be fully *risk enabled/embedded* organisation and approved the proposed next steps. A risk maturity diagram can be found in section 7.
- **Embedding Risk Management:** A significant number of steps have been taken to embed risk management across the Council. These include increasing awareness through face to face workshops, integrating risk management within operational processes and for major programmes and projects. Further details are provided in Section 8.

3. RISK MANAGEMENT FRAMEWORK AND PROCESS UNDERTAKEN SINCE JUNE 2014

Purpose of the risk management framework

The aim of the risk management framework is to support informed decision making about risks that affect performance, and ultimately achievement of objectives and goals, across the full range of the Council’s activities; including (but not limited to) those related to reputation, strategy, finance, operations, processes, people and projects. The risk management comprises of a 5-stage process which is aligned to the international standard ISO3100 for Risk Management. The framework is designed to provide a consistent, proportionate and effective approach to identifying, assessing and dealing with our risks and will assist CMB and AC in:

- Determining the level of risk contained within our processes and activities, both at inherent and current level;
- Recognising, reviewing and prioritising the treatment of significant risks to our strategy and operations;
- Identifying controls that need strengthening and taking appropriate action;
- Enhancing compliance and assurance;
- Optimising operational efficiency; and
- Ultimately, attaining the desired results in performance and achievement.

Risk Management process

Islington's improved risk management process provides a top-down and bottom-up approach:

- The top-down focus determines the overall principal risks that could have an adverse impact on the aims and objectives of the Council. This takes cognisance of input from the previously identified corporate risks and new proposed risks identified during risk discussions throughout the Council.
- The bottom-up departmental risk analysis is undertaken by line management to address the key risks pertinent to their operational activities and is considered by the respective Corporate Director.

The Risk function facilitates both top-down and bottom-up risk analysis and undertakes an important role to synthesise the principal risks and the departmental risks to reach the overall risk profile for Islington which is described in this report.

Divisional risk workshops and Departmental moderation

24 divisional risk workshops were held between August and October in order to identify and assess the major risks to Islington's objectives and overall performance. This was followed by departmental level moderation sessions. The following matters were discussed at each meeting:

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- Identification of unintended events (i.e. risks) that could compromise the ability to achieve our objectives and purpose;
- Ascertain the causes and effects of each risk and discuss the effectiveness of existing controls in place for each risk;
- Assess risks for prioritisation and to understand where further improvement actions are required;
- Identify and agree future improvement actions and associated opportunities this presents.

Subsequent risk reviews

The divisional and departmental level risk reviews will continue to take place twice a year covering principal and operational risks.. Between August and September, this will take the form of a detailed risk workshop with division's management team. There will then be an interim review, usually between April and May which will take the form of a risk discussion with a key risk lead in each division and the Service Director. This will focus on major changes, newly identified or emerging risks, the progress of key actions and risk monitoring. Risks identified at the divisional level will be discussed with the respective Corporate Director following each review session

Risk Reporting

A risk report will be submitted to CMB twice a year; the next one is due June 2015. The next CMB report will form the basis of the report to AC in XXX 2015.

4. PRINCIPLES UNDERPINNING THE REPORTING OF RISK OUTCOMES

The key principle underpinning this report is that all principal risks regardless of their current risk exposure are highlighted in this paper. For each risk, an overview of existing controls and planned future actions can be found in the Appendix B to either maintain or reduce these risks to an acceptable level to contain these risks as much as possible (considering a cost-benefit analysis).

For the purposes of this report, **inherent risk** is the level of risk if all the measures and controls were either not in place or were failing. Often this is considered the worst case scenario for this risk. The **current risk** is the current level of risk with all existing controls working effectively. In some cases, further controls will be necessary to reduce risk further, particularly where the current position is above the appetite.

The risk score is calculated by placing a higher weighting and level of seniority on risks which can have a greater impact on the Council's objectives, therefore the risk scoring used is:

$$\text{Risk Score} = (\text{Likelihood} \times \text{Impact}) + \text{Impact}$$

5. ISLINGTON'S PRINCIPAL RISKS

Principal risks (*formerly referred to as corporate risks*) are those risks which can have organisational-wide impacts, cross cutting or strategic in nature. These are identified and owned by CMB and reflect a *top-down* approach to risk management.

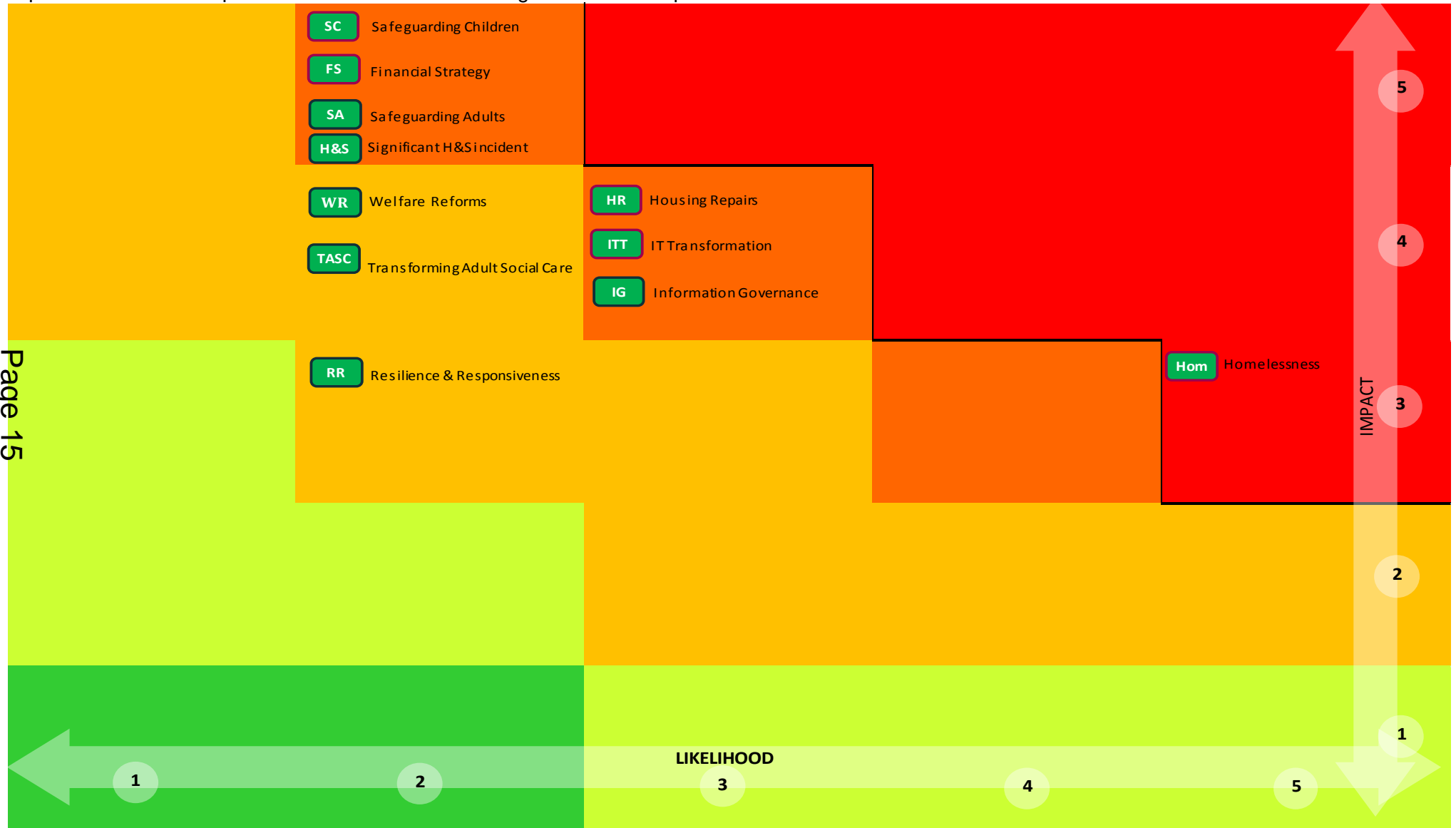
All risks (previously identified and new) have now been aligned to the new approach through discussions with risk owners and respective departments considering their root causes and assessed with Islington new risk tolerability matrix

Principal Risks and their current risk assessments (*for further analysis, existing controls and improvement actions for each risk event can be found in Appendix A*)

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PRINCIPAL RISKS HEAT MAP

This provides a graphical representation of the placement of principal risks on a heat map. This report provides a quick reference as to the Council’s risk exposure. This is a snapshot of the Council’s current organisational risk profile.



6 DEPARTMENTAL RISK PROFILE (Bottom-up approach)

Major departmental risks (excluding principal risks stated above) are those current risks at either at a divisional level can impact on the ability to achieve departmental objectives negatively impacting service delivery. It is important to monitor these risks to ensure they are satisfactorily resolved with the desired improvement actions.

	Finance & Resources	Chief Exec's Office	HASS	E&R	Children's Services	Public Health	TOTAL
Number of divisional sessions held	7	6	4	3	2	1	23
Number of risks identified within each department	38	26	5	14	4	6	93
Risks above Tolerability (risk score > 15)	1	3	1	0	1	0	6

Of the 6 divisional risks assessed above Islington's risk tolerability, the Risk function will continue to have to have discussions with risk owners who will provide updates on the implementation of improvement actions in time for regular DMT/CMB risk reporting.

A brief summary of the 6 major departmental risks identified include:

Risk Description	Department	Future Improvement Actions (to be monitored at interim divisional risk reviews)
1) There is a risk that the Council's pension fund will become so underfunded that it materially impacts on the council's financial strategy	Finance and Resources (Treasury & Pensions)	<ul style="list-style-type: none"> • Stabliisation recovery plan in place to utilise over the next 22 years. • New investment managers are being bought in. A diversified growth fund manager allows for active and quicker response to mitigate time it takes to switch between asset allocations when market goes against you.
2) There is a risk that we cannot prevent or do not effectively respond to a major incident e.g. <i>serious injury/killing of young person with consequent escalation within the community</i>	Children's Services (Targeted and Specialist Children and Families Services)	<ul style="list-style-type: none"> • Implementation HMIP Improvement Plan; • Recruit additional staff to manage increased demand; • Ensure that QA systems are working and provide early alert to system problems.
3) There is a risk we do not provide early intervention measures in preventing crime	Chief Executive's Office (Community Safety)	<ul style="list-style-type: none"> • Development of an Integrated Offender Management system (provides a ranking on offenders based on the frequency and severity of offences)
4) There is a risk we receive a poor ACL Ofsted inspection	Chief Executive's Office (Partnerships & Employability)	<ul style="list-style-type: none"> • Reviews to be undertaken to identify areas of strengths and build on these as well as address areas for improvement, follow through with staff actions from quality improvement program.
5) Transformation Project to enable more people into sustainable employment does not generate the intended outcomes	Chief Executive's Office (Partnerships & Employability)	<ul style="list-style-type: none"> • Restructuring/merging of services consultation and implemented to be considered. • Chief Exec communications with regular communications with services and briefings
6) Major shortfall in the development of new council homes (by 2019)	HASS (Housing Strategy and Needs)	<ul style="list-style-type: none"> • Implementation of key actions identified through internal audit completed in summer 2014. • Undertake a review of resources to support delivery of the new build programme within the planning service.

7. EMBEDDING RISK MANAGEMENT

The key objective for the risk management function is to embed the improved risk management process by building on the enhanced level of information that is being captured, capitalising on the focus and clarity the revised scoring provides and building on the high level of engagement of line management with the risk framework.

A significant amount of progress has been achieved towards embedding the risk management framework as outlined below.

PROGRESS TO DATE

Since July 2014, we undertook or are progressing the following to embed the risk management process:

- a) Engaged with senior management in developing a revised risk tolerability criteria for the Council allowing a greater focus on high-impact risks for prioritisation;
- b) Development of a new risk framework encouraging the identification of upside risks and root cause analysis allowing staff to think more proactively about risks, provides prompts for identifying risks and outlines roles and responsibilities;
- c) Providing Programme and project risk management training to Moving Forward Programme, Care Act work stream leads and the Transformation team;
- d) Delivering risk workshops for 23 divisions raising the awareness of a refreshed and pragmatic approach to risk management;
- e) Working with Internal Audit to focus audits and assurance activities on high risk areas identified by the organisation.

PLANNED ACTIVITIES

In June 2014, CMB discussed where it would want the Council to be in regards to risk management. Using benchmarking and maturity assessment tools, a series of interviews with senior officers and professional subject matter expertise coupled with internal audit results, Islington's risk maturity was assessed as being **risk aware**. In some specific areas, we observed teams becoming more risk managed.



CMB agreed that it would want the Council to be **fully risk managed** and approved the following steps:

To further embed the improved risk management process, we will continue to undertake the activities outlined above and the following activities over the next 12-months:

- Continue to facilitate, moderate and provide an independent challenge through detailed risk discussions management teams and provide progress updates to CMB biannually.
- Deliver a risk management training session for Audit Committee members;
- Communications for staff to raise awareness of risk and opportunity management and its application;
- Develop early warning indicators (EWI) for principal risks. EWIs are metrics which act as an early warning signal and will be used to monitor identified exposures over time.
- Development of an online training tool/workshop package for day-today managers across the Council to heighten level of risk based thinking.
- Encourage risk discussions and joint collaboration/interdependencies with various risk streams across the Council e.g. Health & Safety, Insurance, Business Continuity, Information Security.
- Agreed to help Strategic Procurement to develop a supplier risk assessment tool to help minimise the possibilities of supply chains risks and build the Council's resilience.
- Align risk management requirements within projects with the overall risk management framework

Appendix A: Risk Management tolerability criteria: The 5-stages of the risk management process consist of understanding objectives and priorities, identifying the risk, analysing risks, evaluating risks and implementing responses. The process is supported by regular consultation, communication, monitoring and review and underpinned for CMB approved impact criteria, likelihood criteria, risk tolerability matrix and a risk response strategy. The criteria, as provided below, were reviewed in June 2014. We will continue to review the criteria with CMB and subject matter experts on an annual basis.

Impact Criteria

NEGATIVE IMPACT	FINANCIAL	ORGANISATIONAL PRIORITIES & STRATEGIC OBJECTIVES	SERVICE DELIVERY	SAFETY & WELLBEING	REPUTATION	LEGISLATIVE/COMPLIANCE	PEOPLE
INSIGNIFICANT (1)	Minimal financial loss which can be accommodated at Divisional level Financial loss less than £100k	Inability/failure to achieve team/individual targets that is not key outcomes or other organisational priorities	Minimal/brief impact on a non-crucial service	No obvious harm/injury/safeguarding risk or obvious impact on safety and wellbeing	Unlikely to cause any adverse publicity, internal only	Non-compliance with industry best practice / local procedures or guidance (no regulatory impact)	Loss of staff/fail to recruit in non-key areas
MINOR (2)	Moderate financial loss which can be accommodated at Directorate Level <i>Financial loss £100k-1million</i>	Failure to achieve a service objective that is not key to outcomes or other organisational priorities	Brief disruption on an important service Moderate disruption on a non-crucial service	Minimal effect on safety and wellbeing. First aid treatment/non-permanent harm up to 1 month / Some potential for safeguarding risk	Some public embarrassment, no damage to reputation	Non-compliance with contracts, standards or legislation with minor consequences	Small number of staff made redundant - and/or affected - loss of staff confidence
MODERATE (3)	Significant financial loss which will have a major impact on the Council's financial plan Financial loss £1m - £5million	Failure to achieve a Islington Plan outcome	Moderate disruption on an important service Major disruption on a non-crucial service	Noticeable effect on safety and wellbeing. Medical treatment required, semi-permanent harm up to 1 year / Noticeable safeguarding risks	Some adverse publicity needs careful press relations, short term damage (<30% of opinion formers)	Non-compliance with contracts / standards or legislation with possible legal or regulatory	Loss of staff/fail to recruit in key areas Damaging to staff morale / negative impact on employee relations
MAJOR (4)	Major financial loss which will have a major impact on the Council's financial plan Financial loss £5m - £10million	Failure to achieve a major Islington Plan outcome or organisational priority	Major disruption to an important service	Multiple casualties with recoverable injuries. Extensive injuries, major permanent harm, long term sickness / Major safeguarding concerns potentially affecting multiple people	Major adverse publicity, major loss of confidence, medium term damage (30-60% of opinion formers)	Major/widespread non-compliance with contracts / standards / legislation with possible legal proceedings leading to major reputational or cost damage. Breaches of law punishable by fines or possible imprisonment	Large number of staff made redundant and/or affected/loss of key skills Significant damage to staff morale and employee relations, threats of industrial action
EXTREME (5)	Severe financial loss which will have a catastrophic impact on the Council's financial plan and resources are unlikely to be available - Financial loss > £10million	Failure to deliver a number of Islington Plan outcomes or other organisational priorities	Major disruption to a number of important services	Multiple death(s) or serious/life-changing non-recoverable injury(s) / extreme safeguarding alerts likely	Adverse national publicity, highly damaging, severe loss of public confidence, long term damage (>60% of opinion formers)	Major/widespread non-compliance with legislation with legal proceedings leading criminal proceedings and long term reputational damage (inc. loss of public confidence). Breaches of law punishable by imprisonment	Large number of staff made redundant and/or affected including Senior leadership/substantial loss of irreplaceable skill sets Significant damage to staff morale, industrial action by trade unions

Likelihood Criteria

SCORE	DESCRIPTION	EXAMPLES	PROBABILITY
1	Rare	Very unlikely that this will ever happen	<5%
2	Unlikely	Expected to occur in only exceptional circumstances	6-25%
3	Possible	Expect to occur in some circumstances Has happened elsewhere	26-50%
4	Likely	Expected to occur in many circumstances Has happened in the past	51-75%
5	Almost Certain	Expected to occur most frequently and in most circumstances Imminent	>75%

Risk evaluation matrix

Impact	5	10	15	20	25	30
	4	8	12	16	20	24
	3	6	9	12	15	18
	2	4	6	8	10	12
	1	2	3	4	5	6
		1	2	3	4	5
Likelihood						

Appendix B: Principal Risk Registers

Key Definitions

Risk: A description of the area of uncertainty. This is sometimes referred to as the undesirable/desirable event that could impact the ability to achieve our objectives.

Potential Cause: This describes the source of the risk that causes the event to happen. They are often referred to as the root cause and risk drivers and can be internally or externally driven. This helps us proactively identify the reasons behind any uncertainty and improves our chances of preventing the risk from materialising.

Effects: Description of the impact and consequences that the risk event will have on the aims and objectives should it materialise.

Inherent Risk Score: Risk score before consideration of existing controls

Current Risk Score: Risk score after consideration and evaluating the effectiveness of existing controls

Existing Controls: Current measures or activities that are currently in place that modifies the likelihood or impact of a risk

Improvement Actions: A planned activity designed to further increase the likelihood that established aims and objectives will be achieved, over and above current or existing controls

Risk Ref: Financial Strategy Accountable Officer: Corporate Director - Finance & Resources	
Risk	<i>The Council fails to optimise it's financial position required to balance the Council's budget over the medium term</i>
Potential Causes	<p>a) Uncertainty within the sector due to restrictions of local government grants and funding</p> <p>b) Key decisions not being made at the right-time / ability to implement timely decisions</p>
Effects	<ul style="list-style-type: none"> • Immediate consequences could mean that reserves are dipped into reducing our financial reserves overall. This could lead to reactive decision-making. • Increases the possibility of critical services being cut and therefore the inability to deliver services to an optimal standard • Longer term consequences include poorer outcomes for residents and an adverse impact on the LBI's reputation.
<p>Inherent risk score: 20 Likelihood: 3 (Possible) Impact: 5 (Extreme)</p> <p>Current risk score: 15 Likelihood: 2 (Unlikely) Impact: 5 (Extreme)</p> <p><i>Impact Category Assessed: Financial</i></p>	
Existing Controls	<p>Early identification of proposals by CMB and then engagement with Members leading to engagement with all majority members.</p> <p>As part of a risk based approach to the savings officers will risk rate proposals from an operational/deliverability point of view and separately members will risk rate from a political deliverability point of view. On this basis only deliverable proposals should be taken forward.</p> <p>Timetabled re-organisations plans are in place to ensure necessary savings do not impair the council.</p> <p>The Council operates an annual voluntary redundancy scheme to mitigate compulsory redundancies and help with savings deliverability.</p> <p>Head of Finances/Business Partnering relationship with each department to provide guidance/financial advice where required</p> <p>Maintaining strong financial reserves both general and earmarked protect the Council's resilience</p> <p>Regular financial reports produced for the Corporate Management Board and the Executive throughout the year.</p>

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Risk Ref: Information Governance Accountable Officer: Corporate Director - Finance & Resources (SIRO)					
Risk	<i>There is a risk that the Council does not keep sensitive and/or person identifiable information secure resulting in a major breach of Data Protection legislation</i>				
Potential Causes	<ul style="list-style-type: none"> a) Theft, hacking or accidental release of a sensitive dataset b) Existing devolved approach to information management, governance and system ownership c) Poor management of third party data processors d) Misunderstanding expectation of new EU data protection regulations e) Lack of suitable awareness, training and guidance 				
Effects	<ul style="list-style-type: none"> • Regulatory scrutiny (ICO) compromising our credibility and a loss of public/partner confidence in sharing data with the Council • Sizeable monetary penalty of up to £500k (increasing to £2 million) • Worst case scenario, confidential sensitive data about being lost can have safeguarding consequences for individuals 				
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Inherent risk score: 20 Likelihood: 4 (Likely) Impact: 4 (Major)</td> <td style="width: 50%; padding: 5px;">Current risk score: 16 Likelihood: 3 (Possible) Impact: 4 (Major)</td> </tr> <tr> <td colspan="2" style="text-align: center; padding: 5px;"><i>Impact Category Assessed: Legislative & Reputational</i></td> </tr> </table>		Inherent risk score: 20 Likelihood: 4 (Likely) Impact: 4 (Major)	Current risk score: 16 Likelihood: 3 (Possible) Impact: 4 (Major)	<i>Impact Category Assessed: Legislative & Reputational</i>	
Inherent risk score: 20 Likelihood: 4 (Likely) Impact: 4 (Major)	Current risk score: 16 Likelihood: 3 (Possible) Impact: 4 (Major)				
<i>Impact Category Assessed: Legislative & Reputational</i>					
Existing Controls	<p>Mandatory training has been in place for all staff along with staff being trained to report incidents</p> <p>All security incidents are logged and learning shared with cross-directorate leads via DSWG. Incident causes are reviewed and further training is identified and implemented; Network security controls are in place.</p> <p>Documented and approved governance approach, with representatives from each directorate attending routine meetings of CGG, DSWG and IGO meeting</p>				
Improvement Actions:	<p>Each directorate is producing a contract register of contracts that include data processing but which are not addressed on the corporate procurement contract register; Information Roadmap to be produced and Information Asset Register and trained Info Asset Owners in place;</p> <p>Engagement with external regulations (ICO) will provide impartial review of council's approach and will suggest improvements;</p> <p>Further reviews of existing training plans and requirements.</p> <p><i>Action Owner: Data Security Manager</i></p>				

Risk Ref: FR4 Welfare Reforms Accountable Officer: Corporate Director - Finance & Resources					
Risk	<i>Welfare reforms have an adverse impact on our communities and adversely impact the reputation of the Council</i>				
Potential Causes	a) The Council fails to take appropriate action when considering needs of the community				
Effects	<ul style="list-style-type: none"> • Perceived inequalities across the borough with social impacts such as an increase in housing and potential hardship/homelessness • Increase in debt levels/Council tax collection difficulties • Criticism of the council 				
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; padding: 5px;">Inherent risk score: 24 Likelihood: 4 (Likely) Impact: 5 (Extreme)</td> <td style="width:50%; padding: 5px;">Current risk score: 12 Likelihood:2 (Unlikely) Impact: 4 (Major)</td> </tr> <tr> <td></td> <td style="padding: 5px;"><i>Impact Category Assessed: Reputational</i></td> </tr> </table>		Inherent risk score: 24 Likelihood: 4 (Likely) Impact: 5 (Extreme)	Current risk score: 12 Likelihood:2 (Unlikely) Impact: 4 (Major)		<i>Impact Category Assessed: Reputational</i>
Inherent risk score: 24 Likelihood: 4 (Likely) Impact: 5 (Extreme)	Current risk score: 12 Likelihood:2 (Unlikely) Impact: 4 (Major)				
	<i>Impact Category Assessed: Reputational</i>				
Existing Controls page 25	<p>Joint-up approaches of working across the Council (e.g. Employment and poverty groups);</p> <p>Clear definitions around poverty and collection;</p> <p>Local welfare provision funds are in place;</p> <p>Measuring and identifying complaints and our responsiveness to them</p> <p><i>There is an opportunity for the Council to highlight some of the good work undertaken in this area, as the Council have been selected as one of eleven councils for a year long trial. This will help to raise the profile of our efforts to the community and demonstrate positive impacts of managing this risk. A Communications plan is currently being developed to enable this opportunity</i></p>				

Risk Ref: Significant H&S Incident Accountable Officer: Corporate Director of Finance & Resources	
Risk	<i>There is a risk of a significant H&S incident (life changing/fatality) compromising the safety an wellbeing of service users, public or the workforce</i>
Potential Causes	<ul style="list-style-type: none"> a) Poorly maintained buildings/equipment; b) Lack of effective implementation/complacency; c) Unclear lines of accountability and responsibility; d) Lack of dedicated monitoring resources available; e) Poor performance of contractors; f) People behaviours which cannot be anticipated.
Effects	<ul style="list-style-type: none"> • Civil action/criminal prosecution from not meeting statutory requirements • Loss of potential revenue/incurred operational costs/unlimited fines • Potential loss of public confidence and long-term reputational damage
Page 96	Inherent risk score: 24 Likelihood: 4 (Likely) Impact: 5 (Extreme)
	Current risk score: 15 Likelihood:2 (Unlikely) Impact: 5 (Extreme) <i>Impact Category Assessed: Safety & Wellbeing, Legislative, Reputational.</i>
Existing Controls	<p>Health and Safety Management System (based on British Standard OHSAS 18001) in place.</p> <p>Programme of training courses covering all aspects of H&S offered to all staff.</p> <p>H&S audits undertaken to identify any working practices needing improvement.</p> <p>On line reporting tool enables all staff to immediately report incidents, and enables corporate H&S staff to monitor reported incidents and thus implementation of immediate actions/changes where needed.</p>
Improvement Actions:	<p>Development of partnership policy outlining clearer roles and responsibilities for Schools.</p> <p>Process of developing certification to ISO18001 in high-risk areas</p> <p><i>Action Owner: Service Director, Property Services</i></p>

Risk Ref: Safeguarding Children Accountable Officer: Corporate Director – Children’s Services	
Risk	<i>There is a risk we are unable to either prevent, identify and/or respond to children who may be at risk of significant harm or repeated significant harm</i>
Potential Causes	<ul style="list-style-type: none"> a) Failure to update and implement the required safeguarding policies and procedures b) Inability to deal effectively with an allegation c) Lack of effective safeguarding skills d) Inability to predict future behaviour
Effects	<ul style="list-style-type: none"> • Potential harm/loss of life that could have been avoided • Potential litigation/prosecution • Confidence in the council is undermined and significant long-term reputational damage
Page 7	Inherent risk score: 24 Likelihood: 4 (Likely) Impact: 5 (Extreme)
	Current risk score: 15 Likelihood: 2 (Unlikely) Impact: 5 (Extreme) <i>Impact Category Assessed: Safety & Wellbeing, Reputational</i>
Existing Controls	<p>Robust monitoring arrangements in place though Supervision of staff monthly;</p> <p>Openess and transparent culture of learning</p> <p>QA programme with regular audits of case files and observation of practice quarterly / Safeguarding audits are regularly undertaken within the team</p> <p>Robust legislation/guidelines adhered to be staff members (advice sought from specialist CS lawyers to intepret new pieces of legislation where required)</p> <p>Quarterly safeguarding accountability meetings with the Chief Executive and Leader of the Council</p> <p>DFE external scrutiny regulalry undertaken to compare against other local authorities</p>
Improvement Actions:	<p>Keeping abreast of changes in key legislation & provision of regular training to staff members</p> <p>Ensure that QA systems are working effectively and provide an early alert to system problems</p> <p><i>Action Owner: Service Director, Targeted and Specialist Children and Family Services</i></p>

Risk Ref: Transforming Adult Social Care Accountable Officer: Corporate Director – Housing Adult & Social Services	
Risk	<i>There is a risk we do not realise the benefits of transforming Adult Social Care (i.e. financial savings, transformation, integration, Care Act, quality and choices for service users)</i>
Potential Causes	<ul style="list-style-type: none"> a) Incorrect analysis and on savings we can safely make b) Capacity of providers to take on requests c) Ability of the market to deliver new models d) Unforeseen serious incident e) Genuine inefficiencies are non-existent and are therefore difficult to clearly identify f) New duties and powers under the Care Act 2014 g) Lack of existing case law on the Care Act 2014 h) Challenges in anticipating changes ahead (e.g. demands on market, workforce capacity, no. of self-funders) i) Variations in demands and influences throughout the year j) Greater awareness to new legislative acts k) Breakdown in relationships with NHS Trusts preventing the development of integrating core services
Effects	<ul style="list-style-type: none"> • Inability to successfully transform services / difficulties in personalising services • Loss of public confidence in our ability to deliver • Knock on effects adversely impacting service users • Potential further adverse financial implications • Potential serious injuries and fatalities • Legal implications and fines <p><i>Opportunity to enhance service delivery through better experiences where service users become in greater control, reduce duplication of effort thus leading to becoming leaner with savings benefits</i></p> <p><i>This can also present an opportunity to enhance existing skill sets of our staff and morale from learning from partnership arrangements. Additional learning can be sought from pilots to continuously improve success of projects.</i></p>
Inherent risk score: 20 Likelihood: 4 (Likely) Impact: 4 (Major)	Current risk score: 12 Likelihood:2 (Unlikely) Impact: 4 (Major) <i>Impact Category Assessed: Service Delivery, Legislative, Financial</i>

<p>Existing Controls</p>	<p>Clear presentations of proposals and communications of transformation approach</p> <p>Regular engagement and dialogue with key parties/partnerships with health bodies (i.e. CCG)</p> <p>Evidence based findings to support the case for the Programme</p> <p>Specialist and experienced external staff in place to undertake accurate projections</p> <p>Understanding our current demands and sharing with providers to verify capabilities to provide</p> <p>Programme approach to oversee progress, risks, issues, actions and a dedicated programme manager and support team are in place with sufficient governance in place through Moving Forward Programme Board.</p> <p>Finance representatives heavily involved in the programme and in monitoring progress / Corporate support infrastructure in place (i.e. Strategy, Legal, HR)</p> <p>Lessons learnt for previous incidents and knowledge sharing</p> <p>Care Act Implementation developed as a Programme</p> <p>Regular legal advice provided to raise awareness of legislative and regulatory changes</p> <p>Prudent predictions made for setting targets to accommodate for changes ahead</p> <p>Links to regional groups and activities which enables regular updates/policy changes for implementation and a stock take on where any gaps may exist</p> <p>Contingency plans as part of implementation</p> <p>An integrated board with CCG (section 75 agreements)</p>
<p>Improvement Actions:</p>	<p>PMO to review current governance arrangements of the Moving Forward programme to ensure the programme board have clear oversight of all project timescales and savings.</p> <p>PMO to implement new risk management system within Moving Forward programme to ensure there is a more thorough approach to risk management including the early identification, escalation & mitigation of risks.</p> <p>PMO to work with Integrated Care Programme to ensure better communication between programmes so that dependencies, risks and opportunities can be identified and addressed early.</p> <p>Commissioning service and PMO is setting up project to develop a more effective approach to the market to review our approach to market management and develop a</p>

	<p>robust improvement plan</p> <p>Care Act implementation group with the support of dedicated legal resource to analyse new Care Act regulations and RAG rate the areas which may leave the council most open to legal challenge and identify corrective action to ensure we are compliant with new legislation.</p> <p>PMO to work with project leads to review approaches taken to identifying potential future demand and highlight any further actions or models that can be used to further clarify demand.</p> <p>Care Act implementation group to develop a plan for monitoring how the Care Act requirements are embedded from April 15 to ensure compliance and identify and address issues early on and identify further work needed to support implementation.</p> <p><i>Action Owner: Service Director, Adult Social Services</i></p>
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Risk Ref: Safeguarding Adults Accountable Officer: Corporate Director – Housing Adult & Social Services					
Risk	<i>There is a risk we do not identify or effectively respond to preventable harm to vulnerable adults</i>				
Potential Causes	<ul style="list-style-type: none"> a) Not picking up on triggers, identifying trends and patterns at an early stage b) Fast pace of change resulting in staff turnover and lack of quality control over agency staff workers c) Different perceptions from inside the council and with external partners causing varying degrees of effective engagement d) Increase in specialist requirements for staff 				
Effects	<ul style="list-style-type: none"> • Safety and wellbeing of adults is compromised, becoming victims of abuse • Significant reputational damage to the council as public lose confidence in our abilities to protect the most vulnerable • Potential cases of litigation against the Council, legal challenges and fines. 				
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Inherent risk score: 24 Likelihood: 4 (Likely) Impact: 5 (Extreme)</td> <td style="width: 50%; padding: 5px;">Current risk score: 15 Likelihood: 2 (Unlikely) Impact: 5 (Extreme)</td> </tr> <tr> <td colspan="2" style="text-align: center; padding: 5px;"><i>Impact Category Assessed: Safety & Wellbeing, Reputational</i></td> </tr> </table>		Inherent risk score: 24 Likelihood: 4 (Likely) Impact: 5 (Extreme)	Current risk score: 15 Likelihood: 2 (Unlikely) Impact: 5 (Extreme)	<i>Impact Category Assessed: Safety & Wellbeing, Reputational</i>	
Inherent risk score: 24 Likelihood: 4 (Likely) Impact: 5 (Extreme)	Current risk score: 15 Likelihood: 2 (Unlikely) Impact: 5 (Extreme)				
<i>Impact Category Assessed: Safety & Wellbeing, Reputational</i>					
Existing controls	<p>Safeguarding audits are regularly undertaken as part of an annual cycle</p> <p>Safeguarding Adults Board with an independent chair</p> <p>Coordinated team in place to work with Care Homes</p> <p>Regular monitoring over safeguarding alerts & using intelligence and data to proactively identify trends, themes and emerging patterns</p> <p>Partnership working with Hospitals (and safeguarding leads)</p> <p>External training for staff to attend Leaders in Safeguarding events to keep aware of best practice, share knowledge and changes in law</p> <p>Specialist agencies are selected for recruitment of Social Workers</p>				
Improvement Actions:	<p>Keeping safe group to have oversight of developmental work undertaken including Making Safeguarding Personal project.</p> <p>New safeguarding guidance for staff will be produced to reflect changes brought by Care Act and Making Safeguarding Personal, this will reduce risks of variable engagement due to different perceptions about abuse and response to concerns.</p> <p>Attendance at specialist meetings which further promote the safety and wellbeing of residents in Islington (i.e. MARAC, Community Risk MARAC, PREVENT meetings).</p>				

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Risk Ref: Housing Repairs Accountable Officer: Corporate Director – Housing Adult & Social Services	
Risk	<i>There is a risk we do not deliver an effective repairs service</i>
Potential Causes	<p>a) Not having the right staff in the right place / capabilities and capacity (both at management and operational level)</p> <p>b) Lack of knowledge on what we need</p> <p>c) Lack of the required financial resource to enable optimal transition</p> <p>d) Uncertainty/external dynamics that we cannot predict or anticipate</p> <p>f) High expectations from residents</p>
Effects	<ul style="list-style-type: none"> • Immediate consequences would include an increase in the number of complaints from disgruntled residents • Potential legal cases and court fines • Overall loss of resident confidence and faith in the council's ability to deliver • Worst case scenario can result in potential fatalities
<p>Inherent risk score: 24 Likelihood: 4 (Likely) Impact: 5 (Extreme)</p> <p>Current risk score: 16 Likelihood:3 (Possible) Impact: 4 (Major)</p> <p><i>Impact Category Assessed: Service Delivery</i></p>	
Existing Controls	<p>Organisational reviews carried out from subject matter experts advising on a range of matters from structural processes, whole life integration, procurement etc</p> <p>Utilising external resource and subject matter expertise (as above)</p> <p>Early planning and provision for budgets to ensure lack of resources doesn't become an issue</p> <p>Regular engagement with politicians, providing updates to build stronger relationships with same messages</p> <p>Open and honest communications with residents</p>
Improvement Actions:	<p>Programme board in place to manage integration and service improvement – to continue for 24 months post-transfer.</p> <p>Treated as a change management initiative. Work streams reviewed post-transfer, working to an overall project plan.</p> <p><i>Action Owner: Service Director, Housing Property Services</i></p>

Risk Ref: Homelessness Accountable Officer: Corporate Director – Housing Adult & Social Services					
Risk	<i>There is a risk that Housing demand causes us to use unaffordable temporary accomodation that is in poor condition</i>				
Potential Causes	<ul style="list-style-type: none"> a) Increases in demands for temporary accommodation b) Failure to effectively manage the demands for temporary accommodation which may be due to: <ul style="list-style-type: none"> (i) Homelessness due to domestic violence, welfare reforms, housing market factors etc (ii) Lack of affordable supply (iii) Slow processes and turnaround in decision-making (iv) Failure to secure alternatives 				
Effects	<p>Residents will stay in temporary accommodation longer than needed</p> <p>This can result in further financial deficits/overspend for the council</p>				
<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Inherent risk score: 24 Likelihood: 5 (Almost Certain) Impact: 4 (Major)</td> <td style="width: 50%;">Inherent risk score: 18 Likelihood: 5 (Almost Certain) Impact: 3 (Moderate)</td> </tr> <tr> <td colspan="2" style="text-align: center;"><i>Impact Category Assessed: Service Delivery, Financial</i></td> </tr> </table>		Inherent risk score: 24 Likelihood: 5 (Almost Certain) Impact: 4 (Major)	Inherent risk score: 18 Likelihood: 5 (Almost Certain) Impact: 3 (Moderate)	<i>Impact Category Assessed: Service Delivery, Financial</i>	
Inherent risk score: 24 Likelihood: 5 (Almost Certain) Impact: 4 (Major)	Inherent risk score: 18 Likelihood: 5 (Almost Certain) Impact: 3 (Moderate)				
<i>Impact Category Assessed: Service Delivery, Financial</i>					
Existing Controls	<p>Prevention Homelessness Strategy to find innovative and practical ways to resolve and prevent homelessness through the provision of accessible services to members of the borough's community who need assistance.</p> <p>Weekly performance reporting that is reviewed on a regular basis where data are submitted to service- and corporate director, comprising numbers of households moving in and out of TA, reasons for leaving, costs of placements, and length of time of decision making</p> <p>Procurement of cheaper temporary accommodation outside of Islington;</p> <p>Re-negotiation of lower TA rates by removing utilities costs</p> <p>Using vacant council stock earmarked for redevelopment.</p> <p>Increase in percentage of permanent offers made to households in TA.</p> <p>Tighter admission processes & targets set for faster decision making.</p>				

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	Reviewing intelligence and data to forecast and project demands at an early stage
Improvement Actions:	<p>Help implement London wide TA caps</p> <p>Procure cheaper accommodation, outside of Islington</p> <p>Make better use of the council's three reception centres through re-modelling</p> <p>Re-tender of TA contracts to achieve competitive rates</p> <p><i>Action Owner: Service Director, Housing Strategy and Needs</i></p>

Risk Ref: Resilience & Responsiveness Accountable Officer: Corporate Director – Environment & Regeneration	
Risk	<i>There is a risk we are not able to recover critical internal processes/effectively respond to an emergency following a disruptive event within a suitable timeframe</i>
Potential Causes	<p>a) Key processes not fully adhered to with robust recovery plans not completed or enacted</p> <p>b) Staff not fully understanding the risk and impact of disruptive events</p> <p>c) Inadequate Business continuity management system due to lack of appropriate resources to complete and maintain the system</p>
Effects	<ul style="list-style-type: none"> • This can result in the loss of buildings, services, key systems, supply and resources • Potential losses of corporate knowledge, reduced ability to run services and failures in the supply chain • Non-compliance with CCA 2004 • Civil and/or criminal prosecution through the high court (as we are a category 1 responder)
<p>Inherent risk score: 20 Likelihood: 4 (Likely) Impact: 4 (Major) Current risk score: 9 Likelihood:2 (Unlikely) Impact: 3 (Moderate)</p> <p style="text-align: right;"><i>Impact Category Assessed: Service Delivery, Legislative</i></p>	
Existing Controls	<p><u>Business Continuity-related</u></p> <p>Implementation of a BSI standard industry-wide framework for Business Continuity Management</p> <p>Recovery Plans implemented for services across the Council with dedicated support for specialist staff</p> <p>Learning from previous incidents (internally and externally) for critical services</p> <p><u>Emergency Planning-related</u></p> <p>Publicity drives in place to raise awareness of the function and their remit</p> <p>Local authority liaison officer provides briefings to the EP team</p> <p>CMB support setting the tone at the top and cultural buy-in/regular management engagement</p> <p>Statutory resilience borough forum in place chaired by the Metropolitan police</p> <p>Maintenance of a structured, trained and resilient Crisis Response capability within the Council at Strategic, Tactical and Operational level</p>

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Improvement Actions	<p><i>In specific regard to ICT business continuity:</i></p> <p>Disaster recovery plan being developed and testing of individual systems;</p> <p>Working without walls project is scoped to deliver replacement remote access solution;</p> <p>Services business continuity plans need to include response to loss of remote access.</p> <p><i>Action Owner: Service Director, Digital Services</i></p>
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Risk Ref: IT Transformation Accountable Officer: Corporate Director – Finance & Resources	
Risk	<i>There is a risk we do not deliver IT projects which will enable/optimize business transformation across the Council</i>
Potential Causes	<ul style="list-style-type: none"> a) Insufficient/inappropriate skills within Digital Services to meet deliverables – capability and capacity. b) Insufficient business readiness within the organisation to implement successful business and cultural change c) Third party supplier readiness to introduce change at pace requested by Council; d) Lack of effective governance and oversight arrangements in place e) Scope creep as a result of poor planning and ill-defined requirements from the outset f) Insufficient level of investment/budget allocations made available to optimise transformation
Effects	<ul style="list-style-type: none"> • Immediate consequences may include: Timescale delays, increase in the number of errors, changes to the cost profile of each project; <p><i>Medium to longer-term consequences include:</i></p> <ul style="list-style-type: none"> • Unable to deliver corporate transformation programme therefore impacting our ability to achieve the desired savings • Credibility of Council is questioned due to ineffective use of resources/missed deliverables
Page 37	Inherent risk score: 20 Likelihood: 4 (Likely) Impact: 4 (Major)
	Current risk score: 16 Likelihood:3 (Possible) Impact: 4 (Major) <i>Impact Category Assessed: Service Delivery, Financial, Organisational Priorities.</i>
Existing Controls	<p>Regular CMB reporting (providing red-flags and indicator for specific projects);</p> <p>Financial profiles are reviewed on a monthly basis;</p> <p>Project Delivery Manager in place to provide assurance for ICT projects.</p> <p>Portfolio Management Board to review ratings across entire portfolio to present to CMB.</p>
Improvement Actions	<p>Review of skills by developing a CPD framework for project managers to replicate across other functional areas;</p> <p>Implementation of project governance process, gating methodology, prioritisation model;</p> <p>Demand management process developed to consider and explore options prior to delivery;</p> <p>Development of technical roadmap to provide a clear outline of future technical standards.</p> <p><i>Action Owner: Service Director – Digital Services</i></p>

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Report of: **Head of Internal Audit**

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	29 th January 2015		

Delete as appropriate		Non-exempt	
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SUBJECT: Internal Audit Interim Report 2014/15

1. Synopsis

- 1.1. The provision of a continuous internal audit service assists the Council in providing assurance on the control environment that supports the delivery of the Council's Strategy.
- 1.2. This report summarises the work that Internal Audit has undertaken from 1st April 2014 to 31st October 2014, identifies the key themes that we have identified across the authority, and also highlights how responsive management have been in implementing recommendations.

2. Recommendations

- 2.1. To note the content of this report and the information provided in Appendix A.

3. Background

- 3.1. The provision of a continuous internal audit service assists the Council in ensuring it has an effective control environment and so supports the delivery of the Council's services.

3.2. The Internal Audit Programme (Annual Plan) was approved by this Committee in April 2014. The findings from the execution of that work programme to October 2014 are attached as Appendix A.

4. Implications

4.1. Financial implications

The programme of audit work was met from within the existing Internal Audit revenue budget

4.2. Legal Implications

The Council has a duty to maintain an adequate and effective system of internal audit in accordance with proper internal audit practices (regulation 6 Accounts and Audit Regulations 2003, amended 2006 and 2011). Due regard must be had by the Council to the CIPFA code of practice for internal audit and Public Sector Internal Audit Standards (PSIAS). Any officer or member must supply necessary documents and other records and provide any necessary information and explanation required in the course of an internal audit.

4.3. Equalities Impact Assessment

There are no direct equality implications arising from the recommendation in this report.

5. Conclusion and reasons for recommendations

This report indicates the level of work being undertaken by Internal Audit in order to provide assurance over Islington's control environment.

Final Report Clearance

Signed by



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Corporate Director of Finance

Date

Received by

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Head of Democratic Services

.....
Date

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London Borough of Islington

Internal Audit 2014/15 Interim Report

January 2015

Introduction

Purpose of this report

This report summarises the work that Internal Audit has undertaken from 1st April to 31st October 2014 and provides details on the high risk and priority issues which could impact on the effectiveness of the internal control environment across the Authority.

Overview of work completed 1st April to 31st October 2014

The original Audit Plan for 2014/15 approved by the Audit committee in April 2014 included a total of 60 audit reviews. We have continued to communicate closely with senior management to ensure that the audit reviews undertaken represent a focus on high risk areas, in the light of new and ongoing developments in the authority to ensure the most appropriate use of our resources. The current number of projects agreed to be delivered is 59 after taking into account projects which have been cancelled or deferred and requests for new (unplanned) projects by service management.

Update on progress on implementation of 2012/13 recommendations

The following areas were reported in the June 2014 Annual Report as either:

- assurance had not increased from limited to moderate on follow up; or
- high priority recommendations were still outstanding on follow up.

The current status is detailed below:

Directorate	2013/14 Follow Up	Status as at June 2014	Current Status
Children's Services	Hornsey Road Children's Centre	Limited Assurance. Five recommendations (2 high, 3 medium priority) had not been implemented. Revised target date for implementation summer 2014.	Follow Up visit by Early Years Commissioning Officer scheduled for 12 th January 2015. Outcome and update to subsequently be provided to Internal Audit.
Finance	Softbox	Assurance remains as limited . One recommendation (high priority) had been implemented; the remaining three recommendations (one high, two medium priority) had not been implemented. Revised target date August 2014.	Superseded. Controls assurance around Softbox has been incorporated into Internal Audit's Continuous Auditing approach and will be subject to full assessment through this process in January 2015.
Finance	I Pay System	Assurance remains as limited . Two outstanding recommendations (one high priority, one medium priority). Revised target date 30 Sep 2014.	Outstanding recommendations are now implemented.
Finance	Network Access Starters and Leavers	Assurance remains as limited . Two outstanding recommendations (both medium priority). Revised target date 30 Sep 2014.	Follow Up undertaken during December 2014. Outcome and update to subsequently be provided to Internal Audit.
Finance	Parking E-Permits	Limited Assurance . Two high priority recommendations were identified. Internal Audit will revisit the area in Q3 2014/15 to assess implementation of recommendations following the move to the new database.	The go-live date on new system was pushed back until November 2014. To allow new processes to embed and operate with enough frequency to ascertain operating effectiveness, the audit will be followed up in January 2015.
HASS	Care Homes Staff background Checks	Limited Assurance . Two recommendations (one high and one medium priority) have been partially implemented. Revised target date September 2014.	HASS are planning to undertake reviews at all contracted care homes over the next 4 months and will have completed the outstanding spot checks by the end of February 2015. The remaining outstanding recommendation has been implemented.
HASS	Spot and Block Contracts	Limited Assurance . Two recommendations (both medium priority) have been partially implemented and one recommendation (high priority) has not been implemented. Revised implementation date: Summer 2014	HASS are considering how to ensure that there is commissioning capacity to implement those recommendations. The new structure will be implemented in the Spring of 2015.

Directorate	2013/14 Follow Up	Status as at June 2014	Current Status
E&R	Planning/S106/Building Control	All limited. Extended follow up of 12/13 review is taking place in 2014/15 with a focus on the arrangements since the implementation of the new IT System. See ER14_5 below.	Fieldwork underway. Draft report due January 2015.

The 2014/15 audit plan includes a detailed follow up plan which will track and report on progress made in implementation of all 2013/14 audits completed. These follow ups will be undertaken in Q3 and Q4 2014-15.

Service Summaries

Reports Issued 1st April 2014– 31st October 2014

Cross-Cutting/Corporate Reviews

a) Reports finalised as at 31st October 2014

Report Title	Assurance Rating	Key issues arising
Customer Transformation	Substantial	No high priority findings noted. Opportunities for the enhancement of the current portfolio of programme governance and management controls were noted and the control framework design is on-going (with numerous key controls already identified and implemented). In many cases, remedial action is already under management consideration and/or has subsequently been developed. Accordingly, we feel that management appetite for the design and implementation of a robust programme control framework is evident.

b) Work in Progress as at 31st October 2014

Audit ref	Audit title	Status
CC14_5	Leaseholder service & Major Works charges	Fieldwork complete. Draft report due end of December 2014.
CC14_2	Performance Monitoring	Fieldwork due for completion Q4
CC14_7	Finsbury Park Community Hub	Fieldwork due for completion January 2015

c) Work scheduled 1st November to 31st March

Audit ref	Audit title
CC14_1	Programme Management
CC14_3	Corporate Data Protection

Chief Executive's Office

a) Work in Progress as at 31st October 2014

Audit ref	Audit title	Status
CE14_1	HR Service - Review of Starters & Leavers Processes	Fieldwork in progress. Draft Report early 2015.

b) Work scheduled 1st November to 31st March

Audit ref	Audit title
CE14_5	Third Sector Governance Forum
CE14_2_2	Third Sector Organisations – Refugee Therapy Centre

c) Work which has been cancelled or deferred to 2015/16:

Audit ref	Audit title	Status
CE14_3	Impact of budget cuts on crime, disorder and community tension	As scope refers to ASB and would require the involvement of HASS and E&R, this has been deferred to 2015/16 to enable re-scoping and engagement as a cross-cutting piece.
CE14_4	Performance Management Improvement - KPIs and Data Quality Management	Cancelled as covered by cross-cutting Performance Monitoring project (CC14_2)
CE14_2_1	Third Sector Organisations – Solace	Cancelled at management's request as monitoring covered in 2013/14 review of Supporting People.

Environment and Regeneration

a) Work in Progress as at 31st October 2014

Audit ref	Audit title	Status
ER14_1	Planning Notifications	Fieldwork in progress. Draft Report due December 2014
ER14_2	CCTV	Fieldwork planned for end Q3/early Q4
ER14_4	Open Spaces/Parks Management	Fieldwork planned for December 2014. Draft report due January 2015.
ER14_5	Planning/S106/Building Control	Fieldwork underway. Draft report due January 2015

b) Work scheduled 1st November to 31st March

Audit ref	Audit title
ER14_6	Waste Management
ER14_7	Libraries

c) Work which has been cancelled or deferred to 2015/16:

Audit ref	Audit title	Status
ER14_3	Transport Planning & Strategy including Street Scene Programme	Deferred to 2015/16

Housing and Adult Social Services

a) Work in Progress as at 31st October 2014

Audit ref	Audit title	Status
HASS14_2	Intermediate Care - Occupational Therapy Service	Fieldwork in progress. Draft report due Q4.
HASS14_7	Housing Allocations including transfers	Fieldwork due Q4.
HASS14_8_4	Taverner & Peckett TMO	Fieldwork complete. Draft report due December 2014
HASS18_8_1	Pleydell TMO	Fieldwork due November/December 2014. Draft report due December 2014
HASS14_11	Right to Buy	Fieldwork due November/December 2014. Draft report due early Q4.

b) Work scheduled 1st November to 31st March

Audit ref	Audit title
HASS14_3	Property Services - Legal Repairs Surveying Team
HASS14_5	Self-Directed Care Services, Individual Budgets and Direct Payments (Joint with Camden)
HASS14_8_3	TMO: Brunswick Close
HASS14_8_2	TMO: Harry Weston

c) Work which has been cancelled or deferred to 2015/16:

Audit ref	Audit title	Status
HASS14_6	Safeguarding Adults	Deferred to 2015/16 at request of AD due to significant pressures as a result of the implementation of the Care Act.
HASS14_4	ASC Client Reviews	
HASS14_9	Repairs	Deferred to 2015/16 at the request of management.
HASS14_1	Intermediate Care - Supported Discharge Rehabilitation Scheme	Cancelled due to OT project (HASS14_2)

Children's Services

a) Reports finalised as at 31st October 2014

Report Title	Assurance Rating	Key issues arising
Duncombe Primary School	Moderate	Six medium recommendations identified.

b) Work in Progress as at 31st October 2014

Audit ref	Audit title	Status
CS14_6	High Needs SEN	Fieldwork due Q3; draft report due early Q4
CS14_7	Personal Budgets	Fieldwork due Q3; draft report due early Q4

c) Work scheduled 1st November to 31st March

Audit ref	Audit title
CS14_5	Local Education Partnership (LEP)
CS14_8	Admissions/School Placements
CS14_3	Stronger Families PbR Claim
CS14_1	Children's Centres x 3
CS14_2	Schools x 11

d) Work which has been cancelled or deferred to 2015/16:

Audit ref	Audit title	Status
CS14_4	Assurance Mapping	Cancelled at management's request

Finance and Resources

a) Work in Progress as at 31st October 2014

Audit ref	Audit title	Status
FR14_2	Bailiffs	Fieldwork due for completion Q3; draft report early Q4
FR14_4	VAT	Fieldwork due for completion Q3; draft report early Q4

a) Work scheduled 1st November to 31st March

Audit ref	Audit title
FR14_1	Continuous Auditing/KFS Audits
FR14_3	Finance Function - New Model of Operation following Review
FR14_5	Grant Claim Preparation
DST	
FR14_7	Departmental IT Applications Key Control Testing
FR14_11	Sharepoint
FR14_12	IT Capacity Planning
ANTI-FRAUD	
AF14_5	Financial Abuse
AF14_7	NNDR

b) Work which has been cancelled or deferred to 2015/16:

Audit ref	Audit title	Status
FR14_9	Data Centre (joint with Camden)	Cancelled due to timing of project.
FR14_10	Master Data Management	Deferred to 2015/16 due to timing of other work in this area
FR14_6	PSN Audit	
FR14_8	IT Strategy & Governance	
AF14_4	TMO Reserve Funds	
AF14_6	Third sector grants	



Report of: Corporate Director of Finance and Resources

Meeting of:	Date	Agenda Item	Ward(s)
Audit Committee	29 th January 2015		

COUNCIL TAX BASE AND NNDR 2015-16

1. SYNOPSIS

- 1.1 This report sets out the Council Tax base calculation and National Non Domestic Rates (NNDR) estimate for the financial year 2015-16.

2. RECOMMENDATIONS

- 2.1. To agree that the Council Tax base for the whole area for 2015-16 (or until rescinded) shall be 72,001.07 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.2 and Appendix A**)
- 2.2. To agree that the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2015-16 (or until rescinded) shall be 44.34 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.3 and Appendix B**)
- 2.3. To note the council tax forecast for 2014-15. (**Paragraph 5.2 and Appendix C**)
- 2.4. To agree the completed NNDR1 Form for submission to the Secretary of State. (**Paragraph 6.1 and Appendix D**)
- 2.5. To note the NNDR forecast for 2014-15. (**Paragraph 6.2 and Appendix E**)

3. BACKGROUND

- 3.1. The Local Government Finance Act 1992 (as amended) and associated Regulations require the Council to calculate its proposed Council Tax base for 2015-16 during the period commencing 1st December 2014 and ending 31st January 2015. The Council Tax base will be used to calculate the level of Council Tax to be set by Full Council on 26th February 2015.
- 3.2. The Local Government Act 2003 enables the Council to delegate responsibility for determining the Council Tax base to a committee or sub-committee. On 26th June 2008, the Council established an Audit Committee and delegated responsibility for determining the Council Tax base to that committee.

- 3.3. The Lloyd Square Garden Committee, under The Levying Bodies (General) Regulations 1992, issues a levy on the Council to meet the expenditure involved in the maintenance of the private garden in Lloyd Square. The Local Government Finance Act 1992 requires authorities to carry out separate calculations for all areas that are subject to special expenses. It is therefore necessary for the Council to calculate separately the tax base for the Lloyd Square Garden area.
- 3.4. The Council is required to estimate the amount of NNDR it will collect in 2015-16. This is done by way of the NNDR1 Form to be submitted to the Secretary of State, the approval of which has also been delegated to Audit Committee.

4. COUNCIL TAX BASE ESTIMATE 2015-16

- 4.1. The Council Tax base calculation is based on the number of dwellings in the borough, the approved local Council Tax support scheme and the collection rate, as follows:
 - 4.1.1. The number of dwellings reflects those on the Valuation List as at 30th November 2014, adjusted for exemptions, discounts and disabled relief.
 - 4.1.2. The Council Tax support scheme (unchanged from the 2014-15 scheme) was formally approved by Council on 4th December 2014.
 - 4.1.3. The collection rate for 2015-16 is unchanged from 2014-15: 94.5% for the Council's whole area and 96.8% for the Lloyd Square Garden area. The lower collection rate for the Council's whole area reflects the greater risk of non-collection following the localisation of Council Tax support in 2013-14.
- 4.2. The Council Tax base calculation for the Council's whole area for 2015-16 is set out at **Appendix A**; applying a collection rate of 94.5% results in a Council Tax base figure of 72,001.07.
- 4.3. The Council Tax base calculation for the Lloyd Square Garden area for 2015-16 is set out at **Appendix B**; applying a collection rate of 96.8% results in a Council Tax base figure of 44.34.

5. COUNCIL TAX FORECAST POSITION 2014-15

- 5.1. In 2013-14 the final Council Tax position in the Collection Fund was a surplus of £2.5m, carried forward to 2014-15. This surplus arose due to the prudent approach taken by the Council when setting the 2013-14 Council Tax base, reflecting the new risks from the localisation of Council Tax support and the technical changes to discounts and exemptions. A similarly prudent approach was taken when setting the 2014-15 Council Tax base in January 2014 and as a result a further £2.5m in-year surplus is forecast in 2014-15.
- 5.2. In total, taking into account the £2.5m surplus brought forward from 2013-14 and the forecast in-year surplus of £2.5m in 2014-15, a one-off Council Tax surplus of £5m is forecast on the Collection Fund in 2014-15 (£3.8m Islington Council share; £1.2m Greater London Authority (GLA) share). This is set out at **Appendix C**. The GLA will be notified of this position and the Council share of the one-off surplus will be included in the 2015-16 budget.

6. NATIONAL NON DOMESTIC RATES ESTIMATE 2015-16

- 6.1. The completed NNDR1 Form is provided at **Appendix D**. In summary, the Council estimates that it will collect £191m in business rates in 2015-16, with £57.3m (30%) to be retained by Council and £95.5m (50%) and £38.2m (20%) to be paid over to Central Government and the GLA respectively.
- 6.2. The NNDR forecast for 2014-15 is a balanced position. In 2013-14 the final NNDR position in the Collection Fund was a deficit of £5.1m, carried forward to 2014-15. This deficit was due to it being the first year of the new business rates retention system and the need to set up a new provision for the potential impact of outstanding business rate appeals. The in-year forecast for 2014-15 is a surplus of £5.1m, offsetting the deficit of the same amount brought forward from 2013-14 and resulting in an overall balanced position for 2014-15. This is set out at **Appendix E** and reflected in the NNDR1.

7. IMPLICATIONS

Financial Implications

- 7.1. The financial implications of this report will be directly incorporated in the 2015-16 Budget Report and statutory council tax calculations to be considered by Full Council on 26th February 2015.

Legal Implications

- 7.2. The Council, as billing authority, is required to calculate the amount which will be its Council Tax base for the next financial year by 31st January of the preceding financial year. (Section 31B of the Local Government Finance 1992 Act (as amended) and the Local Authorities (Calculation of Council Tax Base) Regulations 2012).
- 7.3. The Council must make similar calculations in relation to any items of expenditure which relate to a part only of the Council's area. This enables the Council to collect, as Council Tax, the contributions of the local residents for these expenses. In Islington, the expenses of meeting the special levy issued by the Lloyd Square Garden Management Committee qualify and the Council can take such expenses into account in calculating its budgetary requirements provided it has defined them as "special expenses" in a resolution in force at the time it calculates such requirements (Section 34 of the 1992 Act and the 2012 Regulations).
- 7.4. The precepting authorities must be notified by the Council of its Council Tax base calculation between 1st December and 31st January to enable those authorities to calculate their budgetary requirement for the following year and the precept they will issue to the Council before 31st March. If the Council fails to comply with the end of January deadline, the regulations prescribe a notional formula for the precepting authorities to use in default, which will bind the Council. Similar rules require the precepting authorities to notify the Council of relevant prescribed information between 1st and 31st December of the preceding year.
- 7.5. The calculation of the Council Tax base may, but no longer has to, be approved by Full Council. It may be approved by a Council committee or sub-committee, but not by the Executive (Section 84 of the Local Government Act 2003 and Regulation 4(9) to (11) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended)).
- 7.6. The Council must set the Council Tax for 2015-16 before 11th March 2014 (although it will not be invalid merely because it is set on or after that date). Before the Council can

decide this amount, it has to complete a further series of statutory calculations to establish its budgetary requirements for 2015-16. Again, these calculations under Section 31A-36 of the 1992 Act need to be made before 11th March 2014 and are usually made at the same time as the Council Tax is set.

- 7.7. The Council, as billing authority, must estimate for each financial year whether there is a surplus or deficit in its Collection Fund. Any surplus or deficit in respect of Council Tax must be shared between the Council and its relevant major precepting authorities and the Council is required to inform them should this be applicable (The Local Authorities (Funds) (England) Regulations 1992).
- 7.8. The Council, as billing authority, is required to estimate its national non domestic rates income and the shares of that income payable to Central Government and the Greater London Authority for the 2015-16 financial year and to notify those bodies of the amounts so calculated by 31st January 2015 (Regulation 5 of and Schedule 1 to the Non Domestic Rating (Rates Retention) Regulations 2012).
- 7.9. The Council is required to consult persons or bodies who appear to be representative of non-domestic ratepayers in the borough. The consultation must take place in regard to each financial year and in relation to the Council's proposed expenditure (both revenue and capital expenditure) in that financial year, prior to the Council finalising its budget (Section 65 of the 1992 Act).

Environmental Implications

- 7.10. This report does not have any direct environmental implications.

Resident Impact Assessment

- 7.11. The Council Tax (Reductions for Disability) Regulations 1992 (as amended) make provision for billing authorities to reduce by one band the Council Tax due on properties occupied by people with disabilities who fulfil certain criteria. This is reflected in the Council Tax base figures at **Appendix 1**.

Background papers: None

Responsible Officer:
Mike Curtis
Corporate Director of Finance and Resources

Report Author:
Martin Houston
Strategic Financial Advisor

Signed by ...



.....
Executive Member for Finance and Date
Performance

Received by

Head of Democratic Services

Date

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APPENDIX A: ISLINGTON WHOLE AREA COUNCIL TAX BASE 2015-16

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Number of Dwellings as at 30th November 2014	3,960	6,026	29,337	31,786	17,304	8,626	6,656	877	104,572
Less Disabled Relief	-1	-8	-35	-57	-52	-45	-20	-7	-225
Plus Disabled Relief	9	35	57	52	45	20	7	0	225
Less Exemptions	-2,408	-214	-798	-1,128	-717	-395	-70	-9	-5,739
Total Chargeable Dwellings	1,560	5,839	28,561	30,653	16,580	8,206	6,573	861	98,833
Discounts (25%)	-889	-3,436	-14,216	-11,148	-4,681	-1,750	-1,051	-84	-37,255
Discounts (50%)	-1	-3	-13	-7	-10	-2	-13	-13	-62
Discounts (10%)	0	0	0	0	0	0	0	0	0
Less Equivalent Discount Value	-222.75	-860.50	-3,560.50	-2,790.50	-1,175.25	-438.50	-269.25	-27.50	-9,344.75
Total Sub Adjusted Dwellings	1,337.25	4,978.50	25,000.50	27,862.50	15,404.75	7,767.50	6,303.75	833.50	89,488.25
Less Council Tax Support	-301.08	-1,874.59	-8,229.20	-6,704.45	-2,602.35	-964.02	-371.27	-4.15	-21,051.10
Total Adjusted Dwellings	1,036.17	3,103.91	16,771.30	21,158.05	12,802.40	6,803.48	5,932.48	829.35	68,437.15
Ratio to Band D	6/9	7/9	8/9	1.00	11/9	13/9	15/9	2	
Band D Equivalent	690.78	2,414.16	14,907.82	21,158.05	15,647.38	9,827.26	9,887.46	1,658.70	76,191.60

Band D Equivalent Assuming 94.5% Collection Rate

72,001.07

APPENDIX B: LLOYD SQUARE GARDEN AREA COUNCIL TAX BASE 2015-16

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Number of Dwellings as at 30th November 2014	0	0	0	1	2	3	18	5	29
Less Disabled Relief	0	0	0	0	0	0	0	0	0
Plus Disabled Relief	0	0	0	0	0	0	0	0	0
Less Exemptions	0	0	0	0	0	0	0	0	0
Total Chargeable Dwellings	0	0	0	1	2	3	18	5	29
Discounts (25%)	0	0	0	0	0	-2	-3	0	-5
Discounts (50%)	0	0	0	0	0	0	0	0	0
Discounts (10%)	0	0	0	0	0	0	0	0	0
Less Equivalent Discount Value	0.00	0.00	0.00	0.00	0.00	-0.50	-0.75	0.00	-1.25
Expected Net Adjustments to 31st March 2015	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Adjusted Dwellings	0.00	0.00	0.00	1.00	2.00	2.50	17.25	5.00	27.75
Ratio to Band D	6/9	7/9	8/9	1.00	11/9	13/9	15/9	2	
Band D Equivalent	0.00	0.00	0.00	1.00	2.44	3.61	28.75	10.00	45.81

Band D Equivalent Assuming 96.8% Collection Rate

44.34

	2013-14 Actual	2014-15 Budgeted	2014-15 Forecast
	£000	£000	£000
<u>Income</u>			
Net Council Tax Income (excluding Council Tax Support)	(117,662)	(119,616)	(120,669)
Council Tax Support	26,093	26,815	25,552
Total Income	(91,569)	(92,801)	(95,117)
<u>Expenditure</u>			
Precepts and Demand			
Islington Council			
- General Expenses	66,212	66,892	66,892
- Special Expenses (Lloyd Square Garden Area)	12	13	13
	66,224	66,905	66,905
Greater London Authority Precept	20,858	20,793	20,793
Total Precepts and Demand	87,082	87,698	87,698
Provision for Bad debts & Write Offs	1,988	5,103	4,900
Total Expenditure	89,070	92,801	92,598
(Surplus)/Deficit for the year	(2,500)	0	(2,519)
(Surplus)/Deficit brought forward at beginning of the year	(18)	0	(2,518)
(Surplus)/Deficit carried forward to next year	(2,518)	0	(5,037)
Share of Forecast (Surplus)/Deficit			
Islington Council			(3,843)
Greater London Authority			(1,194)
Total (Surplus)/Deficit			(5,037)

	2013-14 Actual	2014-15 Budgeted	2014-15 Forecast
	£000	£000	£000
<u>Income</u>			
Net Non Domestic Rates Income	(187,944)	(197,529)	(200,771)
Contributions towards Previous Year's Forecast Deficit			
- Islington Council Share		(500)	(500)
- Greater London Authority Share		(333)	(333)
- Central Government Share		(833)	(833)
Total Contributions towards Previous Year's Forecast Deficit	0	(1,666)	(1,666)
Total Income (excluding Transitional Protection Payments)	(187,944)	(199,195)	(202,437)
Transitional Protection Payments	(863)	(198)	(85)
Total Income	(188,807)	(199,393)	(202,522)
<u>Expenditure</u>			
Precepts and Demand			
Islington Council	54,846	56,181	56,181
Greater London Authority	36,564	37,454	37,454
Central Government	91,410	93,635	93,635
Total Precepts and Demand	182,820	187,270	187,270
Other Expenditure			
Disregards Renewable Energy	60		60
Cost of Collection Allowance	656	647	647
Total Other Expenditure	716	647	707
Provision for Bad Debts & Write Offs	2,885	2,510	4,360
Appeals Provision	7,534	7,300	5,037
Total Expenditure	193,955	197,727	197,374
(Surplus)/Deficit for the year	5,148	(1,666)	(5,148)
(Surplus)/Deficit brought forward at beginning of the year	0	1,666	5,148
(Surplus)/Deficit carried forward to next year	5,148	0	0
Share of Forecast (Surplus)/Deficit			
Islington Council			0
Greater London Authority			0
Central Government			0
Total (Surplus)/Deficit			0

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Report of: **Corporate Director of Finance and Resources**

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	29 th January 2015		

Delete as appropriate	Exempt	Non-exempt

Annual Treasury Management and Investment Strategy 2015-2016

1. Synopsis

1.1 This report discusses the Council's 2015-16 annual treasury management strategy and investment strategy prior to its approval by the Council at the budget and council tax setting meeting on 26th February 2015. The strategy covers

- The balance sheet and treasury position
- Prospects for interest rates
- Borrowing requirement and strategy
- Debt rescheduling
- Investment strategy and policy
- HRA Self Financing

2. Recommendations

2.1 To consider the Council's 2015-16 annual treasury management strategy and investment strategy and note the key points set out below:

- ££61.2 million is estimated to be required to be borrowed over the next 3 years
-£47.4 million to replace existing borrowing that matures

-£13.8million of new borrowing to fund capital expenditure

- The borrowing strategy is to minimise borrowing costs, through
 - Using surplus internal cash, and
 - Borrowing at optimal times at either variable or fixed rates which can include borrowing in advance of need
- It is expected that sums for investments will be minimal. Investment activity is restricted to institutions set in paragraph 3.6.7; Appendix C gives the details
- The Council's investment priorities in order of importance are :
 - security of the invested capital
 - liquidity of the invested capital
 - an optimum yield which is commensurate with security and liquidity
- The Council's current contract with the Cooperative bank for banking services expires in 2015. Barclays PLC have been appointed following a tendering process and the arrangements will go live by spring 2015.

3. Background

3.1 Introduction

3.1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has defined treasury management as "the management of the organisations' investments and cashflow, its banking, money market and capital market transactions; the effective control of the risks associated with these activities and the pursuit of optimum performance consistent with those risks.

3.1.2 Treasury management activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). The Council adopted the Code of Practice on Treasury Management on 26th February 2002. In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year. The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies procedures and practices.

3.1.3 The treasury management function is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the freedoms provided by the Prudential Code. The Council is required to set out an Annual Treasury Strategy outlining at the least the expected treasury activity for the forthcoming three years.

3.1.4 A key requirement of this report is to explain both the risks, and the management of the risks, associated with treasury management which include:

- Liquidity Risk (*inadequate cash resources*).
- Market or Interest Rate Risk (*fluctuations in interest rate levels*).
- Inflation Risk (*exposure to inflation*).
- Credit and Counterparty Risk (*security of investments*).
- Refinancing Risk (*impact of debt maturing in future years*).
- Legal and Regulatory Risk.

3.2 Scope

3.2.1 The Treasury Management Strategy considers the impact of the Council's revenue budget and capital programme on its balance sheet, the prospects for interest rates, borrowing requirement and strategy, debt rescheduling, investment strategy and policy, monitoring, members training and the use of advisors.

Balance Sheet and Treasury Position

3.2.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR represents the level of borrowing needed for capital purposes. Revenue expenditure cannot be financed from borrowing. Net actual external borrowing should not exceed the CFR other than for short term cash flow requirements. It is permissible under the Prudential Code to borrow in advance of need, up to the level of the estimated CFR over the term of the Prudential Indicators. When this takes place the cash will form part of the invested sums until the related capital expenditure is incurred. This being the case net borrowing should not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years other than in the short term due to cash flow requirements.

3.2.3 The CFR together with balances and reserves are the core drivers of treasury management activity. The estimates, based on the current revenue budget and capital programmes and in advance of any changes to the 2015-16 budget to be considered in February, are set out in **Table 1** below:

Table 1 – Capital Financing, Balances and Reserves Forecasts

	31/03/2015 Estimate £m	31/03/2016 Estimate £m	31/03/2017 Estimate £m	31/03/2018 Estimate £m
General Fund CFR	127	122	118	114
HRA CFR	442	442	442	442
Long term liabilities- PFI	163	155	145	135
Total CFR	732	719	705	691
Less: Balances and Reserves	71	51	41	41
Net Balance Sheet Position	661	668	664	650

3.2.4 The Council's level of physical debt and investments is linked to these components of the balance sheet. The Council's approach to determining its borrowing and investment strategy

for the underlying Balance Sheet position will be influenced by market conditions, affordability, interest rate expectations and credit risk considerations.

3.3 Prospects for Interest Rates

3.3.1 Treasury management activities such as borrowing and investment introduce the risk of unexpected adverse movements in interest rates. The Council employs Arlingclose Ltd, treasury consultants, to advise on the treasury strategy, provide economic data and interest rate forecasts, assist in planning and reduce the impact of unforeseen adverse movements. **Appendix A** draws together a number of current forecasts for short-term and longer-term fixed interest rates. Following seven years of interest rates being at 0.5% the forecast is for official UK interest rates to rise in August 2015 and a gradual increase thereafter to give a 0.75% average rate for 2015-16. Gilts yields are expected to rise in the medium term to take the forecast average 10 year PWLB rate for 2015-16 to 3.25%. It is worth noting that for a number of the years the forecast for an upcoming rise in interest rates has not come to pass. The outlook for interest rates is monitored constantly.

3.4 Borrowing Requirement and Strategy

3.4.1 To ensure that borrowing will ultimately be financed or repaid, local authorities are required to set aside a sum from the General Fund budget each year to repay debt called the Minimum Revenue Provision (MRP).

3.4.2 Capital expenditure not financed from internal resources (i.e. capital receipts, capital grants and contributions, revenue or reserves) will produce an increase in the CFR (the underlying need to borrow) and in turn produce an increased MRP in the General Fund budget.. The Council's borrowing requirement is shown in the **Table 2** below.

Table 2 – Borrowing Requirement

	2014-15 Estimate £m	2015-16 Estimate £m	2016-17-18 Estimate £m	2017-18 Estimate £m
New Borrowing	6.5	4.6	4.6	4.6
Replacement borrowing	38.9	21.9	11.1	14.4
TOTAL	45.4	26.5	15.7	19.0

3.4.3 In conjunction with advice from Arlingclose, the Council will keep under review the options it has in borrowing from the Public Works Loan Board (PWLB) or its successor body, other local authorities, the market and other sources up to the available capacity within the Authorised Limit (contained within the Prudential Indicators in **Appendix B** to be adopted in the 2015-16 budget). The types of borrowing that are still appropriate for a low interest rate environment from the PWLB are:

- Variable rate borrowing.
- Medium term equal instalments of principal (EIP) or annuity loans.
- Long term maturity loans where affordable.

3.4.4 The chief objective when borrowing is to have an appropriate balance between securing low interest rates and cost certainty over the periods for which funds are required. The Council's strategy is to minimise its borrowing costs over the medium to longer term and maintain maximum control over its borrowing activities as well as flexibility on its loans' portfolio. Given the significant cuts to public expenditure and in particular local government funding, the strategy also looks to minimise the medium term cost to the budget without compromising the longer term stability of the debt portfolio. The use of internal resources in lieu of borrowing and short to medium term borrowing will continue because of the "cost of carry" (that is the differential between debt costs and investment earnings.). While variable rate loans are not currently utilised this option will be kept under regular review. Capital expenditure levels, cash flow projections, market conditions and interest rate levels will be monitored in conjunction with Arlingclose, to determine the most appropriate borrowing options.

3.4.5 As at 17th December 2014, the Council had agreed long term loans of £56.5m. All these loans are from other local authorities over periods of 18 months to 6 years at an average rate of 1.5%.

3.4.7 The Council's borrowing requirement over the next three years is estimated to be around £61.2 million. £47.4million of this borrowing will be used to replace existing PWLB debt that matures over the next three years. If market rates were to fall considerably or future rates were expected to rise, then some borrowing could be taken ahead of spend. The borrowing strategy will continue to consider opportunities to borrow not only for 2015-16, but also for the next two financial years.

3.5 **Debt Rescheduling**

3.5.1 The factors affecting any decision on debt rescheduling will include, the generation of cash savings and / or discounted cash flow savings in interest cost, helping to fulfil the strategy outlined in the paragraphs above; enhancing the balance of the fixed to variable rate debt in the portfolio and, amending the maturity profile. All rescheduling activity will comply with the accounting requirements of the local authority Statement Of Recommended Practice (SORP) and regulatory requirements of the Capital Finance and Accounting Regulations (SI 2007 No. 573 as amended by SI 2008/414).

3.6 **Investment Strategy and Policy**

3.6.1 To comply with the Government's guidance, the Council's general policy objective is to invest its surplus funds prudently.

3.6.2 The Council's investment priorities, in order of importance, are:

- security of the invested capital.
- liquidity of the invested capital.
- an optimum yield which is commensurate with security and liquidity.

3.6.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

3.6.4 Investment instruments identified for use in the financial year are categorised under the 'Specified' and 'Non-Specified' Investments based on the CLG guidance.

Specified Investments

3.6.5 Specified investments are described in the guidance as those identified as offering high security and high liquidity, and can be relied on with minimal formalities. All must be in sterling and with a maturity of no more than one year. All such short-term investments with the UK Government, other local authorities, or Parish Councils will automatically be considered "specified", for other deposit takers a "high" credit rating is required which the authority defines. This Council's definition is included at the end of this report.

Non-Specified Investments

3.6.6 Non-specified investments carry a higher degree of potential risk, and the guidance requires the types of investments that can be used to be set out in the Strategy, and limits to be set on how much can be held in these investments at any time during the year. The guidance states that it is not the objective to discourage investment in any type of instrument, but to ensure that proper procedures are in place for undertaking risk assessments of investments made for longer periods or with bodies that are not highly credit rated.

3.6.7 Potential instruments for the Council's use within its investment strategy are listed in the specified and non-specified investment schedule attached as **Appendix C**

3.6.8 The Council has reviewed the way it formulates its counterparty criteria. The lending list criteria is devised from the use of a range of rating agencies which will include Fitch, Moody's Investor Services, Standard & Poor's (or other rating agency where necessary) as well as other factors. The main sovereign states whose banks are to be included are Australia, Canada, Finland, France, Denmark, Germany, Netherlands, Switzerland and the US. These countries and the Banks within them have been selected after analysis and careful monitoring of:

- Credit Ratings (minimum long-term A+ minimum short term F1).
- Credit Default Swaps.
- GDP; Net Debt as a Percentage of GDP.
- Sovereign Support Mechanisms/potential support from a well-resourced parent institution.
- Share Price.

3.6.9 The Council will also take into account information on corporate developments, market sentiment towards counterparties and changes in banking regulations. The Council and Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and the Council will respond as necessary to ensure security of the capital sums invested.

3.6.10 The Council's internally managed investment as at 17th December 2014 totalled £81million and the forecast position for the end of March through 2015-16 will average £50million.

3.6.11 In this current environment the Council has restricted its investment activity to the following categories

- The Debt Management Agency Deposit Facility (*The rates of interest from the DMADF are below equivalent money market rates. However, the returns are an acceptable trade-off for the guarantee that the Council's capital is secure*).
- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV).
- Deposits with other local authorities
- Business reserve accounts and term deposits. (*These have been primarily restricted to UK institutions that are rated at least A+ long term*).

3.6.12 If the cash flow positions were to increase because of forward borrowing then investments criteria will revert to credit ratings as stated in paragraph 3.6.8.

3.6.13 A copy of the Council's current lending list and the institutions actually lent to as at December 2014 is attached as **Appendix D**.

3.6.14 Currently the Council has borrowed £74m short term (under one year) for cashflow purposes, from other Local Authorities & Public Bodies. This has proved to be a cheaper alternative to variable rate PWLB borrowing.

3.6.15 The Council will constantly reappraise its strategy as market conditions and expectations for future interest rates evolve.

3.6.16 The Corporate Director of Finance and Resources under delegated powers will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. All investments will be made in accordance with the Council's investment policies and prevailing legislation and regulations.

3.7 **Housing Revenue Account Policy on Apportioning Interest**

3.7.1 Local authorities are required to recharge interest expenditure and income attributable to the HRA in accordance with determinations issued by the Department for Communities and Local Government. The CIPFA Code recommends that authorities present this policy in their Treasury Management and Investment Strategy.

3.7.2 On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. New long-term loans borrowed are assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g.

premiums and discounts on early redemption) are charged/ credited to the respective revenue account.

3.7.3 Internal Borrowing

Where the HRA or General Fund has surplus cash balances which allow either account to have external borrowing below the level of the Capital Financing Requirement by borrowing internally, the Corporate Director of Finance and Resources will agree an appropriate and evidenced interest rate, determined and applied at the beginning of each financial year, to reflect the assumed opportunity cost forgone.

3.8 Monitoring

3.8.1 The treasury position is included in the regular Executive financial monitoring reports. The Executive Member for Finance and Performance is briefed on treasury activities. At the end of the financial year, an annual treasury report on the Council's investment activity is included in the financial outturn report to the Executive. The Audit Committees annually scrutinises the Annual Treasury Strategy Statement before Council approval at its February budget and council tax setting meeting.

3.9 Members Training

3.9.1 CIPFA's revised Code requires the Corporate Director of Finance and Resources to ensure that all Members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

3.10 Advisors

3.10.1 Arlingclose, our appointed Treasury Advisors, undertake their role as advisors to enable the Council to make informed decisions.

3.11 Current Account Bank

3.11.1 The council's current account is currently held with Cooperative Bank. The contract will expire in 2015 when the Cooperative Bank ceases its commercial banking activity. A full banking service tender has been undertaken and Barclays PLC has been appointed. The target date to transfer all banking services and go live with Barclays is spring 2015.

4. Implications

4.1 Financial Implications

The treasury management function has resource implications on the Council's revenue budget. The paramount objective of the treasury management function is capital security and the pursuit of optimum performance must be consistent with the risk undertaken.

4.2 Legal Implications

Local authorities have restricted freedoms with regard to the investment of surplus funds. The rules are prescribed by statute and are laid out under section 15(1)(a) of the Local Government Act 2003. Local authorities are also required to have regard to supplementary guidance provided by the Office of the Deputy Prime Minister (ODPM; now Communities and Local Government) and by CIPFA. CIPFA's guidance is defined as a proper practice for these purposes.

4.3 Equalities Impact Assessment

4.3.1 The Council must, in carrying out its functions, have due regard to the need to eliminate unlawful discrimination and harassment and to promote equality of opportunity in relation to disability, race and gender and the need to take steps to take account of disabilities, even where that involves treating the disabled more favourably than others (section 49A Disability Discrimination Act 1995; section 71 Race Relations Act 1976; section 76A Sex Discrimination Act 1975." An equalities impact assessment has not been undertaken at this stage because this report is an update on an existing policy that is agreed at the annual council tax and budget setting.

4.4 Environmental Implications

None applicable to this report.

5. Conclusion and Reasons for Recommendations

5.1 This is the annual treasury and investment strategy statement report discussing the council's strategy on borrowing and investment and also reviewing current investment policy. Members are asked to consider this strategy before it is presented for approval at the council budget and council tax setting meeting on 26th February 2015.

Background Papers:

- Audit Commission National Report 2009
- Council Budget Report 27th February 2014
- CIPFA guidance on treasury management issued in November 2009

Final Report Clearance

Signed by



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Director for Finance

Date

Received by

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Head of Democratic Services

Date

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Appendix A – Economic & Interest Rate Forecast December 2014

	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Official Bank Rate													
Upside risk				0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	1.75
Downside risk			0.25	0.25	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00
3-month LIBID rate													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.60	0.75	0.90	1.05	1.20	1.35	1.50	1.60	1.70	1.80	1.90	2.00	2.10
Downside risk	0.15	0.20	0.30	0.40	0.55	0.65	0.75	0.85	-0.95	-0.95	-0.95	-0.95	-1.00
1-yr LIBID rate													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.20	1.35	1.50	1.65	1.80	1.95	2.10	2.20	2.30	2.40	2.50
Downside risk	-0.15	-0.20	-0.30	-0.50	-0.55	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80	-0.80	-0.80
5-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	1.45	1.60	1.75	1.90	2.00	2.15	2.25	2.35	2.45	2.50	2.55	2.60	2.60
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.70	-0.70	-0.70
10-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	2.00	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.75	2.80	2.85	2.90	2.95
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60
20-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	2.55	2.65	2.75	2.85	2.95	3.00	3.05	3.10	3.15	3.20	3.25	3.30	3.30
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60
50-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	2.65	2.70	2.80	2.90	3.00	3.05	3.10	3.15	3.20	3.25	3.30	3.55	3.60
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60

Underlying Assumptions:

- The UK economic recovery has continued. Household consumption remains a significant driver, but there are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP in 2015.
- We expect consumption growth to slow, given softening housing market activity, the muted outlook for wage growth and slower employment growth. The subdued global environment suggests there is little prospect of significant contribution from external demand.
- Inflationary pressure is currently low (annual CPI is currently 1.3%) and is likely to remain so in the short-term. Despite a correction in the appreciation of sterling against the US dollar, imported inflation remains limited. We expect commodity prices will remain subdued given the weak outlook for global growth.
- The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee.
- Nominal earnings growth remains weak and below inflation, despite large falls in unemployment, which poses a dilemma for the MPC. Our view is that spare capacity remains

extensive. The levels of part-time, self-employment and underemployment are significant and indicate capacity within the employed workforce, in addition to the still large unemployed pool. Productivity growth can therefore remain weak in the short term without creating undue inflationary pressure.

- However, we also expect employment growth to slow as economic growth decelerates. This is likely to boost productivity, which will bear down on unit labour costs and inflationary pressure.
- In addition to the lack of wage and inflationary pressures, policymakers are evidently concerned about the bleak prospects for the Eurozone. These factors will maintain the dovish stance of the MPC in the medium term.
- The continuing repair of public and private sector balance sheets leave them sensitive to higher interest rates. The MPC clearly believes the appropriate level for Bank Rate for the post-crisis UK economy is significantly lower than the previous norm. We would suggest this is between 2.5 and 3.5%.
- While the ECB is likely to introduce outright QE, fears for the Eurozone are likely to maintain a safe haven bid for UK government debt, keeping gilt yields artificially low in the short term. The probability of potential upside risks crystallising have waned a little over the past two months. The primary upside risk is a swifter recovery in the Eurozone.

EXTERNAL DEBT INDICATORS

Authorised Limit for External Debt (including PFI)							
1			2014-15 £000s Estimate	2014-15 £000s Revised	2015-16 £000s Estimate	2016-17 £000s Estimate	2017-18 £000s Estimate
	Borrowing		516,500	508,400	538,000	553,700	572,700
	Other Long Term Liabilities		163,000	163,000	155,000	145,000	135,000
	TOTAL AUTHORISED LIMIT		679,500	671,400	693,000	698,700	707,700

The Authorised Limit for External Debt sets the maximum level of external borrowing that the Council can incur. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the Council's expected maximum borrowing need with headroom for unexpected cashflow. The limit also provides scope for the Council to borrow in advance of need. Other long-term liabilities include items such as PFI schemes and finance leases.

Operational Boundary for External Debt (including PFI)							
2			2014-15 £000s Approved	2014-15 £000s Revised	2015-16 £000s Estimate	2016-17 £000s Estimate	2017-18 £000s Estimate
	Borrowing		466,500	458,400	488,000	503,700	522,700
	Other Long Term Liabilities		153,000	153,000	145,000	135,000	125,000
	TOTAL OPERATIONAL BOUNDARY		619,500	611,400	633,000	638,700	647,700

The Operational Boundary for External Debt is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an early warning indicator to ensure the authorised limit is not breached. Similarly to the authorised limit it also provides scope for the Council to borrow in advance of need. Other long-term liabilities include items such as PFI schemes and finance leases.

Actual External Debt (including PFI)							
3							31.3.14 £000s Actual
	Borrowing						298,000
	Other Long Term Liabilities						163,000
	TOTAL EXTERNAL DEBT						461,000

This is the actual external debt that the Council held at 31st March 2014. Other long-term liabilities include items such as PFI schemes and finance leases.

TREASURY MANAGEMENT INDICATORS

Adoption of CIPFA's Treasury Management Code of Practice	
4	The Council formally adopted CIPFA's Code of Practice on Treasury Management on 26th February 2002 and CIPFA's revised Code of Practice on Treasury Management on 25th February 2010.

Upper Limit for Fixed Interest Rate Exposure							
5		31.3.14 £000s Existing (Benchmark) Level	2014-15 £000s Approved	2014-15 £000s Revised	2015-16 £000s Estimate	2016-17 £000s Estimate	2017-18 £000s Estimate
	Net principal relating to fixed rate borrowing/investments	276,000	340,000	340,000	345,000	345,000	345,000

This indicator identifies a maximum limit for the level of debt (net of investments) taken out at fixed rates of interest

Upper Limit for Variable Interest Rate Exposure							
12		31.3.14 £000s	2014-15 £000s	2014-15 £000s	2015-16 £000s	2016-17 £000s	2017-18 £000s
		Existing (Benchmark) Level	Approved	Revised	Estimate	Estimate	Estimate
	Net principal relating to variable rate borrowing/investments	138,000	170,000	170,000	175,000	175,000	175,000

This indicator identifies a maximum limit for the level of debt (net of investments) taken out at variable rates of interest and its purpose is to help the Council to manage its exposure to adverse movements in interest rates.

Maturity Structure of New Fixed Rate Borrowing							
13					31.3.14 Existing (Benchmark) Level %	2015-16 Upper Limit %	2015-16 Lower Limit %
	Under 12 months				14.0%	100%	0%
	12 months and within 24 months				7.0%	100%	0%
	24 months and within 5 years				7.0%	100%	0%
	5 years and within 10 years				8.0%	100%	0%
	10 Years and within 20 years				24.0%	100%	0%
	More than 20 years				40.0%	100%	0%

These limits are set to reduce the Council's exposure to large fixed rate sums of borrowing falling due for

Upper Limit for Total Principal Sums Invested for over 364 Days							
14			2014-15 £000s Approved	2014-15 £000s Revised	2015-16 £000s Estimate	2016-17 £000s Estimate	2017-18 £000s Estimate
	Total principal sum invested		40,000	40,000	30,000	30,000	30,000

These limits are set to reduce the need for the early sale of an investment, and are based on the availability of investments at each year-end.

Credit Risk

- 15 The Council considers security, liquidity & yield in that order when making investment decisions. It uses credit ratings along with a range of other criteria such as sovereign support mechanisms, credit default swaps & share prices to assess the credit strength of a counterparty. A full description of credit criteria used is included in section 6.2 of the Strategy Statement of the Councils Treasury Management

Islington Council Specified Investments

All “Specified Investments” listed below must be sterling-denominated, with maximum maturity one year.

** If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

Investment	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating **	Circumstance of use	Max period
Debt Management Agency Deposit Facility* (DMADF) * this facility is at present available for investments up to 6 months	Yes	Government-backed.	In-house and by external fund managers	1 year *
Term Deposits with the UK Government or other UK Local Authorities	Yes	High security although the majority of Local Authorities do not have credit rating with one of the three recognised credit rating agencies.	In-house and by external fund managers	1 year
Term Deposits with credit-rated deposit or UK Government backed (banks and building societies), including callable deposits.	Yes	Minimum Short Term Ratings Fitch F1 Moodys P-1 S & P A-1 Minimum Long term Ratings Fitch A+ Moodys A1 S & P A+ Maximum Deposit £30 m per institution Plus Council Bankers Overnight, weekend & Public Sector Reserve – Maximum of £10m For late funds only	In-house and by external fund managers	1 year

Investment	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating **	Circumstance of use	Max period
<p>Certificates of Deposit issued by credit-rated deposit takers (banks and building societies) up to 1 year.</p> <p><i>Custodial arrangement required prior to purchase</i></p>	Yes	<p>Fitch IBCA Short-term F1</p> <p>Maximum 10% of fund with fund manager.</p>	To be used in house or by fund managers;	1 year
<p>Gilts : with maturities up to 1 year</p> <p><i>Custodial arrangement required prior to purchase</i></p>	Yes	<p>Government-backed</p> <p>Minimum credit rating: AA+</p>	<p>(1) Buy and hold to maturity or trade: to be used in-house after consultation / advice from Arlingclose.</p> <p>(2) trading by external cash fund manager(s) only subject to the guidelines agreed.</p>	1 year
<p>Money Market Funds</p> <p><i>These funds do not have any maturity date</i></p>	Yes	<p>Minimum credit rating: AAA</p>	<p>In-house and by external fund managers subject to the guidelines agreed.</p>	subject to cash flow / liquidity
<p>Forward deals with credit rated or UK government backed banks and building societies plus other Local Authorities < 1 year (i.e. negotiated deal period plus period of deposit)</p>	Yes	<p>Minimum Short Term Ratings</p> <p>Fitch F1</p> <p>Moodys P-1</p> <p>S & P A-1</p> <p>Minimum Long term Ratings</p> <p>Fitch A+</p> <p>Moodys A1</p> <p>S & P A+</p> <p>Maximum Deposit</p> <p>£30m per institution</p>	In-house and fund managers	1 year in aggregate
<p>Gilt Funds and other Bond Funds (dependent on set-up structure)</p>	Yes	<p>Minimum Rating:</p> <p>Fitch: A+</p> <p>Moody's: A1</p> <p>S&P: A+</p>	<p>External fund managers only subject to guidelines agreed</p> <p>*Important : In choosing the manager we</p>	

Investment	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating **	Circumstance of use	Max period
<p>*** These are open-end mutual funds investing predominantly in UK Government gilts and corporate bonds. These funds do not have any maturity date and would hold highly liquid instruments.</p>			<p>will ensure that the fund is not a body corporate by virtue of its set up structure</p>	
<p>Treasury bills [Government debt security with a maturity less than one year and issued through a competitive bidding process at a discount to par value]</p> <p><i>Custodial arrangement required prior to purchase</i></p>	Yes	Government-backed	In- house or External fund managers subject to the guidelines and parameters agreed	1 year
<p>Bonds issued by a financial institution that is guaranteed by the United Kingdom Government (as defined in SI 2004 No 534) with maturities under 12 months</p> <p><i>Custodial arrangement required prior to purchase</i></p>	Yes	AA+ (Government-backed)	<p>(1) Buy and hold to maturity or trade: to be used in-house after consultation / advice from Arlingclose</p> <p>(2) trading by external cash fund manager(s) only subject to guidelines agreed</p>	1 year
<p>Bonds issued by multilateral development banks (as defined in SI 2004 No 534) with maturities under 12 months</p>	Yes	AAA	<p>(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose</p> <p>(2)) trading by external cash fund manager(s) only subject to guidelines agreed</p>	1 year

Investment	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating **	Circumstance of use	Max period
<i>Custodial arrangement required prior to purchase</i>				
UK Sterling Denominated Corporate Bonds issued by UK PLC's or Public Sector Bodies (From 01/04/2012)	Yes	Minimum Short Term Ratings Fitch F1 Moodys P-1 S & P A-1 Minimum Long Term Ratings Fitch A+ Moodys A1 S & P A+ Maximum Deposit £10m per institution	(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose (2)) trading by external cash fund manager(s) only subject to guidelines agreed	1 year

*****Open ended funds continually create new units (or shares) to accommodate new monies as they flow into the funds and trade at net asset value (NAV).**

Islington Council Non Specified Investments

<u>Investment</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 Months?</u>	<u>Security / Minimum Credit Rating **</u>	<u>Capital Expenditure?</u>	<u>Circumstance of Use</u>	<u>Maximum Held at Any One Time During the Year</u>	<u>Maximum Maturity of Investment</u>
						£M	
Term deposits with UK government or other local authorities (with maturities in excess of 1 year)	No	No	High security although the majority of Local Authorities do not have credit rating with one of the three recognised credit rating agencies	No	In-house and fund managers	100	5 years
Term deposits with credit rated deposit takers or UK government backed (banks and building societies) with maturities greater than 1 year	No	No	Minimum Short Term Ratings Fitch F1 Moodys P-1 S & P A-1 Minimum Long term Ratings Fitch A+ Moodys A1 S & P A+ Maximum Deposit £30m per institution		In-house and fund managers	100	5 years
Certificates of Deposit with credit rated deposit takers or UK government backed (banks and building societies) with maturities greater than 1 year <i>Custodial arrangement required prior to purchase</i>	No	Yes	Minimum Short Term Ratings Fitch F1 Moodys P-1 S & P A-1 Minimum Long term Ratings Fitch A+ Moodys A1 S & P A+ Maximum Deposit £30m per institution	No	To be used by fund managers. To be used in-house "buy and hold" or trade after consultation / advice from Arlingclose.	100	5 years

APPENDIX C

<u>Investment</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 Months?</u>	<u>Security / Minimum Credit Rating **</u>	<u>Capital Expenditure?</u>	<u>Circumstance of Use</u>	<u>Maximum Held at Any One Time During the Year</u> £M	<u>Maximum Maturity of Investment</u>
<p>Callable deposits with credit rated deposit takers or UK government backed (banks and building societies) with maturities greater than 1 year</p>	No	No	<p>Minimum Short Term Ratings Fitch F1 Moodys P-1 S & P A-1</p> <p>Minimum Long Term Ratings Fitch A+ Moodys A1 S & P A+</p> <p>Maximum Deposit £30m per institution .</p>	NO	<p>To be used by fund managers.</p> <p>To be used in-house “buy and hold” or trade after consultation / advice from Arlingclose.</p>	100	5 years in aggregate
<p>UK government gilts with maturities in excess of 1 year</p> <p><i>Custodial arrangement required prior to purchase</i></p>	No	Yes	Government backed	No	<p>(1) Buy and hold to maturity or trade: to be used in-house after consultation / advice from Arlingclose</p> <p>(2) for trading: by external cash fund manager(s) only subject to the guidelines and parameters agreed with them.</p>	100	10 years including but also including the 10 year benchmark gilt
<p>Sovereign issues ex UK Government gilts : any maturity</p> <p><i>Custodial arrangement required prior to purchase</i></p>	No	Yes	AAA	No	<p>(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose</p>	100	10 years

APPENDIX C

<u>Investment</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 Months?</u>	<u>Security / Minimum Credit Rating **</u>	<u>Capital Expenditure?</u>	<u>Circumstance of Use</u>	<u>Maximum Held at Any One Time During the Year</u> £M	<u>Maximum Maturity of Investment</u>
<p>Forward deposits with credit rated or UK government backed banks and building societies plus other Local Authorities for periods > 1 year (i.e. negotiated deal period plus period of deposit)</p>	No	No	<p>Minimum Short Term Ratings Fitch F1 Moody's P-1 S & P A-1</p> <p>Minimum Long Term Ratings Fitch A+ Moody's A1 S & P A+</p> <p>Maximum Deposit £30m per institution For Maturities > 2 years Long Term Minimum AA</p>	No	<p>(2) for trading: by external cash fund manager(s) only subject to the guidelines and parameters agreed with them</p> <p>To be used by fund managers.</p> <p>To be used in-house after consultation/ advice from Arlingclose</p>	100	5 years in aggregate
<p>Bonds issued by a financial institution that is guaranteed by the United Kingdom Government (as defined in SI 2004 No 534) with maturities in excess of 1 year</p> <p><i>Custodial arrangement required prior to purchase</i></p>	Yes	Yes	AA+ / government guaranteed	No	<p>(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose</p> <p>(2) for trading: by external cash fund manager(s) only, subject to guidelines and parameters agreed</p>	100	10 years
<p>Bonds issued by multilateral development banks (as defined in SI 2004 No 534)</p>	Yes	Yes	AAA or government guaranteed	No	<p>(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose</p>	100	10 years

APPENDIX C

<u>Investment</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 Months?</u>	<u>Security / Minimum Credit Rating **</u>	<u>Capital Expenditure?</u>	<u>Circumstance of Use</u>	<u>Maximum Held at Any One Time During the Year</u> £M	<u>Maximum Maturity of Investment</u>
with maturities in excess of 1 year <i>Custodial arrangement required prior to purchase</i>					(2) for trading: by external cash fund manager(s) only, subject to the guidelines and parameters agreed with them		
UK Sterling Denominated Corporate Bonds issued by UK PLC`s or Public Sector Bodies (From 01/04/2012)	No	No	Minimum Short Term Ratings Fitch F1 Moody's P-1 S & P A-1	No	(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose	100 Max £10m per institution	10 years
			Minimum Long Term Ratings Fitch A+ Moody's A1 S & P A+		(2) for trading: by external cash fund manager(s)		
			Maximum Deposit £10m per institution				

APPENDIX D													
COUNTER-PARTY LIST AS AT DECEMBER 2014													
Minimum criteria	A+	F1	A1	P-1	A+	A-							
	Fitch LT	Fitch S/T	Moody's LT	Moody's S/T	S & P LT	S & P S/T	Sovereign Rating - F/M/S&P	5 year CDS	Share Price	Maximum Limit - £	Maximum Term	Arlingclose Current Advice	LBI Position
UK Banks													
Barclays	A	F1	A2	P-1	A	A-1	AA+/Aa1/AAu	50	239	30,000,000	36 Months	Limit to 100 Days - CHECK !!!	Likely Council Bankers from Jan 2015 ??
HSBC	AA-	F1+	Aa3	P-1	AA-	A-1+	AA+/Aa1/AAu	43	608	30,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!
Lloyds	A	F1	A1	P-1	A	A-1	AA+/Aa1/AAu	49	75	30,000,000	36 Months	Limit to 6 Months - CHECK !!!	SUSPENDED !!!
RBS	A	F1	Baa1	P-2	A-	A-2	AA+/Aa1/AAu	49	382	30,000,000	36 Months	SUSPENDED !!!	SUSPENDED !!!
Santander UK	A	F1	A2	P-1	A	A-1	AA+/Aa1/AAu/ BBB+/Baa2/BBB(Spain)	66	N/A	30,000,000	36 Months	Limit to 6 Months - CHECK !!!	SUSPENDED !!!
Standard Chartered	AA-	F1+	A1	P-1	A+	A-1	AA+/Aa1/AAu	92	952	30,000,000	36 Months	Limit to 6 Months - CHECK !!! Watch CDS	Limit to 6 Months - CHECK !!! Watch CDS
Co-Operative	B+	B-	Caa2	NP	N/A	N/A	AA+/Aa1/AAu	N/A	N/A	10,000,000	O/N Weekend	Council Bankers - Overnight liquidity only	Downgrade to sub investment grade 10/05/13 Use for late funds overnight only
UK Building Societies													
Nationwide	A	F1	A2	P-1	A	A-1	AA+/Aa1/AAu	N/A	N/A	30,000,000	36 Months	Limit to 6 Months - CHECK !!!	SUSPENDED !!!
Non UK Banks													
Australia													
Australia & NZ Banking Group	AA-	F1+	Aa2	P-1	AA-	A-1+	AAA/Aaa/AAu	60	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!
Commonwealth Bank of Australia	AA-	F1+	Aa2	P-1	AA-	A-1+	AAA/Aaa/AAu	60	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!
National Australia Bank	AA-	F1+	Aa2	P-1	AA-	A-1+	AAA/Aaa/AAu	60	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!
Westpac Banking Group	AA-	F1+	Aa2	P-1	AA-	A-1+	AAA/Aaa/AAu	60	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!
Canada													
Bank of Montreal	AA-	F1+	Aa3	P-1	A+	A-1	AAA/Aaa/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1	AAA/Aaa/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!
Canadian Imperial Bank of Commerce	AA-	F1+	Aa3	P-1	A+	A-1	AAA/Aaa/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!
Royal Bank of Canada	AA	F1+	Aa3	P-1	AA-	A-1+	AAA/Aaa/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!
Toronto-Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+	AAA/Aaa/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!

APPENDIX D														
COUNTER-PARTY LIST AS AT DECEMBER 2014														
Minimum criteria	A+	F1	A1	P-1	A+	A-1								
	Fitch LT	Fitch S/T	Moodys LT	Moodys S/T	S & P LT	S & P S/T	Sovereign Rating - F/M/S&P	5 year CDS	Share Price	Maximum Limit - £	Maximum Term	Arlingclose Current Advice	LBI Position	
Finland														
Nordea Bank	AA-	F1+	Aa3	P-1	AA-	A-1+	AAA/Aaa/AA+	60	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	
France														
BNP Paribas	A+	F1	A2	P-1	A+	A-1	AA+/Aa1/AAu	90	N/A	15,000,000	36 Months	SUSPENDED !!!	SUSPENDED !!!	
Credit Agricole CIB	A	F1	A2	P-1	A	A-1	AA+/Aa1/AAu	100	N/A	15,000,000	36 Months	SUSPENDED !!!	SUSPENDED !!!	
Credit Agricole SA	A	F1	A2	P-1	A	A-1	AA+/Aa1/AAu	100	N/A	15,000,000	36 Months	SUSPENDED !!!	SUSPENDED !!!	
Societe General	A	F1	A2	P-1	A	A-1	AA+/Aa1/AAu	100	N/A	15,000,000	36 Months	SUSPENDED !!!	SUSPENDED !!!	
Germany														
Deutsche Bank	A+	F1+	A3	P-2	A	A-1	AAA/Aaa/AAAu	80	N/A	15,000,000	36 Months	Limit to 100 Days - CHECK !!!	SUSPENDED !!!	
Netherlands														
ING Bank	A+	F1+	A2	P-1	A	A-1	AAA/Aaa/AA+u	55	N/A	15,000,000	36 Months	Limit to 100 Days - CHECK !!!	SUSPENDED !!!	
Rabobank	AA-	F1+	Aa2	P-1	A+	A-1	AAA/Aaa/AA+u	50	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	
Sweden														
Svenska Handelsbanken	AA-	F1+	Aa3	P-1	AA-	A-1+	AAA/Aaa/AAAu	50	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	
Switzerland														
Credit Suisse	A	F1	A1	P-1	A	A-1	AAA/Aaa/AAAu	55	N/A	15,000,000	36 Months	Limit to 100 Days - CHECK !!!	SUSPENDED !!!	
USA														
JP Morgan Chase	A+	F1	Aa3	P-1	A+	A-1	AAA/Aaa/AA+u	60	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	
Other														
Deutsche Bank Global Liquidity Fund			Aaa / MR1+		AAA m		N/A	N/A	N/A	15,000,000	N/A	OK - Limit to 0.5% of Fund Size (approx £25M)	OK - Limit to 0.5% of Fund Size (approx £25M)	
UK Local Authorities							N/A	N/A	N/A	15,000,000(per authority)	36 Months	OK	OK	
Supra-National Bonds (EIB)	AAA		Aaa		AAA		N/A	N/A	N/A	Unlimited	Unlimited	OK - CHECK !!!	SUSPENDED !!!	
UK DMADF	AA+		Aa1		AAA		N/A	N/A	N/A	Unlimited	6 Months	OK	OK	



Report of: (Acting) Returning Officer

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	29 January 2015		Highbury East, Barnsbury, Holloway & St Peter's and Highbury West

Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Change of Polling Places – Highbury East, Barnsbury and Holloway Wards

1. Synopsis

- 1.1 This report sets out a proposed change to three polling places following a consultation process carried out in accordance with the Electoral Administration Act 2006.
- 1.2 This change will take effect with the publication of the alterations list to the Register of Electors on 1 February 2015 and have effect for the General Election on 7 May 2015.

2. Recommendations

- 2.1 To agree to the changes set out in this report in the following wards:-

Highbury East
Barnsbury
Holloway

- 2.2 To note the comments regarding Highbury West and St Peter's Ward in paragraphs 3.9 and 3.10.
- 2.3 To delegate to the Chief Executive (as (Acting) Returning Officer) the designation of Popham and Cumming Community Centre or New North Academy as the Polling Place for St. Peter's Ward.

3. Background

Introduction

- 3.1 The Electoral Registration and Administration Act 2013 introduced a change to the timing of compulsory reviews of UK parliamentary polling districts and polling places. The compulsory review must be started and completed between 1 October 2013 and 31 January 2015 inclusive. Subsequent compulsory reviews must be started and completed within the period of 16 months that starts on 1 October of every fifth year after 1 October 2013. Interim reviews may be carried out if needed. Following each election officers review the running of the election and specifically look at

any issues that have arisen to do with polling places or polling districts.

3.2 The substantive review took place last in October 2013 and the new polling scheme was approved by the Audit Committee on 30 January 2014. However, two polling places are no longer available and so this report seeks approval to the proposed changes set out in the report which shall have affect at the forthcoming UKPGE in May 2015. An interim review is therefore needed. The steps required for a review have been undertaken, including the publication of proposals and consultation on them.

3.3 Section 18B (4) of the Representation of the People Act 1983 states that in conducting a review of polling places the authority must:

- a) seek to ensure that all the electors in the constituency have such reasonable facilities for voting as are practicable in the circumstances
- b) seek to ensure that so far as is reasonable and practicable, the polling places they are responsible for are accessible to all electors, including those who are disabled, and when considering the designation of a polling place, must have regard to the accessibility needs of disabled persons.

3.4 In addition the polling place for a polling district must be within the area of the district unless special circumstances make it desirable to designate an area either wholly or partly outside of the polling district

3.5 Electorate and property figures are as at 1 December 2014.

PROPOSED CHANGES

3.6 Highbury East Ward

Existing Polling Place

Polling District	Current Polling Place	Electorate	Properties	Polling Stations
NHEA	Drayton Park School Drayton Park London N5 1PJ	3274	2091	2

Drayton Park School is situated on the western edge of the polling district. It has level access and has been used as the polling place for this polling district for some years. However, in order to enable the school remain open we used an outbuilding for the elections in May 2014. The available space is very small and continued use could have implications for the efficient management of the double station that is required for the polling district particularly at a UK Parliamentary General Election where turnout will be significantly high.

Proposed Polling Place

Polling District	Potential New Polling Place	Electorate	Properties	Polling Stations
NHEA	The Crescent Suite 70 Ronalds Road, London, N5 1XA	3274	2091	2

This venue was visited in September 2014. The building has level access to the side entrance and a large central hall. For most electors in the Polling District it will be easier to reach than Drayton Park School as it is slightly more centrally located but also only a two minute walk from the old polling place. The venue offers good polling facilities. It is therefore recommended that The Crescent Suite is designated as the Polling Place for the NHEA polling district.

3.7 **Barnsbury Ward**

Existing Polling Place

Polling District	Current Polling Place	Electorate	Properties	Polling Stations
SBAA	New River College Dowrey Street London N1 0LS	2614	1771	2

New River College has been the designated Polling Place for several years and is well placed for the majority of voters. However, it is being demolished. Therefore we needed to find a suitable alternative.

Proposed Polling Place

Polling District	Potential New Polling Place	Electorate	Properties	Polling Stations
SBAA	Celestial Church, Cloudesley Square	2614	1771	2

This venue in the centre of Cloudesley Square has been visited and is suitable to be used as the Polling Place. It is also very close to the previous venue so should cause minimal inconvenience to voters on the day. The Church has been booked and they are happy for us to use it.

3.8 **Holloway Ward**

Existing Polling Place

Polling District	Current Polling Place	Electorate	Properties	Polling Stations
SHYB	Goodinge Community Centre North Road	3834	2735	2

This polling place will not be available as it is due to be demolished.

Proposed Polling Place

Polling District	Current Polling Place	Electorate	Properties	Polling Stations
SHYB	Drovers Day Centre/Hungerford Nursery	3834	2735	2

This venue is just a few yards from the current venue on the same road so will make no difference to electors in terms of distance travelled and will not cause any issues regarding awareness of location. The venue was visited and assessed in December 2014 and is entirely suitable for polling, has level access throughout and all the necessary facilities. The venue is happy to be used for polling and it has been booked for May 2015 already.

If the proposed changes are agreed, all electors will receive information via our election awareness raising/participation letters in February which will include a map of the new polling location. All electors will also receive a poll card in April highlighting the change. Good signage would be in place at both the new and old polling place to alert electors to the change also.

3.9 Highbury West

We have said in previous reviews that Highbury West should be kept under review. There is an issue in Polling District C that requires those living in Queensland Road, Bryantwood Road and Benwell Road area to vote at Aubert Court. Although this has been the case for a few elections now, the increased population particularly in Queensland Road make this less than ideal. A suitable potential polling place has been identified at Queensland Road sports centre but is not yet ready. As the change would require a redrawing of two polling districts NHWC and NHWD which would then require republishing the Elector Register it is recommended that there is no change for this year but that it be noted that we expect to come back to committee after the general election with recommendations for change once we have been able to assess the venue once it is open and accessible to the public.

3.10 St Peter's

At the review last year Audit Committee moved the polling place at Polling District SSPA from Popham and Cumming Community Centre back to New North Academy. This year the Academy has stated it no longer wishes to be used as a polling place and has asked if we can find an alternative venue. We are currently in discussions with the Academy about this, and the council is entitled to use the school as a polling place, but the situation is on-going. As the next meeting of this committee comes after the date by which a decision needs to be made, it is proposed that the designation of the polling place is delegated to the Returning Officer. It will be either the New North Academy or Popham and Cumming Community Centre, both of which are suitable venues for polling to take place.

4. Implications

4.1 Financial implications:

The costs of the polling districts and polling places review will be met from within existing budgets.

4.2 Legal Implications:

4.2.1 The Representation of the People Act 1983 section 18D requires that local authorities designate the polling places within their Parliamentary constituencies. Under Representation of the People Act 1983, Returning Officers have the right to use certain public buildings (including schools that receive public funds) for use as polling stations at elections.

4.2.2 Section 18B (4) of the RPA 1983 states that in conducting a review of polling places the authority must:

- a) seek to ensure that all the electors in the constituency have such reasonable facilities for voting as are practicable in the circumstances
- b) seek to ensure that so far as is reasonable and practicable, the polling places they are responsible for are accessible to all electors, including those who are disabled, and when considering the designation of a polling place, must have regard to the accessibility needs of disabled persons.

4.2.2 In addition the polling place for a polling district must be within the area of the district unless special circumstances make it desirable to designate an area either wholly or partly outside of the polling district.

4.3 Equality Impact Assessment:

4.3.1 Electoral Services considered a review of all possible polling places and used a suitability and access checklist. This was drawn largely from the recommendations in Scope's Poll Report 4 published following the 2005 General Election. One checklist has been completed for each existing poll place and all proposed new polling places.

4.3.2 All polling staff receives equalities training as part of the induction for working on the election.

5. Conclusion and reasons for recommendations

5.1 The Electoral Registration & Administration Act 2013 requires all authorities to keep polling districts and polling places in its area under review.

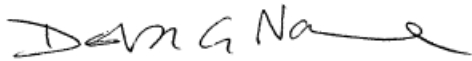
5.2 The proposals have been made following non-availability of the designated venues for the election in May 2015. Representations have been sought from political groups and the report takes into account informal conversations held with members and party agents.

Appendices

Background papers: None.

Final report clearance:

Signed by:



Assistant Director Governance and HR

Date

Received by:

Head of Democratic Services

Date

Report Author: Andrew Smith, Head of Registration & Electoral Services

Tel: 020 7527 3085

Fax:

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Agenda Item 4



ISLINGTON

**Chief Executive's Department
Governance and Human Resources
Town Hall, Upper Street, London N1 2UD**

Report of: Assistant Chief Executive, Governance and HR.

Meeting of:	Date	Ward(s)
Audit Committee	29 January 2015	All

SUBJECT: Update on Impact of Individual Electoral Registration

1. Synopsis

- 1.1 This report sets out the effects of Individual Electoral Registration (IER) on the Electoral Register and what steps have been and will be taken in the run up to the UK Parliamentary General Election and beyond.

2. Recommendations

- 2.1 To note the contents of the report

3. Background

Introduction

- 3.1 On 10 June 2014 the system of registering to vote changed. This was the biggest change in around 100 years. Everyone is now responsible for registering themselves. Under the old system the 'head of household' could register everyone who lived at their address.
- 3.2 You need to provide a few more details to register - including your national insurance number and date of birth. This makes the electoral register more secure.
- 3.3 Rather than expecting the whole country to re-register under the new system the Government decided to try and passport as many people as possible already registered to vote into the new IER Register. This was done by comparing the electoral register at 1 July 2014 against national records held by the Department for Work and Pensions (DWP) and anyone who matched was then confirmed under IER. This was called the Confirmation process.

Confirmation Write Out

- 3.4 In Islington, after some local data matching we managed to confirm around 80% of our existing electors. Prescribed Confirmation Notices were then sent to 120,288 electors over the summer informing them that they were now registered under IER and need not take any further action until such time as they move house or their circumstances change. The remaining 20% or 36,185 electors were invited to

register under the new system.

- 3.5 This 'write-out' was supported by a multi-channel advertising campaign by The Electoral Commission and our own local communications strategy, which included:
- Training Contact Islington Agents,
 - Displaying posters in bus-shelters
 - Posters and leaflets to over 200 other 'contact' points around the borough
 - Writing to Community groups
 - Leaflets in Libraries
 - A Twitter campaign
 - Spotlights on the council website
 - Sign-post article
 - Islington Life article
 - Part of pan-London campaign including posters at Tube stations and adverts in Metro
- 3.6 The regulations required a prescribed A3 registration form was sent to each unconfirmed elector, followed by a reminder and a personal call. The electoral canvassers who called upon the individuals were fully trained on the new system and were tasked with explaining the new system to residents, assisting them where required and encouraging them to register whether via the form or online or by phone.
- 3.7 At publication of the revised Register of Electors on 1 December 2014 Islington had less than 14,000 electors who remained unconfirmed.
- 3.8 One of the requirements of the new law is that no one who was on the register in July and remains unconfirmed at publication of the new register is deleted from it (unless we know they have moved) so they can still vote at the UKPGE.
- 3.9 However, any elector who is unconfirmed is unable to retain or apply for an absent vote until they complete a new registration form and are matched against the DWP.
- 3.10 Islington had to remove absent votes from 910 unconfirmed electors and those affected have been informed.

Impact of no Universal Household Canvass

- 3.11 One of the biggest challenges for Islington is addressing the high turnover of residents or 'churn' that the borough has. Through the annual canvass we normally achieve a response rate of around 95% from households and would typically register 25,000-30,000 new electors and remove around 20,000-25,000 via this process.

Data Mining

- 3.12 Under Section 35 of the Representation of the People Regulations 2001, the Electoral Registration Officer is entitled to access any council held records to help us identify and contact any residents who may not be registered.
- 3.13 We have been working with other council departments to try and identify potential electors and this is done primarily through receiving weekly lists from Council Tax of new accounts who we then contact to try and encourage to register (following the three-step process highlighted at 3.6 above). We also receive information of council tenancy changes on a monthly basis and are talking to parking about access to permits data and to libraries about their data also. All of which should come on stream over the next few months.
- 3.14 So far this has proved a success to the extent that since IER commenced we have identified over 23,000 new potential electors which is almost as many as we would have expected under the 'old' household canvass system. However as the responsibility is now on the individual to register only just over 10,000 have done so.

- 3.15 Through received data, returned forms, correspondence, calls, emails and personal canvassing we have been able to identify around 15,000 for removal from the Register.

Maximising Registration

- 3.16 To try and tackle this we delivered a Household Confirmation Letter to each property in early December stating who was registered to vote at each property and what to do if households needed to add/remove/change details.
- 3.17 We also plan to personally canvass around 13,000 pending electors (those we have identified through data mining but have failed to respond to two invitations to register) from mid-January to early-February.
- 3.18 We will then send to each household another confirmation letter focussing on the forthcoming election highlighting the various deadline dates for registering and applying for postal votes and the channels via which they can make such applications.
- 3.19 Our Communication team will continue to support us in these endeavours to promote voter registration as we move towards the election in May. A communication plan for the next few months is in development but is likely to include much the same channels and media as above at para 3.5.

Under Registered Groups

- 3.20 Two groups of residents have been identified as under registered; those in residential care homes and students.
- 3.21 On care homes we have been building relationships with Adult Social Services and the care homes direct so that we have access to the most up-to-date data and then liaise with the homes to try and establish the information required to register those not currently registered or confirm those not currently confirmed.

Students

- 3.22 It is recognised that the move to IER will make it more difficult to get students registered. Under the old system we would receive lists of which students were in which Halls of Residence from Bursars Offices' and register them from that. However, over the last few years the management companies that increasingly appear to run the Halls of Residence have been less and less inclined to provide this information.
- 3.23 Now under IER we have been part of a Cabinet Office lead Student Forum where work has been done with Academic Registrars and Student Unions to find a solution to the new challenge. In Islington, we have attended Fresher's Fairs and had stalls inside some of the Halls of residence reception areas, where we have promoted IER and used tablets to enable the students to register online straightaway or provided forms and further information where necessary.
- 3.24 We also have a Data Sharing Agreement in place with City University where we are provided with the name, address and nationality of all their Islington based students (including those private renting outside of Halls), who we can then send Invitations to register. We are working towards the same with London Met and expect this to be in place in good time for us to approach those students before the General Election.

Future Improvements

- 3.25 Electoral Services aim to get even better at identifying residents who are not currently registered and to have the promotion of voter registration as part of every conversation council staff have when they interact with residents.
- 3.26 Currently being considered is a project that would link the Electoral Registration software system with the CRM system so that when talking to a resident the Customer Services Agent will know whether or

not they are registered to vote and then take steps to ensure they either register on the phone with them or an invitation to register form is sent to them.

- 3.27 A link to the online registration service has also been added to the My eAccount page so that website visitors are a click away from being able to register to vote.

4. Implications

4.1 Financial implications

- 4.2 Costs met within existing budget and a Section 31 grant via Cabinet Office to cover extra costs incurred as a result of the introduction of IER.

4.3 Legal Implications

The Electoral Registration Officer (ERO) (in Islington, the Chief Executive), has a legal duty to compile and maintain the Register of Electors for the area. Individual voter registration was introduced under the Political Parties, Elections and Referendums Act 2009 with further detailed provisions set out in the Electoral Registration and Administration Act 2013 (Transitional Provisions) Order 2013. The ERO is required by the legislation to undertake a number of steps to invite citizens who are not on the register to register to vote. Local authorities have a legal duty to provide the ERO with the necessary resources to enable her to discharge her legal functions.

4.4 Environmental Implications

None

4.5 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

Disability and community groups have been contacted to raise awareness of the changes and been furnished with information, posters and leaflets. An open invitation for an electoral services officer to visit and help explain the system has been made. Under the old rules only paper applications were accepted so with additional channels of access via internet and telephone registration we may see an increase in registration from those perceived to be harder to reach. Electoral registration regularly has articles in signpost.

5. Conclusion and reasons for recommendations

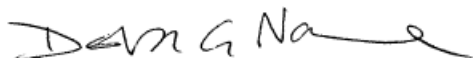
- 5.1 The council is required by legislation to implement a new system of voter registration and good progress has been made so far in preparation for the forthcoming general election and other future elections. The committee is asked to note the progress made.

Appendices: none

Background papers: none

Final report clearance:

Signed by:



Assistant Chief Executive, Governance and HR. Date

Report author: Andrew Smith, Head of Registration & Electoral Services

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Report of: Assistant Chief Executive (Governance and HR)

Meeting of Audit Committee	Date 29 January 2015	Agenda Item	Ward(s)
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Delete as appropriate	Exempt	Non-exempt
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Internal report

SUBJECT: Revised Disciplinary Procedure

1. Synopsis

1.1 This report proposes that a new Disciplinary Procedure be adopted.

2. Recommendations

2.1 To adopt the Disciplinary Procedure in Appendix 1 with effect for all disciplinary processes commenced on or after 1 February 2015.

2.2 To authorise the Assistant Chief Executive, Governance HR, to make minor or consequential changes to the procedure from time to time following discussion with the Trades Unions.

3. Background

3.1 The council's existing disciplinary procedure has been in place since 2009. The procedure needs to be updated and the opportunity has been taken to move the procedure into a similar format to that of other newer procedures to ensure consistency and ease of understanding. The new format provides special sections focussed on the position of those in special circumstances.

3.2 The purpose of the procedure is to provide managers with a structured framework for dealing with instances where employees are alleged not to have met the required standards outlined in the Code of Conduct and other council policies and procedures, while ensuring equality and fairness of the process and complying with statutory requirements and recognised good practice. The new procedure will cover all staff, including staff groups that have transferred into the council over recent years, including

Public Health staff.

3.3 The draft revised procedure is not significantly different from the previous procedure in terms of its effect. It sets out more clearly:

- (a) that witnesses are entitled to be accompanied at investigatory meetings;
- (b) who is responsible for decision making concerning precautionary measures;
- (c) that improper use of email, internet and social media are disciplinary offences;
- (d) the available penalties.

3.4 There are some specific changes worth highlighting as follows:

- (a) It is provided that managers must either have undertaken training or receive a specific briefing from their HR Business Partner before they are able to investigate or present cases. The current procedure says it is strongly recommended that training be undertaken. This provision is more certain. A recent briefing may be more useful than a training session attended some time ago.
- (b) Section 2 specifically covers how this procedure fits in with other procedures. Some of its content was in the current procedure. It has been found with other policies that drawing information on the tricky question of the inter-relation between procedures into one section is helpful for those using the procedure.
- (c) Section 3 covers how the procedures apply to special cases such as to trade union members. Again, some of its content was in the current procedure but it has been found with other policies that drawing this information into one section is helpful to those using the procedure.
- (d) The sections covering DBS certificates has been expanded. There is new specific provision in Appendix 1 concerning the involvement of the LADO where there are concerns about safeguarding. There is an expanded appendix (Appendix 3) concerning steps that apply where an offence has or may have been committed by the employee.
- (e) The minimum warning available under the draft procedure is a 6 months written warning (currently the minimum is a 1 year warning).
- (f) Grounds of appeal are now specified in detail - that no reasonable manager could on balance of probabilities have found the allegations to have been proved and/or imposed the penalty given; or there was a procedural flaw or there is new evidence.

3.5 In terms of its broad effect the procedure continues to provide for:

- (a) Informal action as an alternative to formal action in appropriate cases;
- (b) Precautionary variation or suspension of duties, usually with pay (except where a matter involving fraud or financial irregularity is referred for hearing following an investigation);
- (c) Investigation;
- (d) Formal hearing
- (e) Imposition of penalties ranging from written warnings to dismissal;
- (f) Possible appeal against the decision or penalty. .

3.6 Consultation has taken place with the unions concerning the draft procedure and there are no outstanding issues.

4. Implications

4.1 **Financial implications:**

There are no financial implications arising directly from the report

4.2 **Legal Implications:**

Breach of discipline is a potentially fair reason for dismissal from employment.

The Acas Code of Practice on Disciplinary and Grievance Procedures is admissible in any employment tribunal proceedings and the tribunal has a duty to take into account any relevant provision of the Code in determining those proceedings. In addition, the tribunal can increase an award of compensation by up to 25% if it finds that the Council has unreasonably failed to follow the Code.

The procedure in Appendix 1 has been prepared taking into account the provisions of the Code.

4.3 **Environmental Implications:**

There are no environmental implications arising from this report.

4.4 **Resident Impact Assessment:**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

An equality impact assessment has been undertaken in respect of the draft procedure. Section 3 of the procedure makes special provision for employees with particular protected characteristics. The procedure itself is not considered likely to have an adverse impact on any particular group but as the procedure gives discretion to managers the use of the procedure by managers will be monitored to ensure it is being fairly applied.

5. **Conclusion and reasons for recommendations**

- 5.1 The council's procedures for dealing with misconduct have been reviewed and the revised draft procedure in Appendix 1 has been developed for adoption by the committee.

Appendices

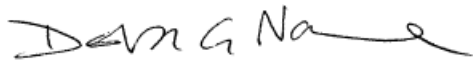
Draft Disciplinary Procedure

Background papers: (available online or on request)

None

Final report clearance:

Signed by:



Debra Norman
Assistant Chief Executive (Governance and
HR)

Date

Received by:

Head of Democratic Services

Date

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Appendix 1

DISCIPLINARY PROCEDURE

1. INTRODUCTION AND GENERAL PRINCIPLES

- 1.1 Islington Council is committed to providing excellent services to the local community and expects its staff to perform and behave in a way that supports this aim.
- 1.2 The disciplinary procedure provides a framework for dealing with instances where employees are alleged not to have met the required standards outlined in the Code of Conduct and other council policies and procedures.
- 1.3 It aims to ensure prompt, consistent and fair treatment for all employees and to assist the employee and the manager in understanding expectations of them.
- 1.4 The procedure has been drawn up with reference to relevant legislation and case law and the ACAS Code of Practice on Disciplinary and Grievances. It has been the subject of formal consultation with the Trade Unions and discussions with the council's equalities staff groups and managers have had the opportunity to comment. It replaces previous disciplinary procedures and applies from XXXX.
- 1.5 The procedure will be applied consistently and fairly to all employees based on the facts of their case. Employees will not be treated less favourably on the grounds of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.
- 1.6 It will apply to all employees for the purposes of dealing with matters of misconduct, cumulative or gross misconduct and cases of criminal conviction, cautions, reprimands or warnings, unless their terms and conditions of employment specify some other procedures for these purposes e.g.:
 - a) Employees during their probationary service (refer to the Probationary Policy and guidelines);
 - b) Staff employed on the Chief Executive and Chief Officer grades;
 - c) School-based staff;
 - d) Apprentices; (refer to the Apprentices guidelines);
 - e) Employees whose continued employment appears to be illegal.
- 1.7 Agency staff are not covered by this procedure and the matter should be referred to the agency.
- 1.8 No formal disciplinary action will be taken until the factual circumstances of a case have been fully investigated.
- 1.9 At all formal stages in the procedure, the employee will be advised in writing of the nature of the alleged offence(s), and will be given the opportunity to challenge the allegations and state their case before any formal action is taken.
- 1.10 All managers must undertake training, or receive a specific briefing from their HR Business Partner, in respect of the Disciplinary Procedure prior to carrying out any investigation or presenting cases to a Hearing Officer. Advice will be available from HR throughout the process and should be taken into account by managers.
- 1.11 Recording of disciplinary interviews, hearings and panel deliberations is not permitted.

Roles and Responsibilities

1.12 The following terms have the following meaning:

“Appeal Officer” means a person appointed by a Senior Manager to hear any appeal arising from the Hearing Officer’s decision.

“Hearing Officer” mean a manager appointed by a Senior Manager to chair the disciplinary hearing.

“Investigating Officer” means a manager identified by a Senior Manager to undertake an investigation.

“Presenting Officer” means the same person as the Investigating Officer unless for some exceptional reason that is not possible.

“Representative” means a trade union official or an accredited trade union representative who has had training recognised by their trade union or an Islington Council colleague who will represent or accompany the employee

“Senior Manager” means a senior manager in the top four tiers of the council’s management structure.

1.13 The responsibilities of Human Resources, managers and employees and their representatives in relation to this procedure are set out in detail in **Appendix 1**.

Representation

1.14 An employee who is the subject of this procedure has the right to consult and be accompanied and/or represented by a Representative at all formal stages set out below. This procedure does not allow for an employee to be accompanied and/or represented by anyone else. This includes attendance at investigatory meetings by the employee who is the subject of disciplinary procedure. Witnesses are also entitled to be accompanied and/or represented by a Representative at investigatory meetings

1.15 Reference to "employee" in this procedure includes her/his Representative.

1.16 If there is any potential conflict of interest involving the chosen Representative or their presence may prejudice the hearing this will be discussed with the relevant parties; e.g. the Hearing Officer, the relevant Branch Secretary or Regional Official or the employee concerned.

1.17 Once a trade union representative has been identified they should be copied into all correspondence to do with the case unless the employee expressly requests that this should not be done. A work colleague will be copied in if the employee requests this. Any relevant communication sent direct to a Representative will also be copied to the employee.

Employee Assistance Programme (EAP)

1.18 It is acknowledged that any employee or manager who is involved in discipline issues can find this difficult. Therefore, the Employee Assistance Programme should be offered to provide support to any employee involved in this process, whether they are the subject of the action or the manager who is taking that action.

2 RELATIONSHIP WITH OTHER PROCEDURES

Code of Conduct

- 2.1 The Code of Conduct sets out the standards expected of all employees. Employees who breach the Code or do not meet the standards outlined in it may be subject to this disciplinary procedure.

Probation Procedure

- 2.2 The council's disciplinary procedure does not apply during a probationary period. The probation policy will apply where employees are dismissed on the basis of unsuitability for confirmation of employment at the end of their probationary period.

Procedure for Managing Poor Work Performance

- 2.3 Where employees are considered not to be performing their duties to a satisfactory standard due to lack of competence, the council's Procedure for Managing Poor Work Performance will apply. However if an employee fails to reach the required standards of performance as a result of carelessness, negligence or gross incompetence or where an employee deliberately refuses to undertake the duties that they are capable of, this procedure will apply.

Sickness

- 2.4 The council's Managing Attendance Procedure will apply when employees are considered medically unfit. Where absence occurs during the formal stages of the disciplinary procedure, these will be addressed under the Managing Attendance Procedure. If an employee is unable to attend a meeting due to ill health they may be represented in their absence if they so choose. If the meeting does not proceed the employee will be referred to occupational health if appropriate. If the meeting has already been postponed once because the employee has not attended due to sickness, the manager may decide to proceed in their absence.

Alcohol, drugs and substance misuse

- 2.5 If it becomes apparent while action is being taken under this procedure that the employee's conduct may be related to alcohol, drug or substance misuse regard should be had to the council's Alcohol, Drugs and Substance Misuse policy.

Grievance procedure

- 2.6. If the employee raises a grievance relating to the case during the course of the investigation or hearing, this should normally be dealt with as part of the Disciplinary Procedure and should form part of the employee's defence. However, consideration should be given as to whether it is appropriate to suspend the disciplinary procedure for a short period while the grievance is dealt with. Where the grievance and disciplinary cases are proceeding separately, but are related, it may be appropriate to deal with both issues within the same timescale and not one after the other. A grievance investigation may lead to disciplinary action.

Bullying and Harassment

- 2.7 Procedures for managing instances of harassment, bullying, victimisation and intimidation are outlined in the Bullying and Harassment FAQs, and may result in referral for action under the Disciplinary Procedure.

Incremental Pay Progression Policy and Pay Protection Policy

- 2.8 Progression through the pay grades is not automatic but depends upon a successful appraisal outcome and meeting objectives. Under this procedure an increment may be withheld as an appropriate penalty and/or if the employee is on protected pay, the protection may be revoked.

Organisational Change

- 2.9 Disciplinary outcomes may be taken into account in the selection process in cases of organisational change and the selection for redundancy.

3 SPECIAL CASES

Trade Union Officials

- 3.1 When a branch secretary of a recognised trade union is subject to any potential disciplinary action, the relevant regional officer must be notified. When a shop steward or convenor is subject to any potential disciplinary action, the relevant branch secretary must be notified.

Employees who are subject to a police investigation, or arrested, charged with a criminal offence or receive a conviction, caution, reprimand or warning

- 3.2 Employees who are the subject of a police investigation, arrested, charged with a criminal offence or receive a caution; reprimand or warning must immediately tell their line manager or a Senior Manager and keep them apprised of the situation. A self disclosure form must also be completed. (see [izzi http://izzi/council/aboutcouncil/performance-policy/policy/Pages/hr-az.aspx?AdditionalPath=/Disclosure and Barring Service \(DBS\)](http://izzi/council/aboutcouncil/performance-policy/policy/Pages/hr-az.aspx?AdditionalPath=/Disclosure%20and%20Barring%20Service%20(DBS)))

This applies to all criminal matters whether or not they are related to work.

- 3.3 An employee who is the subject of civil proceedings need only tell their line manager/or a Senior Manager if the matter is likely to impact on their job role. For example an accounts manager who is declared bankrupt or a children's social worker whose child if the subject of a child care order should advise their line manager / Head of Service immediately.

- 3.4 Employees who receive a fixed penalty for driving offences such as speeding need not declare the offence unless the duties of the employee include any element of driving or road or pedestrian safety, in which case all driving related cautions and offences, including any fixed penalties, must be declared.

- 3.5 **See Appendix 3** for more details on criminal convictions.

Employees who fail to renew their professional registration or DBS certificate

- 3.6 Employees who cannot practice without an up to date registration from their professional body such as social workers and health care workers may be subject to this procedure.

- 3.7 Employees who are required to have or renew their DBS certificate and who fail to produce an up to date certificate in accordance with council policy may be subject to this procedure.

Apprentices

- 3.8 In view of the nature of the apprenticeship contract, a modified version of the procedure applies to them,

Disabled employees

- 3.9 Section 7.11 contain provisions specifically in relation to disabled staff.

4 INFORMAL ACTION

- 4.1 Cases of minor misconduct should be dealt with by the employee's line manager informally and without a delay as part of normal supervisory processes. The manager should speak to the employee in private and bring to their attention the standards required and explain how they appear to have failed to meet those standards.
- 4.2 The purpose of the discussion is to ensure that the employee is encouraged to conduct themselves in accordance with the required standards, understands the nature of the concerns, the expectations of improvements in conduct and where appropriate the timescales and the nature of any support available such as coaching, training or management guidance.
- 4.3 The discussion should be recorded in the supervision notes and manager's file and the individual should be given a copy of the record.
- 4.4 If informal action does not elicit the required standards of conduct, formal disciplinary action may follow (see section 5).
- 4.5 The record in 4.3 above may only be referred to at any future disciplinary hearing if it is used solely as evidence that the member of staff has been advised that such conduct could be seen as a breach of standards of conduct.
- 4.6 There is no right to be accompanied by a Representative at an informal meeting unless there are exceptional circumstances and it has been agreed by the line manager (following consultation with the Representative) that this is necessary.

5 FORMAL ACTION

5.1 Section 5 of the procedure should be used where the informal action has failed to elicit the standards of conduct required or the employee has failed to sustain these standards or the line manager, due to the serious nature of the conduct issue, considers that the matter cannot be dealt with under the informal part of this procedure.

5.2 Formal action may also be instigated following a management investigation that indicates that there may have been an act of misconduct or gross misconduct.

5.3 In such cases the matter will be investigated and the employee concerned may be required to attend a formal disciplinary hearing arranged in accordance with section 6.

5.4 There are four possible stages in the formal procedure. These are taking precautionary measures, investigation, disciplinary hearing and appeal. The timescales for the formal procedure are detailed in Appendix 5. However, should more time be required, then these timescales may be extended by the Senior Manager who will inform the employee and/or their representative.

Precautionary measures

5.5 Cooling-off period

Where the manager considers it appropriate, an employee may be sent off duty for a cooling-off period for the rest of the shift or day on which the incident occurs and no more than one complete shift or day in addition. An employee will receive her/his contractual pay during a cooling-off period.

5.6 Removal from normal duties

An employee may be removed from all or some of her/his normal duties as a precautionary measure pending completion of an investigation into alleged misconduct or gross misconduct (or where the employee has been criminally convicted, or has received a criminal sanction such as caution, warning or reprimand) which is serious enough that if the conduct is established the employee's dismissal may result. The employee may be:

- Placed on limited duties;
- Temporarily transferred to other duties and/or another workplace;
- Provided with work to do at home.

If appropriate advice from the Senior HR Business Partner should be sought.

Suspension

5.7 Where it is untenable for the employee to carry out any duties at all, it may be necessary to suspend the employee from duty pending commencement or completion of the investigation. Suspensions must be agreed by a Senior Manager and reported to the relevant Corporate Director or Assistant Chief Executive. Senior Managers may specify other managers who can make this decision in their absence where it is urgent but the decision must be reviewed by a Senior Manager as soon as practicable.

5.8 For details about the conditions that apply when an employee is suspended from work see **Appendix 6**.

Measures following an investigation

5.9 On completion of an investigation, and if it is decided that the case should be referred for consideration to a formal hearing, measures described in paragraphs 5.1 to 5.7 above may be imposed, continued or amended, pending the formal hearing.

Measures in cases of criminal charges

5.10 Where an employee has been charged with a criminal offence and if the presence of the employee at work would adversely affect the council's interests, other employee and/or the service(s), similar measures to those described in paragraphs 5.1 to 5.7 above may be implemented.

5.11 In such cases suspensions on no pay or reduced pay may be implemented where this is considered appropriate by the Investigating Officer or Senior Manager.

General case management for all measures taken

5.12 All precautionary measures (other than a cooling off period) are subject to the detailed procedures set out in **Appendix 2**. The use of an alternative to suspension from duty does not imply a lessening of the seriousness of the issues under investigation or awaiting consideration at a formal hearing.

5.13 The use of any of the above measures pending completion of an investigation and/or pending a formal hearing is not a disciplinary penalty and does not imply any decision about the merits of the case itself.

Pay during precautionary measures

5.14 An employee who is subject to precautionary measures will normally continue to receive full pay. This must be reviewed regularly and if it is found that the employee is not participating fully in the investigatory process (or, where applicable, complying with the terms of their suspension) then consideration may be given to a review of their pay in line with the duties undertaken or, if they are suspended, suspending or reducing their pay.

5.15 A suspension following an investigation involving fraud or financial irregularity or a criminal charge, or in other exceptional circumstances, may be on no or reduced pay.

Misconduct and Gross Misconduct

5.16 Misconduct is conduct which falls short of the standards required by the council but which on its own is not sufficiently serious to result in summary dismissal (i.e. dismissal without notice).

5.17 Gross misconduct is misconduct which is serious enough to destroy the contract between Islington Council and the employee and to make any further relationship of trust impossible in relation to their continued presence at work and which justifies dismissal without notice.

5.18 In determining the seriousness of an offence, factors to be considered include the type and extent of the offence(s), the recurrence of the offence(s), the consequences of the offence(s) the employee's job and the level of responsibility.

5.19 Examples of misconduct and gross misconduct are in Appendix 4.

Investigations

5.20 Before a formal hearing is arranged the matter should be fully investigated within the agreed timescales in accordance with Appendix 5 to establish the facts of the case. Other than in exceptional circumstances the employee and any witnesses will be interviewed as part of this investigation. If the employee or any witness wishes to have a Representative with them for support during any interview, this will exceptionally be allowed, subject to 1.16.

5.21 If at any time during the initial investigative interview, it becomes clear that formal disciplinary action is likely be initiated in respect of the employee, then following or during that interview, the Investigating Officer or employee may request to reconvene at a later date so that the employee may be allowed the right to a Representative if they do not already have representation.

5.22 Once the investigation has been completed, the employee will be informed of the proposed action:

- That it is considered there is a case to answer and the allegations will be referred for hearing by an appropriate manager as defined in section 1.12; or
- That the matter will be dealt with informally; or
- That the matter will be dealt with under the Procedure for Managing Poor Work Performance;
- That some other action will be taken; or
- That no further action will be taken.

6 ARRANGEMENTS FOR A FORMAL HEARING

Preliminary arrangements for hearing the case

6.1 If as a result of their investigation the Investigating Officer considers that the employee has committed a disciplinary offence, the employee will be invited to a formal disciplinary hearing and given a minimum of eight clear working days written notice of:

- a. The date, time and place of the hearing.
- b. Details of the allegations(s) against them (including if relevant, the relevance of a criminal conviction to their employment).
- c. Their right to a Representative (see section 1.14 above).
- d. That the hearing may proceed in their absence if they fail to attend (without a satisfactory reason) using all available information known at that point
- e. The name and designation of the manager who will hear the case, and the range of penalties that they may impose.
- f. Details of any witnesses to be called by the Presenting Officer.
- g. Where appropriate, that the charge(s) under consideration could result in dismissal if established, because: it (they) could be considered as gross misconduct or of the existence of a previous disciplinary record.
- h. If appropriate, a warning that consideration may be given to recovery (usually made by deductions from pay) of any financial loss to the council as a direct result of any misconduct or criminal conviction.
- i. That the investigation report and management documents are enclosed/attached or when they will be made available.
- j. That a copy of this procedure is enclosed/attached.

6.2 It is anticipated that the Presenting Officer will produce a complete investigatory pack. However, any additional evidence gathered by the employee (and Presenting Officer in exceptional circumstances) as part of the investigations must be provided to the HR Business Partner at least three working days before the hearing, and may be used in evidence at the hearing.

6.3 The Hearing/Presenting Officer will normally issue the investigatory pack by email unless specifically requested otherwise by the employee or their Representative. If the pack exceeds 5 separate attachments the hearing/presenting officer will prepare a paginated hard copy of all papers which are received 8 clear days in advance of the hearing, for collection by the employee or their representative, unless otherwise agreed with the employee or their representative. These papers should be retained for any possible appeal as further hard copies will not be provided

6.4 If the employee is calling witnesses, then the list of names also must be submitted to the HR Business Partner at least three working days before the hearing.

6.5 Any documentation/statements should be supported by attendance at the hearing of any witnesses, so as to allow the employee/management the opportunity to question each witness.

6.6 In exceptional circumstances the Hearing Officer may allow additional documents to be presented at the hearing, if they could not have reasonably been presented within the stipulated time, and subject to the other party being allowed to seek an adjournment or agreed temporary postponement.

6.7 Employees are expected to prepare their case in their own time. In exceptional circumstances, and with the express written approval of their line manager, this may be done during working hours.

6.8 It is expected that hearing meetings will be arranged within an employee's working hours except where this is impractical. Employees attending their own disciplinary hearing/appeal will not be paid for any additional hours outside of their normal hours of work, nor will they receive any subsistence allowances or travelling expenses.

6.9 A copy of the charge(s)/details of the conviction, where relevant, and the documentation sent to and received from the employee, should be received by the manager hearing the case at least three working days before the hearing.

Procedure at the hearing

6.10 Each party will be responsible for bringing their own documentation to the hearing.

6.11 A note of the proceedings at the hearing will be taken. It is not necessary that this is a verbatim record but it should give an adequate account of proceedings.

6.12 The Hearing Officer (and her/his adviser) will introduce all present and explain the purpose of the hearing. They may ask questions of, or seek clarification from, either party or witnesses at any stage.

- 6.13 Both the employee and the Presenting Officer will be asked if they intend to call witnesses.
- 6.14 The employee will be asked to indicate whether:
- a) **in the case of alleged misconduct** s/he admits the charges as set out in the letter convening the hearing; **OR**
 - b) **in considering a criminal conviction** the details of the criminal conviction are correct.
- 6.15 Where the charge(s) is **admitted** or a criminal conviction(s) is being considered, **proceed as Appendix 7.**
- 6.16 Where the charge(s) is **not admitted** proceed as **Appendix 8.**
- Penalties following a formal hearing**
- 6.17 The full range of penalties open to managers is listed in **Appendix 9.** The minimum penalty available is a written warning.. Written/final written warnings may be awarded on their own or combined with other penalties as detailed in the Appendix. The lengths of time that the written/final written warning remains in effect (currency), when awarded on its own or in conjunction with another penalty, are also listed in that Appendix.
- 6.18 In deciding on the appropriate penalty the seriousness of the offence, the individual's disciplinary record and general service and any mitigating circumstances should be taken into account.
- 6.19 No employee will be dismissed for a finding of misconduct except in the case of gross misconduct (including cumulative or persistent acts of misconduct).
- 6.20 A copy of a written warning will be kept on the employee's personal file but will be disregarded for formal disciplinary purposes after it ceases to be current.
- 6.21 In the event that the Hearing Officer decides not to impose a penalty, the Hearing Officer may nonetheless consider it would be beneficial for the employee to be notified in writing of the standards of behaviour expected in relation to the matters that have been the subject of the proceedings. The Hearing Officer may undertake this personally or may propose that the line manager meet with the employee to discuss the area(s) that have been of concern and then notify the employee in writing of:
- the standards expected of them including the reason(s) for the standards being set,
 - improvement(s) required,
 - period of review, (not exceeding one year)
 - confirmation that this notification will not form part of any formal action(s) other than as set out as 6.22
- 6.22 A copy of the letter/email and/or file note and /or any associated documentation must be kept on file and may only be referred to at any future disciplinary hearing if it is used solely as evidence that the member of staff has been advised that such conduct could be seen as a breach of standards of conduct.

7. APPEAL PROCEDURE

7.1 The employee must be informed that they have a right of appeal on the grounds stated in 7.3 below and that the appeal will be considered by a more senior manager within that service area or a service manager in a different service area.

7.2 The employee must also be informed that:

- Any appeal must be registered in writing with their Service Manager or Head of Service within ten working days of receipt of the letter confirming the outcome of the hearing and notes of the hearing.
- They can be represented at the appeal by a Representative.
- Paperwork used for the hearing should be retained for any appeal and further hard copies will not be provided.

Grounds of appeal

7.3 In the case of misconduct and gross misconduct an employee may appeal against the following:

- (i) The decision to uphold the allegations(s) and the penalty (ies) imposed; or
- (ii) The penalty(ies) only;

on the grounds that:

- No reasonable manager could have found the allegations to have been proved on balance of probabilities and/or imposed the penalties that were imposed
- There was a procedural flaw which had a material affect on the decision; and/or
- There is new evidence which the employee wishes to introduce which could not reasonably have been raised at the time of the original hearing and the absence of which had a material affect on the decision to dismiss.

7.4 In the case of a criminal conviction an employee may only appeal against the penalty that has been imposed.

7.5 After registering an appeal and the grounds of the appeal the employee must provide full details as soon as is practicable but no later than three working days before the appeal date.

7.6 Where the grounds of appeal allege that the procedure at the original hearing seriously breached this procedure, the advice of a Senior Human Resources Business Partner will be sought and the Senior Human Resources Business Partner may, after consulting the Head of Policy and HR Business Partners/Head of HR and taking the advice of the council's legal advisers as necessary, decide to immediately refer the case for a re-hearing by an appropriate manager rather than referring the matter to the Appeal Officer. This decision is final with no further right of appeal.

7.7 If the result of an appeal hearing is a re-hearing, or if HR refers the matter to be reheard under 7.6, then all penalties will be lifted until the decision is known.

Process

7.8 An appeal will be considered by a more senior manager than the Hearing Officer, except where the decision at the original hearing was taken by a Senior Manager, in which event the appeal may be considered by another Senior Manager or the Chief Executive.

7.9 A manager will not hear an appeal if they were personally involved in giving evidence at the original hearing or if they are the manager who heard the case originally.

Notice of the Appeal Hearing

7.10 The employee will be given at least five working days' notice of the date, time and place of the hearing.

7.11 The letter notifying the employee of the hearing shall also advise them of the following:

1. Right to Representation

The right to a Representative, or where it would be a reasonable adjustment under the Equality Act, the right to appropriate external support – to be agreed beforehand by the Appeal manager

2. Non-attendance at the hearing

That the hearing may proceed in the absence of the employee if s/he fails to attend the hearing without any reasonable justification.

3. Forum for hearing the appeal

- The name of the Appeal Officer who will hear the appeal;
- That the Hearing Officer will present the management case;
- That the Appeal Officer may decide to:
 - Uphold the decision already made;
 - Change the decision which could result in a more or less severe penalty;
 - Refer the matter for a rehearing if there has been a significant procedural breach.

Documentation

7.12 A copy of the papers from the original hearing together with a copy of the notes of the original hearing will be emailed by the Hearing Officer to the Appeal Officer and the employees within five working days of the appeal being lodged. The parties are responsible for bringing their own papers to the appeal hearing.

7.13 If any further written documentation is to be presented by the employee in support of their appeal this should be provided to the Appeal Officer at least three working days prior to the appeal hearing. New evidence may only be introduced if it has become available since the date of the original hearing and its existence could not have been reasonably known of or foreseen before that hearing.

7.14 The employee shall also be provided with a copy of this procedure.

7.15 The procedure at an appeal is set out in **Appendix 10**.

8 REVIEW OF PROCEDURE

8.1 This procedure will be reviewed twelve months from its implementation date and a resident impact assessment undertaken.

List of Appendixes

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APPENDIX 1

Disciplinary Procedure Roles and Responsibilities

1 Human Resources (HR) Responsibilities

- 1.1 HR will provide the training, support and briefings on the disciplinary and grievance procedures for managers as appropriate.
- 1.2 HR will support and advise managers during the investigation and appeals process where required. Their role will not include taking minutes.
- 1.3 HR will treat information relating to the disciplinary issue confidentially, except to the extent that disclosure is appropriate in the course of the investigation or hearing or appeal or, in court or tribunal proceedings or at the employee requests that their own information be disclosed.
- 1.4 In conjunction with the Investigating Officer, HR will ensure that the various stages of the procedure, including agreements and notes of meetings, are recorded in the employee's personal file and copies made available to the employee.
- 1.5 In conjunction with the Investigating Officer, where HR is directly involved, they will ensure that deadlines in this procedure are adhered to, and where this is not practical, that the employee is advised of the delay and reasons for it. A timescale for the investigation should be agreed with the Senior Manager and Investigating Officer and they should identify any factors which could result in delay and steps which could minimise their impact.
- 1.6 HR will advise on alternatives to suspension such as restricted duties or work from other locations.
- 1.7 HR will monitor all suspensions which last for more than one month and these will be referred to Senior Managers with recommendations for resolving them promptly.
- 1.8 HR will maintain model letters for use by the Investigating Officer at all stages.
- 1.9 HR will monitor all disciplinary issues including outcomes for equalities and other implications.
- 1.10 Where necessary, HR will liaise with the relevant Senior Manager to agree the appointment of an appropriate Investigating Officer, for example when a cross-departmental disciplinary matter has been raised.
- 1.11 Where possible HR will always be present at cases involving gross misconduct and at any hearing and appeal.
- 1.12 HR will ensure that all formal disciplinary action is recorded on Human Resources database.

2 Hearing Officer's Responsibilities

- 2.1 To ensure that procedures have been adhered to.
- 2.2 To hear the case and base their decision on the balance of probabilities using information provided to them for the hearing.
- 2.3 To make a decision regarding allowing independent observers (i.e. either Islington Council staff or recognised trade union representatives) subject to all parties agreeing to such request.
- 2.4 To arrange hearings within an employee's core working hours except where they do shift work.

3 Investigating/Presenting Officer's responsibilities

- 3.1 Islington Council strongly recommends that managers undertake disciplinary training prior to carrying out any investigation or presenting cases to a Hearing Officer and take advice from HR throughout the process.
- 3.2 In cases where there are concerns around safeguarding the Investigating Officer or the senior manager as appropriate will seek advice from the Local Authority Designated Officer (LADO).
- 3.3 In cases where the LADO or Police or other professional body are involved it is the responsibility of the Investigating Officer to keep all parties concerned updated on any developments (e.g. if Police are not pursuing matters).
- 3.4 The Investigating Officer should arrange meetings as necessary and interview all parties - i.e. alleged offender, complainant, any witnesses and take statements where possible.

- 3.5 The Investigating Officer should arrange at a local level for a note taker where one is required to take all notes of the investigatory interviews and meetings.
- 3.6 The notes of any investigatory interviews should be provided to the interviewee for any comments and be signed and dated.
- 3.7 The Investigating Officer should ensure that all information is gathered with integrity and witnesses are not subject to undue pressure.
- 3.8 The Investigating Officer should normally complete the investigation within 20 working days. Any delay should be communicated to all concerned parties. A timescale for the investigation should be agreed with the Senior Manager and HR and it should identify any factors which could result in delay and steps which could minimise their impact.
- 3.9 The Investigating Officer and HR will refer any recommendations for suspension to a Senior Manager and will consider all suspensions which last for more than one month and these will be referred to the Senior Managers with recommendations for resolving them promptly.
- 3.10 Following any investigations, the Investigating Officer should notify the alleged offender either via a meeting or in writing. He/she should produce a report containing the findings and recommendations. Where it's not practical to produce the report within the normal timescale, the Investigating Officer should keep the employee informed of progress on the investigation and an agreement should be reached on amended timings. If no agreement can be reached then the manager must inform the employee of the amended timings.
- 3.11 If following the investigation, there is no substantial evidence, then the alleged offender will be notified in writing and all records removed from the personal file.
- 3.12 If, following the investigation, there is evidence to proceed to a hearing, the Investigating Officer will present the case as the Presenting Officer.
- 3.13 If the Presenting Officer intends to call witnesses at the disciplinary hearing, they will be responsible for arranging their attendance.

4 Employee's Responsibilities

- 4.1 The employee concerned should give the manager the name of the individual they have chosen to accompany or represent them and, if they are a recognised trade union official, which union they represent.
- 4.2 The employee concerned is required to attend investigatory interviews. Where they fail to attend without a reasonable explanation, then information may be gathered in their absence by those who acknowledged or witnessed the situation taking into consideration the reasons for non – attendance otherwise a temporary adjournment may be considered.
- 4.3 If non – attendance is due to a medical reason, then a medical certificate/fit note must be submitted outlining the reasons for the non-attendance. Where the employee is unable to attend any formal investigatory interviews, then they must arrange representation on their behalf or submit written statements.
- 4.4 If the employee concerned intends to call witnesses at the disciplinary hearing, they will be responsible for arranging their attendance.

5 Responsibilities of Representatives

- 5.1 The Representative has the legal right to put the employee's case, consult with the employee, sum up the case and respond on the employee's behalf, to any views expressed at the hearing.
- 5.2 If the Representative is not available on the fixed date for a hearing, then in accordance with section 10 of the Employment Relations Act 1999 (ERA 99), they can request a postponement provided that the alternative date is reasonable and is not more than five working days after the date of the original hearing or is a date arranged by mutual agreement between the parties.
- 5.3 Employees who act as Representatives at hearings including appeals are entitled to reasonable time off with pay during working hours to perform in these functions and to also receive appropriate training. Acting as a Representative in any investigatory interviews/meetings is voluntary and should be carried out in the employee's own time. No detrimental action will be taken against the Representative because they choose to act, or refuse to act, on behalf of another Islington Council colleague. Any time off has to be agreed in advance with their line manager and supporting evidence supplied if requested.

5.4 If the employee concerned intends to call witnesses at the disciplinary hearing, they will be responsible for arranging their attendance.

6 Note Taker's Responsibilities

6.1 To take notes and ensure that they are given to all parties for approval. These should be given to the Investigating Officer or Hearing Officer first then the other members of the meeting.

7 Senior Manager's Responsibilities

7.1 To authorise any changes to employees' working arrangements/duties or suspensions or delegate to specified managers in service areas. Suspensions must be agreed by a Senior Manager and reported to the Corporate Director.

7.2 To identify an Investigating Officer.

7.3 To consider all suspensions referred to them which last for more than one month and actions which could be put in place to resolve them promptly and to review this on a monthly basis.

8 All Employees

8.1 All employees are expected to contribute to the successful implementation of this procedure, to help ensure the council's standards and Code of Conduct are met.

8.2 Professionally registered staff may also have obligations to do so under the terms of their professional registration.

Appendix 2

Procedures governing precautionary measures

- 1 Senior Managers are responsible for authorising any changes to an employee's pay, working arrangements/duties or suspensions. Senior Managers may authorise other managers to take this decision if it is urgent but the decision must be reviewed by a Senior Manager as soon as practicable, particularly in the case of a suspension. The HR Business Partner or their nominated representative should also be notified.
- 2 If the appropriate Senior Manager (and authorised manager) are unavailable to sanction a suspension from duty (or some other appropriate measure), and circumstances are such that an employee should no longer remain at work, the line manager/supervisor or other responsible manager may make the decision to suspend. However, such action by a manager/supervisor should be agreed by a Senior Manager as soon as practicable.
- 3 The Senior Manager should identify an Investigating Officer as soon as possible after the day the suspension or other precautionary measure is authorised.
- 4 The employee must be advised, in writing of the following matters:
 - of the conditions attached to any changes in their working arrangements/duties or suspension from duty.
 - that failure to comply with the investigatory/formal disciplinary process is a further disciplinary offence and this includes:
 - failure to comply without permission to any of the conditions set under the procedure by their Line Manager or Senior Manager
 - failure to co-operate with an investigation/impeding an investigation, and the destruction and alteration of evidence.
- 5 An employee suspended from duty with pay must be advised that their pay may be stopped immediately if they fail to comply to the conditions set or co-operate in the investigatory/formal disciplinary process. The letter should state the provisions of paragraph 5.10-5.11(criminal charges) and, as appropriate, paragraphs 5.14.- 5.15 of the main procedure.
- 6 Changes to an employee's working duties as a precautionary measure pending completion of an investigation or pending a formal hearing must be reviewed by the appropriate Senior Manager (or authorised manager) on a regular basis.
- 7 An employee on no or reduced pay suspension will be entitled to reimbursement of any loss of pay if formal disciplinary action does not proceed or the complaint(s) at a formal hearing is not substantiated.

APPENDIX 3

DISCIPLINARY PROCEDURE

Employees who are subject to a police investigation, or arrested, charged with a criminal offence or receive a conviction, caution, reprimand or warning

1. In this procedure the term "convicted" or "conviction" includes being bound over or cautioned or receiving a reprimand or warning from the police or a court.
2. If an employee is charged with, or convicted of, a criminal offence not related to work, this is not necessarily a reason for disciplinary action. The manager should establish the facts of the case and consider whether the matter is serious enough to warrant starting the disciplinary procedure. The main consideration should be whether the offence, or alleged offence, is one that makes the employee unsuitable for their type of work.
3. An employee will not be dismissed only because they are absent from work as a result of being remanded in custody. In all such cases an investigation should be carried out in the first instance to determine whether disciplinary action is necessary.
4. An employee will normally be dismissed automatically if through criminal conviction or other professional misconduct they lose their professional registration or are placed on a DBS Barred List.
5. A DBS check will be undertaken following a criminal conviction or police investigation in cases where an employee is in a post designated as one requiring a DBS check.
6. Where a criminal offence occurs on the council's premises or with council property the normal disciplinary procedure will be followed and the Investigating Officer will contact the police with a view to a criminal charge being made.
7. Where a disciplinary offence is also subject to a criminal investigation, the council may suspend the disciplinary process until the criminal investigation and legal proceedings have concluded. However, the fact that the police are unable, unwilling or not yet able to proceed does not automatically preclude the council from progressing its own disciplinary action before the commencement or conclusion of police proceedings.

APPENDIX 4

DISCIPLINARY PROCEDURE

Examples of Misconduct and Gross Misconduct

1 MISCONDUCT

- 1.1 It is impossible to list every type of act which would result in disciplinary action for misconduct. The examples of misconduct below are given so that employees have a general understanding of the type of act that would result in such action:
- a) Failure or refusal to follow/comply with reasonable management instruction(s) including failure to wear personal protective clothing / equipment (PPE).
 - b) Continued unauthorised absence, failure to follow attendance and time keeping requirements.
 - c) Continued failure to follow organisation procedures.
 - d) Wilful or negligent failure to sustain satisfactory standards of work.
 - e) Breach of the Employee Code of Conduct.
 - f) Breach of Health and Safety.
 - g) At work using a mobile phone whilst driving or failure to wear a seat belt as required by legislation.

2 GROSS MISCONDUCT

- 2.1 Gross misconduct is misconduct which is serious enough to destroy the contract between Islington Council and the employee, and to make any further relationship of trust and confidence impossible in relation to their continued presence at work. It is impossible to list every type of act which would result in disciplinary action for gross misconduct. The examples of gross misconduct below are given so that employees have a general understanding of the type of act that would result in such action:
- a) intentional direct and indirect discrimination (including harassment) and intentional victimisation against any Islington Council member of staff, stakeholders/clients or members of the public on the grounds of race, sex, sexual orientation, disability, age, gender reassignment, marriage and civil partnership, pregnancy and maternity or religious belief;
 - b) theft, unauthorised possession or removal of property belonging to Islington Council, any member of staff, stakeholders/clients or members of the public;
 - c) serious failure to comply with the Code of Conduct;
 - d) dishonest conduct;
 - e) inappropriate sexual conduct;
 - f) physical assault, fighting and threats of violence;
 - g) falsification of information, timesheets, subsistence and expenses claims etc. or inappropriate use of council's season ticket loan or other loan schemes;
 - h) malicious or reckless damage to Islington Council property;
 - i) corruption;
 - j) serious incapability for work due to being under the influence of alcohol or drugs;
 - k) evasion of payments due to Islington Council or its service partners (including non-disclosure or those who fail to make payment within an agreed reasonable timeframe);
 - l) fraudulent claims for benefits, including housing benefit, Council Tax and income support;
 - m) cumulative or persistent acts of misconduct;
 - n) gross negligence;
 - o) gross incompetence;

- p) unauthorised access to/disclosure of confidential information;
- q) being an accessory to an act of gross misconduct;
- r) knowingly providing false evidence in relation to a disciplinary matter;
- s) unauthorised employment during working hours, sick leave and special leave;
- t) bringing Islington Council into disrepute (lack or decline of good reputation);
- u) undermining trust and confidence;
- v) conduct which jeopardises health and safety;
- w) serious failure to comply with Islington council's Dignity for All policy;
- x) abuse or unauthorised use of Islington council property or facilities i.e. office equipment (internet, email, mobile phone, credit/purchase card), tools,;
- y) serious criminal convictions;
- z) breach of the council's Data Protection policies;
- aa) improper use of an employee's position for his/her or another's private advantage, or an attempt to do so;
- bb) improper use of e-mails, internet and social media.
- cc) driving at work whilst under the influence of drink/ drugs.
- dd) fraudulently / deliberately overstaying your visa restrictions.
- ee) failure to comply with the drug and alcohol testing policy.
- ff) victimisation of whistleblowers.

2.2 This list is neither exclusive nor exhaustive and there may be other offences of similar gravity, which would also constitute gross misconduct. Therefore, the list can only be regarded as illustrative.

2.3 In determining the seriousness of an offence, factors need to be determined in relation to the seriousness of an offence, the type and extent of the offence(s), the recurrence of the offence(s), the consequences of the offence(s) and the level of the employee's job and their position of responsibility.

APPENDIX 5

DISCIPLINARY PROCEDURE

FORMAL ACTION – MAIN TIMESCALES

In cases of alleged misconduct/gross misconduct: the following steps apply:

- 1 Decision to be taken on whether cooling-off or precautionary measures are to be used. If this decision is taken by a manager below Senior Manager, it must be agreed by them and reported to the Corporate Director as soon as it is practicable.
- 2 The Investigating Officer to write to the employee as soon as possible to advise them of the alleged misconduct or gross misconduct and to confirm any cooling-off or precautionary measures. Ideally, the date for the investigation meeting should be included in this letter. (Letter 1, 2 or 3 to be used.)
- 3 Investigation to commence: The Investigating Officer to meet with employee and any witnesses and gather any relevant information. Aim to conclude the investigation within **20 working days** (see paragraph 3.8 of Appendix 1) of the start of the investigation for misconduct or gross misconduct. Employee to be advised about any delay to this timescale. (Letter 4 to be used for witnesses.)
- 4 At the end of investigation, decision to be taken on outcome and report to be written (Model Management Report DL13 can be used):
 - No action to be taken – let employee know and confirm in writing (Letter 5 to be used.)
 - Deal with the matter informally – meet with employee to look at issues, including reminding the employee of required standards as set out at 6.21 if appropriate and confirm in writing (Letter 6 to be used.)
 - Competence issue – refer to Poor Work Performance Procedure and confirm in writing (Letter 7 to be used.)
 - Proceed to disciplinary hearing – write to the employee to confirm and follow up in writing with the papers to be used at the hearing. Allow at least **eight working days** (see paragraph 6.1) between receipt of letter and hearing date. (Letter 8 or 9 to be used.)
 - That some other action will be taken
- 4 Hearing to take place, with at least **eight working days'** notice (see paragraph 6.1) (not including the day the letter is sent out and the day of the hearing), and decision to be sent to employee within **five working days** of the hearing (see Appendix 7 and 8).
- 5 If the employee fails to attend through circumstances outside their control and unforeseeable at the time the meeting was arranged or if their Representative is unable to attend, the employee can suggest another date as long as it is reasonable and not more than five working days after the date originally proposed. This five-day time limit may be extended by mutual agreement.
- 7 Employee has the right to appeal within **ten working days** (see paragraph 7.2) of the date of the letter confirming the outcome of the hearing. (Letter 10 to be used.)
- 8 Appeal to take place as soon as possible, with at least **five working days'** notice, (see paragraph 7.10) and decision to be sent to employee within **five working days** of the appeal. (Letter 11 and 12 to be used).
- 9 At each stage the relevant officer should make sure that the employee is kept informed of any delays to the above timescales.

APPENDIX 6

DISCIPLINARY PROCEDURE

Conditions that apply during suspension from work

- 1 Where an employee is suspended from work, the following conditions apply:
 - All council property, e.g. mobile phones, laptops, electrical equipment, files, name badge, keys, must be handed in to a named manager.
 - The employee should not enter any council premises without prior arrangement with the manager.
 - The employee should not contact any council employee or contractor or supplier without prior agreement from the manager.
 - The employee should not contact service users or staff of any named workplace without prior agreement from the manager.
 - The employee should be available at all times during their normal working hours to assist with the investigation and attend meetings as required .
 - If an employee is sick, the normal notification and certification requirements of the council sick pay scheme will apply.
 - If an employee wishes to apply for annual leave during a suspension this should be done through their line manager. Employees can continue to take annual leave during a suspension.
- 2 Employees can contact their trade union representative and meet with them by arrangement on council premises, if necessary. Employees should also be allowed access to information to prepare their defence.
- 3 Employees who are residents of the borough may still conduct business with the council as a resident – e.g. going to a council office to pay their council tax or take their child to school.
- 4 Failure to comply with the above conditions without permission, failure to co-operate with an investigation, impeding an investigation and the destruction and/or alteration of evidence are disciplinary offences in themselves and may render an employee liable for further disciplinary action and/or withholding of pay.

APPENDIX 7

DISCIPLINARY PROCEDURE

Procedure where the charge is admitted or criminal conviction is being considered

This procedure should be followed in cases where the allegation(s) charge is admitted or criminal conviction is being considered. See paragraph 6 in the main disciplinary procedure – Arrangements for a Formal Hearing.

1. The Presenting Officer gives a brief outline of the case.
2. The Presenting Officer gives the employee's general employment record with Islington council including, but not necessarily limited to post, length of service and any informal/formal disciplinary action on file. The Presenting Officer will be asked if there are any expired warnings relevant to the allegation(s) or any current warnings on file before a penalty is decided. The employee may challenge any of the details given.
3. The employee may make a brief statement and present mitigation (e.g. as to their personal circumstances) with reasons why a lenient penalty would be appropriate and s/he may call character witnesses (or present written statements). The Presenting Officer may question or challenge any information given.
4. The Hearing Officer and her/his adviser, if present, may question either party and/or witnesses at any time in the hearing.
5. Both parties leave the hearing.

The Hearing Officer decides the appropriate penalty (ies). **See Appendix 9** taking into account:

- The seriousness of the offence
- The individual's disciplinary record and general service
- Any mitigating circumstances
- Whether the proposed penalty is reasonable in the circumstances
- The need to ensure consistency of treatment of employees

6. Both parties are recalled or, if the employee agrees, written to and informed of the disciplinary action to be taken. All decisions are implemented with immediate effect.
7. The employee is informed that s/he may appeal in writing to the Senior Manager within five working days of the date of receipt of the letter notifying the outcome of the hearing on the grounds set out in paragraph 7.3 of the disciplinary procedure.
8. Following the hearing:

Written notification of the decision will be given to the employee within five working days of the hearing including the reasons for the outcome, any recommendations, action, penalty, implications and consequences of any potential future misconduct or gross misconduct, effective date of the penalty, right of appeal, any further action required and potentially the lifting of suspension (where appropriate) and return to work.

APPENDIX 8

DISCIPLINARY PROCEDURE

Procedure where the allegation(s)/charge is NOT admitted

This procedure should be followed in cases where the allegation(s)/charge (s) is NOT admitted. (See paragraph 6 in the main disciplinary procedure – Arrangements for a Formal Hearing). Witnesses may be released by the Hearing Officer in consultation with all parties after giving their evidence

- The Presenting Officer presents the case. The Presenting Officer gives evidence of the complaint and calls any witnesses.
- The employee may question the Presenting Officer and any witnesses.
- The Hearing Officer and her/his adviser, if present, may question either party and/or witnesses at any time in the hearing.
- The Presenting Officer may re-examine the witnesses on matters raised for clarity. The employee presents their defence. The employee gives evidence and calls any witnesses.
- The Presenting Officer may question the employee directly and any witnesses.
- The employee may re-examine the witnesses on matters raised for clarity. The Presenting Officer makes a closing statement, followed by the employee. No new evidence can be introduced in or after the closing statements.
- Both parties leave the hearing room.
- The Hearing Officer decides whether, on the balance of probabilities, the charges are substantiated or not.
- The Hearing Officer may recall any of the people involved in the case if any clarity is required on the basis of only the information submitted and presented but not new evidence.
- Both parties return to the hearing room and are informed of the decision. If the decision is not to uphold the complaint the hearing ends and the employee will be notified in writing within five working days of the hearing. If the decision is to uphold the complaint the hearing will proceed as follows.
- The Presenting Officer gives the employee's general employment record with Islington Council including, but not limited to post, length of service and any informal/formal disciplinary action on file. The Presenting Officer will be asked if there are any relevant expired or any current warnings on file before a penalty is decided. The employee may challenge any of the details given.
- The employee may make a brief statement and present mitigation (e.g. as to her/his personal circumstances) with reasons why a lenient penalty would be appropriate and s/he may call character witnesses (or present written statements). The Presenting Officer may question or challenge any information given.
- Both parties leave the hearing.
- The Hearing Officer decides the appropriate disciplinary penalty(ies). See **Appendix 9** taking into account:
 - The seriousness of the offence
 - The individual's disciplinary record and general service
 - Any mitigating circumstances
 - Whether the proposed penalty is reasonable in the circumstances
 - The need to ensure consistency of treatment of employees
- Both parties are recalled or, if the employee agrees, written to and informed of the disciplinary action to be taken. All decisions are implemented with immediate effect.
- Where the evidence is not conclusive then the decision will be based on the balance of probabilities taking all verbal and submitted evidence into consideration.

- The employee is informed that s/he may appeal in writing to the relevant Senior Manager within ten working days of the date of the letter notifying the outcome of the hearing, on the grounds set out in paragraph 7.3 of the disciplinary procedure.

Following the hearing:

- Written notification of the decision will be given to the employee including the reasons for the outcome, any recommendations, action, penalty, implications and consequences of any potential future misconduct or gross misconduct, effective date of the penalty, right of appeal, any further action required and potentially the lifting of suspension (where appropriate) and return to work, within five working days of the hearing.

DISCIPLINARY PROCEDURE - APPENDIX 9

List of Penalties

Below is the list of penalties that may be imposed as referred to in paragraph 6.17 of the disciplinary procedure, when they might be appropriate and the category of officers with delegated authority to impose that penalty.

Penalty	When to consider	Management Level	Duration of warning
Summary dismissal for gross misconduct.	Gross misconduct has been committed.	Senior Manager	
Dismissal with notice or payment in lieu of notice.	A final written warning is not appropriate due to the seriousness of the offence or there is a current final written warning already in place and a further minor offence is committed or there is a current ordinary warning already in place and a serious offence or series of minor offences has been committed.	Senior Manager	
<p>Final written warning combined one or more of the following:</p> <ul style="list-style-type: none"> (i) Loss of increments within the employee's current salary scale. This would usually be one increment but the maximum would be the bottom of the scale. (ii) Transfer to another post on the same or equivalent grade. (iii) Recovery of financial loss to Islington Council. (iv) Withdrawal and/or removal of eligibility for of a threshold payment for employees on grades or salary level PO9 or above during the currency of a disciplinary penalty. (v) Revision of pay protection 	<p>An ordinary written warning is not appropriate due to the seriousness of the offence or there is a current ordinary warning already in place and a further minor offence has been committed.</p> <p>(ii) this is only available where there is a reason to do so arising from the matters heard at the disciplinary hearing, e.g. moving to a post not requiring cash handling and the hearing or appeal officer has checked that such a vacancy exists. If the employee refuses the transfer the hearing or appeal officer may consider that dismissal is the appropriate sanction.</p>	Hearing or Appeal Officer	1 to 3 years

(vi) Termination of an honorarium payment or market supplement.	(vi) this is only available where the additional duties are also terminated.		
Final written warning (that further proven misconduct may result in dismissal).	An ordinary written warning is not appropriate due to the seriousness of the offence or there is a current ordinary warning already in place and a further minor offence has been committed.	Hearing or Appeal Officer	1 to 3 years
Written warning (about future conduct) combined with one or more of the following: <ul style="list-style-type: none"> • Withdrawal and/or removal of eligibility for of a threshold payment for employees on grades or salary level PO9 or above during the currency of a disciplinary penalty. • Termination of an honorarium payment. 	Informal corrective action is not appropriate or has been undertaken but has not secured the required improvement in conduct.	Hearing or Appeal Officer	6 months to 3 years
Written warning (about future conduct)	Informal corrective action is not appropriate due to the seriousness of the offence or has been undertaken but has not secured the required improvement in conduct.	Hearing or Appeal Officer	6 months to 3 years

- * The loss of an increment can be effected immediately i.e. the employee's salary is reduced with immediate effect. Annual incremental progression thereafter is based on the date of the hearing at which the penalty was imposed..

APPENDIX 10

DISCIPLINARY PROCEDURE

Procedure at an Appeal Hearing

Outlined below is the procedure for an appeal hearing. (See paragraph 7 of the disciplinary procedure.)

- The appeal is not a rehearing but is intended to review the decisions at the original hearing and decide whether they were reasonable in the circumstances.
- Witnesses may be called only to present new evidence with the agreement of the Appeal Officer, and may be questioned and re-examined. After giving their evidence, witnesses will be released in consultation with all parties.
- The Appeal Officer, and her/his adviser, if present, may question either party and/or witnesses at any time in the hearing.
- Where the evidence is not conclusive then the decision will be based on the balance of probabilities taking all oral and written evidence into consideration.
- The decision on the appeal is final.

1 The employee confirms the grounds on which s/he is appealing.

2 Any unresolved procedural issues are raised and considered.

3 The employee or her/his Representative present the reasons for her/his appeal (in exceptional cases in accordance with 7.11.1 of the procedure, with appropriate external support).

5 The Presenting Officer may question the employee and any witnesses.

6 The employee may re-examine any witnesses.

7 The Presenting Officer replies to the appeal and may call any witnesses (7.3.1 of the procedure.

8 The employee or her/his Representative and the Presenting Officer may question the management representative and any witnesses.

9 The Presenting Officer may re-examine any witnesses or ask any question of the management representative arising from responses to the questions asked by the employee or their Representative.

10 The Presenting Officer may make a final statement.

11 The employee or her/his Representative may make a final statement.

12 Both parties withdraw.

13 The Appeal Officer decides, depending on the grounds of appeal, whether:

- a) the decision to find the allegations proven should be upheld; **AND, if so, whether**
- b) the original penalty (ies) should be confirmed or a more (only on presentation of new evidence) or less severe penalty awarded; **AND in either case**
- c) whether to make any appropriate recommendations;

14 The parties are recalled (or if the employee agrees, written to) and informed of the final decision including the reasons for that decision.

APPENDIX 11

DISCIPLINARY PROCEDURE

Template Letters

- DL1 Set up investigation meeting
- DL2 Suspension and set up investigation meeting
- DL3 Precautionary measures and set up investigation meeting
- DL4 Letter for witness
- DL5 Outcome of disciplinary investigation – no further action
- DL6 Outcome of disciplinary investigation –
- DL7 Outcome of disciplinary investigation –Procedure for Managing Poor Work Performance
- DL8 Outcome of disciplinary investigation – refer to disciplinary hearing
- DL9 Set up disciplinary hearing
- DL10 Outcome of disciplinary hearing
- DL11 Set up appeal hearing
- DL12 Outcome of appeal hearing
- DL13 Model Management Report.



Report of: Assistant Chief Executive (Governance and HR)

Meeting of Audit Committee	Date 29 January 2015	Agenda Item	Ward(s)
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Delete as appropriate	Exempt	Non-exempt
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Internal report

SUBJECT: Market Supplements

1. Synopsis

- 1.1 No new Market Supplements have been agreed in the council since February 2009. However, following consideration by the Performance and Policy Scrutiny Committee and the Executive of the council's use of agency staff, it is proposed that a new market supplements policy be adopted. Such a policy will help address the difficulties being experienced in recruiting to a number of specific technical and professional roles.

2. Recommendations

- 2.1 To adopt the draft policy in Appendix 1, subject to full Council agreeing the necessary change to the Pay Policy Statement, with effect from 1 March 2015.
- 2.2 To authorise the Assistant Chief Executive, Governance HR, to make minor or consequential changes to the policy from time to time following discussion with the Trade Unions.

3. Background

- 3.1 As a result of the economic recession and consequent changes to the jobs market, market supplement payments ceased to be awarded from February 2009.
- 3.2 However, there are a number of roles within the council which are currently difficult to recruit to at their evaluated grades. This has resulted in the use of agency staff to cover vacancies, often at significantly higher cost.
- 3.3 The Policy and Performance Scrutiny Committee undertook a review of the council's use of agency staff and presented its report to the Executive in May 2014. Included amongst the recommendations arising out of that review is one that the council should consider the use of

market supplements for “hard to fill posts” as part of a strategy for reducing the use of agency staff.

- 3.4 The Executive at its meeting of 18 September noted that HR was considering the introduction of such a policy and a draft policy is now brought to this committee for consideration.
- 3.5 Given that it is only in specific areas that there are significant recruitment difficulties and equal pay issues may arise if supplements are paid in circumstances where they are not necessary in order to recruit to a post, the policy:
- sets quite stringent requirements in respect of evidence of the need for a supplement;
 - requires supplements to be agreed by Corporate Directors or Assistant Chief Executives and then submitted to HR so that HR and Finance comments can be obtained before final sign off by the Chief Executive;
 - limits approvals to 2 years with a 12 month review with Chief Executive approval required for continuance.
- 3.6 Market supplements which take the overall remuneration package for a post (excluding pension contributions) over £100k or affect a post already attracting that remuneration, will be required to be taken to Audit Committee for approval to fit with the council’s Pay Policy Statement.
- 3.7 The policy also proposes that market supplements which increase a salary by over a threshold amount or % or which, because of the number of posts to which they apply, would cost in excess of a threshold cost, should be determined by the Audit Committee or its Personnel Sub-Committee.
- 3.8 The Pay Policy Statement will need to be amended at full Council to allow for the reintroduction of market supplements. The Pay Policy Statement for the subsequent financial year is usually adopted at the council’s budget setting meeting in February. The policy is therefore proposed to come into effect on 1 March 2015.
- 3.9 The proposed policy has been the subject of negotiation with the trade unions.

4. Implications

4.1 Financial implications:

Any agreed market supplements would have to be funded from within the existing budget of the service. This will be offset by a reduction in higher cost agency cover currently being used to cover hard to recruit vacant posts.

4.2 Legal Implications:

Where a supplement is paid on top of the evaluated grade of a post the potential for equal pay claims arises. The council will need to demonstrate that there is a “material factor” which is neither directly nor indirectly sex discriminatory to avoid or defend such claims. The state of the employment market, which may lead an employer to increase the pay of a particular job in order to attract candidates, may constitute an objectively justified economic ground for a pay disparity. Having a robust market supplements policy in place, which has been equality impact assessed, is kept under review and which requires the market conditions and recruitment difficulties to be evidenced, will mitigate the risks of introducing supplements.

4.3 Environmental Implications:

There are no environmental implications arising from this report.

4.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment has been undertaken in respect of the draft procedure. The procedure itself is not considered likely to have an adverse impact on any particular group but as the procedure gives discretion to managers the use of the procedure by managers will be monitored to ensure it is being fairly applied.

5. Conclusion and reasons for recommendations

- 5.1 The council has been experiencing difficulties in recruiting to some specialist posts which undermines service delivery and has led to increases in the use and cost of agency staff. It is therefore proposed that the payment of market supplements is reintroduced subject to a robust policy to ensure they are only paid where necessary and appropriate. The committee is asked to consider and adopt the policy in Appendix 1.

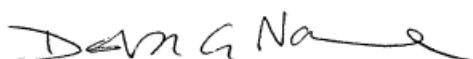
Appendices

Draft Market Supplements Policy

Background papers: (available online or on request)

Final report clearance:

Signed by:



Debra Norman
Assistant Chief Executive (Governance and HR)

Date

Received by:

Head of Democratic Services

Date

Report Author: Debra Norman, Assistant Chief Executive (Governance and HR)

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Appendix 1

Market Supplements Policy

1. Introduction

- 1.1. Islington council is committed to providing high quality public services to its residents. To achieve this the Council must recruit and retain an effective workforce with the necessary skills and experience.
- 1.2. This policy sets out the exceptional circumstances in which temporary additions to salary will be paid by the council to reflect labour market conditions (“market supplements”) and the approval, payment and review arrangements that will apply to these market supplements.
- 1.3 All council posts are subject to evaluation under applicable evaluation schemes to ensure equal pay for jobs of equal value.
- 1.4 Job evaluation does not take into account fluctuations in the labour market and varying market rates for different types of jobs. Some jobs at similar grades may be more difficult to recruit to than others because skills shortages in particular areas of work and/or the nature of local labour market.
- 1.5 Normally all reasonable efforts to recruit or retain staff on salaries within the evaluated grade should be made before application of this policy is considered. As market conditions fluctuate, market supplements will only be applied for a maximum of up to two years to any particular post(s), subject to the review arrangements set out in this policy.
- 1.6 Where there are existing employees in the same post as that which is to be advertised with a market supplement, the policy also enables the salaries of these employees to be supplemented as a retention mechanism.
- 1.7 In exceptional circumstances, labour markets may change at a time when there are no vacancies. In these circumstances a market supplement could be used to retain employees as set out in this policy.
- 1.8 This policy has been drawn up having regard to the requirements of the Equality Act 2010 and the associated guidance provided the Equality & Human Rights Commission and will be kept under review to ensure these requirements and any amendments or additions to them are complied with.

2. Scope

- 2.1. This policy applies to all council employees other than those employed in schools.

3. Requirement for a business case

- 3.1 A business case to justify the payment of a market supplement in respect of a particular post (**not** a particular postholder) must be submitted by a Senior Manager for approval in accordance with section 4. The business case shall address, and provide evidence concerning, the following factors. The department concerned will be responsible for the data collection exercise.

- (a) The anticipated detrimental impact on the operation of the council and its services of failing to recruit to, or retain, suitable employees in the post.
- (b) Alternatives available to the market supplement approach (e.g. use of agency staff).
- (c) The outcome of previous attempts to recruit to the post and/or difficulties in retaining employees in the post due to its remuneration, including exit interview information;
- (d) Evidence of steps taken to maximise the attractiveness of the role and the likelihood of recruiting to it;
- (e) Detailed information concern the local labour market relevant to the post concerned using specific comparator jobs or survey information where this is sufficiently detailed and relevant.
- (f) This information to cover at least 3 comparator roles and include the job descriptions (including management span and budget responsibilities), person specifications and overall remuneration and benefits package (including annual leave entitlement and other benefits) of roles cited as comparators.
- (g) The calculation of the proposed supplement based on the median of the comparators used;
- (h) Confirmation that the cost of the market supplement if applied can be met from the service's existing budget.

4. Approval of the business case

- 4.1 The business case authorised by the Corporate Director or Assistant Chief Executive must be submitted by the Senior Manager to their HR Business Partner. HR will arrange for HR and Finance comments on the proposal to be provided to the Chief Executive who will make the final decision, unless section 4.2 applies.
- 4.2 The market supplement must be approved by the Audit Committee if:
- (a) the market supplement affects a post for which the overall remuneration package (excluding pension contributions) already exceeds £100k; or
 - (b) the market supplement would cause the overall remuneration package (excluding pension contributions) for the post to exceed £100k; or
 - (c) the market supplement is more than 20% of the evaluated grade for the post or is more than 15% of the evaluated grade of the post and the number of post available exceeds 15.
- 4.3 A market supplement will only be approved where the evidenced median market rate for comparator posts is more than 5% higher than top of the evaluated grade of the post.

5. Payment of the market supplement

- 5.1 The amount of the market supplement will be set at the level it is considered will alleviate the recruitment and/or retention difficulties being experienced.
- 5.2 The market supplement will be applicable from:
- the date of appointment in the case of new appointments;
 - the same date for any existing employees in an identical post;
 - on the expiry of an existing market supplement where a market supplement is to continue after a review under section 6;
 - the day following the day of approval of the business case in all other cases.
- 5.3 Market supplements:
- (a) are included in the calculation of benefits such as sick pay, holiday pay etc. and are pensionable;

- (b) will be paid on a pro-rata basis to part-time employees proportionate to their working hours;
- (c) will not be subject to any cost of living increase applied to points on the council's salary scales.

- 5.4 Where an individual to whom a market supplement is to be applied is on a protected grade, the market supplement shall be reduced by the amount by which the protected salary exceeds to top scale point of the evaluated grade.
- 5.5 Employees notified of market supplements will at the same time be notified of the specific date on which the supplement will cease to be paid unless renewed under section 6. No further notice of that the payment will cease on the specified date will be given.
- 5.6 Market supplements shall be paid as part of monthly salary, unless in a particular case it is decided that the payment should be made at longer intervals contingent upon the employee still being in post.
- 5.7 Consideration will be given to the immediate withdrawal of a market supplement if an employee does not achieve a positive performance appraisal rating.
- 5.8 An employee who is subject to a disciplinary hearing, may have their market supplement withdrawn as a disciplinary penalty.

6. Review of Approved Market Supplements

- 6.1 Approved market supplements shall be reviewed by the Corporate Director or Assistant Chief Executive sufficiently in advance of their expiry to enable a new business case for a new market supplement to be submitted if appropriate.
- 6.2 The new business case shall be assessed on its own merits and there is no presumption that market supplements should be renewed.
- 6.3 In any event, any market supplement agreed for more than 1 year shall be reviewed by the Corporate Director or Assistant Chief Executive after one year and shall be terminated on 3 months' notice if its continuation is no longer justified by market factors.

7. Policy Review

- 7.1 Information on all market supplements shall be collated and reviewed by Human Resources annually as part of the annual staff equalities report.
- 7.2 This policy shall be reviewed approximately one year after it comes into force and thereafter as regular intervals.

Chief Executive's Department
Town Hall, Upper Street, London N1 2UD

Report of: Assistant Chief Executive, Governance and HR

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	29 January 2015		

Subject: Workplace Resolution Policy

1 Synopsis

- 1.1 A new procedure is proposed in this report to replace the council's existing grievance procedure following a review of grievances undertaken by Diversity Practice. The new procedure aims to provide a framework within which most potential grievances can be resolved without recourse to a formal procedure.

2 Recommendations

- 2.1 To adopt the Workplace Resolution Procedure in Appendix 1 with effect from 1 February 2015 (or such later date as shall be determined by the Assistant Chief Executive, Governance and HR, to ensure the necessary training to support the new procedure has taken place) for the purposes of a pilot in a single department.
- 2.2 To agree that the procedure be adopted for the whole workforce following the pilot if in the view of the Assistant Chief Executive, Governance HR the pilot has been successful.
- 2.3 To authorise the Assistant Chief Executive, Governance HR, to make minor or consequential changes to the procedure from time to time following discussion with the Trade Unions.

3 Background

- 3.1 Due to the over-representation of BME staff in the grievance process the Communities Review Scrutiny Committee requested that an Independent Review of Grievances be conducted to understand why the over-representation exists.
- 3.2 At the conclusion of the review, recommendations for change were put forward by Diversity Practice (an independent organisational and

leadership consultancy) who conducted the review. The BME Forum also (separately) put forward its own recommendations.

- 3.3 Amongst the recommendations arising from the review was one that the council's grievance procedure should be reviewed, in particular in order to focus more on mediation and informal resolution. The draft procedure in Appendix 1 has been drafted on this basis.
- 3.4 The draft is divided into two parts. The main part is a new detailed informal resolution process and a formal procedure where informal resolution is not successful is provided in an appendix to the procedure.
- 3.5 The informal process will be triggered by a "resolution request". A "Resolution Manager" will be appointed to review the request and discuss with the employee and HR the most appropriate route for seeking a resolution. If the informal route is selected, a meeting will be arranged attended by the requester and other individuals(s) as appropriate and by the Resolution Manager or by a mediator if this is considered appropriate. In exceptional cases this might involve an external mediator.
- 3.6 The formal procedure to be used in the event that informal resolution cannot realistically be attempted or is unsuccessful broadly follows the same process as under the council's current procedure and will involve a detailed investigation by an investigating officer. However, it is currently drafted to allow in appropriate cases for a meeting between those involved to take place at the end of the investigation before the investigator issues a final report and recommendations. Findings of fact and the identification of possible ways forward may enable an agreed resolution even at this stage. Currently the investigator generally produces their final report at the end of the investigation and it is only discussed at the appeal in the context of an adversarial meeting. This will still be available in situations where a further attempt at agreed resolution is not consider viable.
- 3.7 In order to be in a position to implement the policy a group of managers will need to be trained as mediators as use only of external mediators would be very expensive. HR are investigating how this training can be most cost effectively arranged.
- 3.8 In order to test the effectiveness of the new approach it is suggested that the policy initially be piloted in a particular department.
- 3.9 The policy has been the subject of negotiation with the Trade Unions who support a more resolution focussed approach to dealing with potential and actual grievances.

4 Implications

4.1 Financial implications

There will be costs incurred in any exceptional cases where external mediation is used. These costs will need to be funded by the relevant service. There may be costs involved in training internal mediators, these costs will clearer once a detailed proposal for this training has been developed. It is anticipated that the costs to train up to 12 mediators will be in the region of £15,000.

4.2 Legal implications

The proposed Workplace Resolution Policy has been drafted taking account of the ACAS statutory Code of Practice on Disciplinary and Grievance Procedures.

4.3 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment has been undertaken in respect of the draft procedure. The procedure has been developed specifically in response to concerns raised about the over-representation of BME staff in the existing grievance process.

5. Conclusions and Reasons for the Recommendations

The review of grievances undertaken by Diversity Practice has prompted a number of actions, including a review of the council's grievance policy to focus more on mediation and informal resolution. The draft new procedure has been the subject of negotiation with the trade unions and is recommended to the committee for adoption.

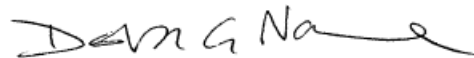
Appendices

Draft Resolution Procedure

Background papers: (available online or on request)

Final report clearance:

Signed by:



Debra Norman
Assistant Chief Executive (Governance and
HR)

Date

Received by:

Head of Democratic Services

Date

Report Author: Debra Norman, Assistant Chief Executive (Governance and HR)
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WORKPLACE RESOLUTION POLICY

The council is committed to fostering mutual respect and understanding with all staff; between colleagues; between colleagues and their managers; and within teams.

1. Introduction and General Principles

- 1.1 This Workplace Resolution Policy applies to all council employees other than those based in schools from [].
- 1.2 It has been drawn up with reference to relevant legislation and case law and the ACAS Code of Practice on Disciplinary and Grievance Procedures. It has been the subject of formal consultation with the Trade Unions and discussions with the council's equalities staff groups and managers have had the opportunity to comment.
- 1.3 It aims to bring workplace complaints, conflicts or disputes to a satisfactory and constructive resolution and draws on five core principles:
 - Fairness
 - Mutual respect
 - Empathy
 - Dignity
 - Dialogue
- 1.4 This policy will be applied consistently and fairly to all employees based on the facts of their case. Employees will not be treated less favourably on the grounds of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.
- 1.5 The council recognises that a positive working environment and good working relationships have a positive impact on employee well-being and employee engagement. A positive working environment can also lead to better performance, improved employee retention and reduced stress-related sickness absence. Focusing on resolution is good for the council, it is good for our employees and it is good for our residents.
- 1.6 The council also recognises that from time to time disagreements in the workplace or tensions in relationships, are normal and, in many cases, inevitable. When it does happen, we wish to support staff and managers to work together to resolve any disputes and conflicts constructively and speedily.
- 1.7 The Resolution Policy is aimed at securing constructive and lasting solutions to workplace disputes, conflicts and complaints. It is suitable for the following types of issue:

- Disagreements between colleagues.
- Disagreements within or between teams.
- Disagreements between managers and members of their team.
- Concerns or complaints about the allocation or distribution of resources.
- Concerns or complaints about the actions or the inactions of managers or colleagues.

1.8 It not suitable for issues relating to:

- statutory schemes (such as the pension scheme);
- dismissal or possible dismissal under the council's Disciplinary, Managing Attendance, Managing Poor Work Performance or Organisational Change Procedures, which should be dealt with under those procedures;
- issues covered by other local or national appeals procedures or the council's whistleblowing policy;
- grievances on behalf of two or more employees raised by a recognised trade union which can be dealt with under the collective disputes procedure; or
- incidents that happened more than 4 months before the Resolution Request is submitted

and must not be used to pursue false, malicious or vexatious complaints against colleagues or managers.

1.9 Unless agreed as part of a resolution recommendation the policy should not be used to re-open a matter within 12 months of the completion of action in respect of the same or a similar issue.

1.10 The policy also recognises that there is a responsibility on all employees to be reasonable in their expectations and to respect the rights of others in line with the council's code of conduct and Dignity for All.

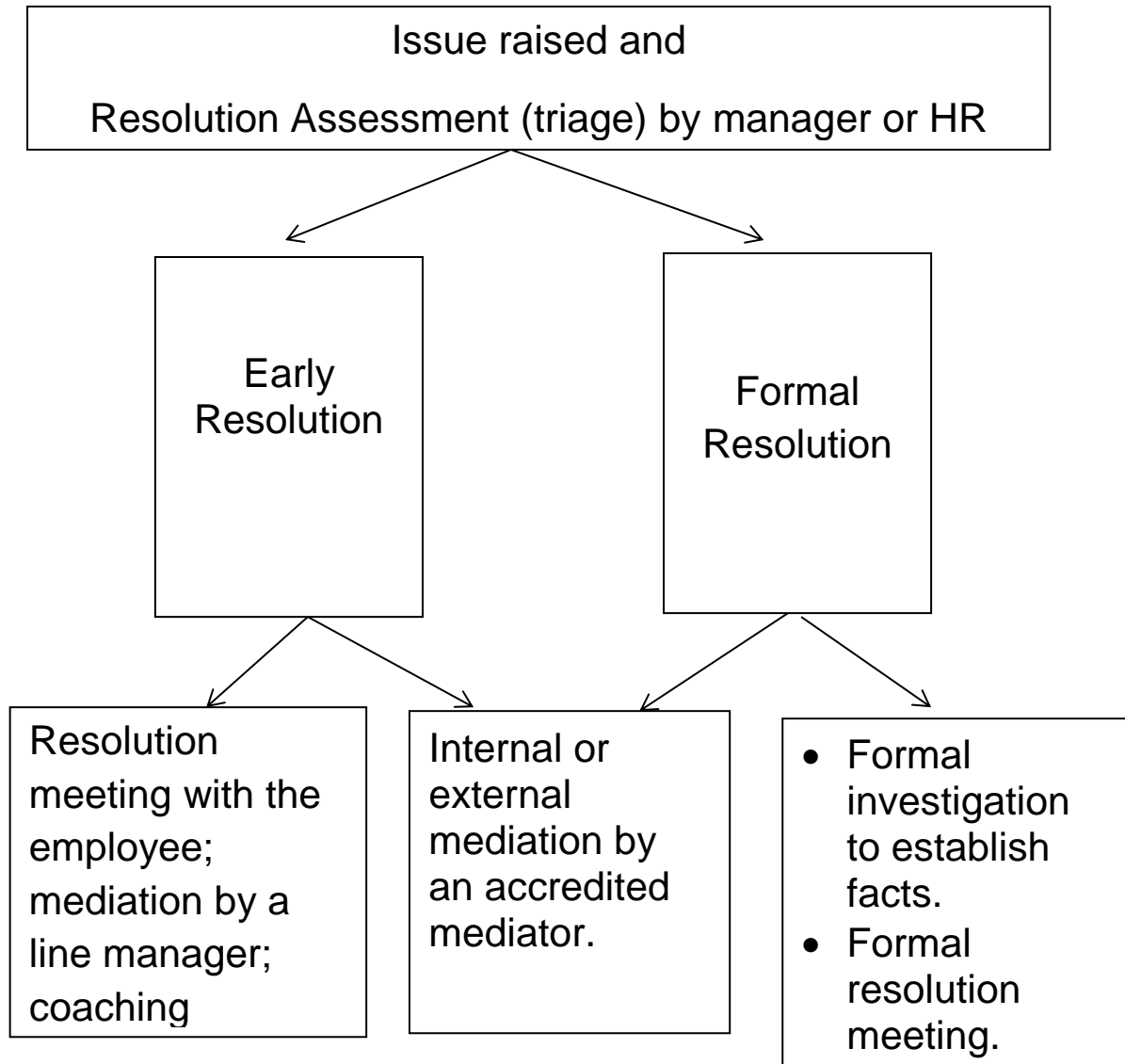
1.11 The main processes for resolution available through this Resolution Policy include:

- Review of key issues
- Resolution meetings between managers and employees.
- Mediation.
- Coaching.
- Formal investigation to establish the facts.
- Formal resolution meeting and/or decision.
- Appeal.

1.12 A trade union official selected by the employee may attend a resolution assessment meeting or an early resolution meeting to facilitate the reaching of a resolution. Where a trade union official attends a meeting for this purpose an HR representative will also attend and may attend in

other circumstances if appropriate. The purpose of the HR representative's attendance shall also be to facilitate a resolution. All meeting attendees will seek to maintain an informal and non-adversarial approach.

2. How It Works – A Summary



2.1 A Resolution Request can be made to:

- A line manager.
- A line manager's manager.
- A member of the HR team.
- A trade union official.

2.2 The employee should submit the reasons for their request in writing on the Resolution Request pro forma (available on Izzii) to their line manager, or where their line manager is the subject of the issue to which

the request relates, to the next line manager above (the “Resolution Manager”). The employee should also copy the pro forma to their departmental HR Business Partner (the names of HR Business Partners are available from [izzi. site](#)).

2.3 The resolution request can result in one (or more) of four courses of action:

- A resolution meeting between the manager and the employee.
- Mediation (by line manager or by an internal or, exceptionally, an external mediator).
- Formal investigation leading to a formal resolution meeting and/or decision.
- No further action.

In addition, it may be appropriate for coaching to be offered to one or more of those involved in the matter.

2.4 The Resolution Manager or HR will acknowledge receipt of the request, normally within 5 working days of receipt, and arrange for a resolution assessment to be undertaken and for a meeting to be set up to discuss this as soon as possible if required.

3. Resolution assessment

3.1 The resolution assessment is an opportunity for the Resolution Manager, together with their Business Partner, to review the key issues and to identify with the employee (or those involved) the most suitable route to resolution.

3.2 The resolution assessment can be undertaken by the line manager or an HR Business Partner depending upon the nature of the issue raised to establish the most effective route to resolution. Examples of relevant factors are set out in table 1 below. For each criterion, a possible resolution intervention is identified. The criteria and resolution options are not intended to be exhaustive.

3.3 Emphasis will be placed on early resolution and mediation, and the employee will be provided with suitable information about the mediation and resolution processes. Mediation is both voluntary and confidential. Employees are expected to give reasonable level of consideration to mediation as a potential means of resolving the issue they have raised.

3.4 In the event that no agreement can be reached as to the appropriate route to a resolution, then a formal investigation and resolution as set out in Appendix 1 will apply, if the employee who raised the original issue still wants to pursue the matter.

Resolution assessment criteria examples

Table 1

Criteria	Resolution options examples
a) Is this the first time that the issue has been raised?	Early resolution meeting with employee to assess the options and to secure a resolution.
b) Is this a matter which has been subject to previous resolution attempts?	Review the situation and offer further mediation, coaching or an investigation under the procedure in Appendix 1 depending on the circumstances. Does the new information provided justify re-opening the issue? Does the new information shed new light on the allegations originally made?
c) Does the dispute involve the line manager?	Early resolution meeting with employee to assess the options and to secure a resolution <i>or</i> Refer to the next level line manager for mediation <i>or</i> Refer to HR for mediation.
d) Is the dispute between more than two parties?	Possible team mediation using internal or external mediators.
e) Is the issue a relationship breakdown between two or more colleagues?	Refer for mediation.
d) Does the issue contain allegations of bullying, harassment or misconduct?	Refer to HR for support, coaching or mediation. <i>or</i> Carry out an under Appendix 1
f) Does the issue relate to a contractual issue not covered by other procedures?	Offer mediation to see if a resolution can be found <i>or</i> Seek advice to establish the legal position

4. Early Resolution meeting

- 4.1 The early resolution meeting is an early attempt to identify and resolve a disagreement, a conflict or a dispute. It provides an opportunity for managers, employees and colleagues to discuss situations in a supportive, constructive and empathetic forum. Most workplace disagreements, disputes and conflicts can be resolved at the resolution meeting stage.
- 4.2 If this route is agreed, the Resolution Manager will arrange for the meeting to take place as soon as possible.

- 4.3 The early resolution meeting is intended to be informal and co-operative.
- 4.4 There will be not normally be any documentation at the early resolution meeting but individuals invited to the meeting may ask the Resolution Manager if they may bring specific documents with them where they consider this will facilitate a constructive discussion.
- 4.5 Discussion at the early resolution meeting will not (normally) be minuted or formally recorded but the Resolution Manager shall keep a record of any actions and/or recommendations agreed.
- 4.6 A further early resolution meeting can be arranged at the agreement of all the parties concerned. This can either be to consider further the matters discussed in the previous meeting or as a review meeting after an agreed period of time to review the resolution outcomes.

5. Mediation

- 5.1 Mediation is a non-adversarial way of resolving difficult situations. It is being used increasingly to resolve disputes as an alternative to formal or legal processes.
- 5.2 The mediator is an impartial third party. They help the two or more parties have an open and honest dialogue, with the aim of identifying a mutually acceptable outcome. The mediator may be a line manager, trained in mediation, an internal mediator or, exceptionally, an external mediator.
- 5.3 Mediation is different from a formal investigation or hearing because it is about collaborating rather than apportioning blame. Any agreement made during mediation comes from those in dispute, not from the mediator. The mediator is not there to judge, to say one person is right and the other wrong, or to tell those involved in the mediation what they should or should not do. Mediation is both voluntary and confidential.
- 5.4 All mediators, whether internal or external, should be fully trained. Internal mediators will be required to undertake appropriate training as specific by the Assistant Chief Executive, Governance and HR.
- 5.5 If this route is agreed the Resolution Manager will contact a mediator and arrange a mediation meeting as soon as possible.

6. Formal Resolution

- 6.1 When employees have a complaint or concern that they feel has not been resolved satisfactorily by a resolution meeting or through mediation or other action, the formal investigation and resolution process in

Appendix 1 will apply, if the employee who raised the original matter wants to take it forward.

Review

This policy will be reviewed after it has been operational for one year and will then be reviewed every 3 years or at other times as required.

Appendix 1

Formal Resolution Procedure

1 Scope of the Procedure

- 1.1 This procedure will apply if a resolution is not reached at the informal resolution stage or in the event that it is agreed at the resolution assessment stage that it should or if it is not possible to reach any agreement as to the appropriate route at that stage and the employee who raised original matter wants to take it forward.
- 1.2 Employees will not be subject to any detriment for raising an issue which is dealt with through this procedure unless the issue has been raised by them maliciously in bad faith and is without foundation.

2. Representation

- 2.1 The council must comply with a reasonable request by the employee to be represented by a trade union representative or individual work colleague at all stages of the formal resolution procedure. This right extends to all parties who are involved in any meetings called by the Investigating Officer or Hearing Officer as part of their investigations. However, there is no right to be accompanied at any supervision or informal meetings outside of this procedure other than as provided for at 1.12 of the Workplace Resolution Policy.
- 2.2 The employee should tell the manager the name of the individual they have chosen and if they are a union official, which union they represent. The ACAS Code of Practice states: "it would not normally be reasonable for workers to insist on being accompanied by a companion whose presence would prejudice the hearing." If there is any potential conflict of interest of a chosen trade union representative, this will be discussed with the relevant branch secretary.
- 2.3 The representative is allowed to put forward the employee's case, to sum it up and to respond on the employee's behalf to any view expressed at any meeting or, hearing. The representative can confer with the employee during the meeting or hearing.

- 2.4 Where the representative is an Islington Council employee, they will be allowed reasonable time off, to be agreed in advance with their line manager, both to attend the Formal Resolution Meeting(s) and any appeal hearing and to confer with the employee before and after the meeting or hearing.
- 2.5 If an employee or their representative cannot attend any meeting or hearing on a proposed date, the employee can suggest an alternative date so long as it is reasonable and is not more than five working days after the date originally proposed by the manager. If the employee or their representative does not attend the rescheduled meeting, the meeting may be held in their absence.
- 2.6 If the substance of the issue raised in the Resolution Request relates to the activities of a trade union or one of its members undertaking such activities, the manager must contact HR immediately about how to proceed with managing the Resolution Request. HR will arrange a meeting with the relevant branch secretary or regional official of the union before any action is undertaken.

3. Timescales

- 3.1 Every effort should be made by all parties to adhere to the specified timetables and managers, HR, employees and representatives should advise each other as soon as possible of any reasons for delay and when they will be available to resume the process.

4. Malicious Grievances

Where, following the investigation, the allegations in the grievance are found to be without foundation and the view is taken that they have been brought maliciously in bad faith, formal disciplinary action may be recommended against the person who brought the grievance.

5. The Investigation

- 5.1 The purpose of the investigation is to discover all the relevant facts and information in a fair, reasonable and objective manner in order to resolve the issue(s) raised in the Resolution Request and alleviate the employee's concerns.
- 5.2 The line manager will arrange for another manager outside their service unit to investigate it. This person will be known as the Investigating Officer. HR can provide advice on the appointment of an appropriate investigating officer.
- 5.3 The Investigating Officer should normally be appointed within 5 working days of the decision to deal with the Resolution Request through a formal resolution meeting or decision.

- 5.4 In exceptional circumstances, e.g. where there is no appropriate line manager, the employee should contact the HR Business Partner who will advise as to who the Investigating Officer should be.
- 5.5 As soon as the Investigating officer is in receipt of a request to investigate, a Resolution Request they should write to the employee to arrange an initial investigation meeting as soon as possible.
- 56 The employee should inform the Investigating Officer of any planned absence in the period following submission of the grievance.
- 5.7 The Investigating Officer will also advise the employee that they have the right to be to be accompanied by a trade union representative or work colleague during the investigation meeting.
- 5.8 The Investigating Officer should check the following at the interview with the employee:
- The nature of the issues raised in the Resolution Request
 - Whether they think there are any witnesses
 - Their desired outcome.
- 5.9 The Investigating Officer should arrange for a note taker to take notes of the meeting, which should be given to the employee to be signed and dated.
- 5.10 The Investigating Officer should interview the subject(s) of the Resolution Request and relevant witnesses and they should be advised that they may also have a trade union representative or work colleague present at their interviews..
- 5.11 Where there is an unavoidable delay, e.g. due to absence or annual leave, the investigating officer should keep the complainant informed through email or in writing.
- 5.12 The Investigating Officer should normally complete the investigation within, as a guideline, 15 working days of being appointed. If this timescale is extended for any reason, the Investigating Officer should inform the employee of the reasons for the delay and when they can expect the investigation to be completed.
- 5.14 Following the investigation, the Investigating Officer should produce a report containing findings of fact. The employee's Resolution Request should be an appendix to the report. The report may also contain recommendations, and observations in respect of the employee's suggested remedies. The report should address the complaints, any attempts to resolve the issues raised. The report may recommend that a formal resolution meeting be held to discuss the findings in the report or the report may include a decision by the Investigating Officer.

- 5.15 A letter should be sent to the employee within 20 working days of commencement of the investigation providing a copy of the investigation report. If the report includes a recommendation that a formal resolution meeting take place the Investigating Officer should arrange for the meeting to take place as soon as possible.
- 5.16 If the report does not include a recommendation that a formal resolution meeting take place, the letter should also state to whom the employee should appeal to if they are unhappy with the Investigating Officer's decision.
- 5.17 In the event that it is not possible to agree a resolution at the formal resolution meeting, the Investigating Officer shall revise and reissue their report with a decision on the issue(s) and their recommendations, including whether the employee's suggested remedies are acceptable (in whole or in part). A letter containing the final report should be sent to the employee as soon as possible and should also state to whom the employee should appeal to if they are unhappy with the Investigating Officer's decision
- 5.1 A copy of the report(s) and covering letter sent to the employee should also be sent to the person(s) complained about.
- 5.19 Where it is not practical to produce a report within the timescale the Investigating Officer should keep the employee informed of progress and also explain when the report will be available.

6. Appeals

- 6.1 If the employee did not agree an outcome at a Formal Resolution Meeting or has received a decision from the Investigating Officer and considers that the matter has not been satisfactorily resolved, they may appeal by submitting their reasons via the Resolution Appeal pro forma and attaching a copy of the original Resolution Request to the Investigating Officer. **The employee must state clearly their grounds of appeal in the pro forma.**
- 6.2 Normally, the appeal will be allocated by the Investigating Officer and HR to another officer outside the employee's service unit at a more senior level than the manager who investigated the matters raised in the Resolution Request, unless this is not reasonably practicable. This person will be known as the Hearing Officer.
- 6.3 The Investigating Officer must receive the appeal within 5 working days of receipt of the Investigating Officer's report by the employee.
- 6.4 The Hearing Officer should write to the employee within 10 working days of receipt of the appeal to arrange a meeting with the employee. The employee should be advised that they have the right of

representation at this meeting by an individual work colleague or trade union representative.

- 6.5 The Hearing Officer will consider the reasons for the appeal, review the paperwork of the original investigation and hear the employee's and/or representative's views in order to make a decision.
- 6.6 Where the Hearing Officer decides it is appropriate, they can request to meet the Investigating Officer and/or person complained about and/or other witnesses in order to clarify matters.
- 6.7 The Hearing Officer should normally confirm their decision in writing to the employee within 10 working days of the meeting with the employee. The appeal outcome letter should address the decision, the reasons for the decision, the evidence used to make the decision in the appeal, and any appropriate recommendations.
- 6.8 The decision is final and the employee will have no further right of appeal.

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Report of: Corporate Director of Finance and Resources and Assistant Chief Executive
(Governance and HR)

Meeting of Audit Committee	Date 29 January 2015	Agenda Item	Ward(s)
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Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Establishing an Islington Pension Board

1. Synopsis

- 1.1 This report proposes the establishment of an Islington Pension Board as required by the Public Services Pension Act 2013 and related regulations and sets out the proposed constitution and operational arrangements for the Board.

2. Recommendations

- 2.1 To agree the constitution for the Islington Pension Board in Appendix 1.
- 2.2 To authorise the Assistant Chief Executive, Governance HR, to make minor or consequential changes to the Islington Pension Board Constitution to reflect the requirements of the Local Government Scheme (amendment) Regulations when available.

3. Background

- 3.1 The Public Services Pensions Act 2013 requires the establishment of local pension boards for each Local Government Pension Fund. Each administering authority must establish a pensions board no later than 1 April 2015.
- 3.2 Draft Local Government Pension Scheme (Amendment) Regulations 2014 provide that Pensions Board will have responsibility for assisting the 'scheme manager' (the Pensions Sub Committee in Islington's case) in relation to the following matters:

To ensure compliance with:

- the Local Government Pension Scheme Regulation (LGPS),
- other legislation relating to the governance and administration of the LGPS, and
- the requirements imposed by the Pensions Regulator in relation to the LGPS

To ensure the effective and efficient governance and administration of the scheme.

- 3.3 The Pensions Sub-Committee has received reports concerning the draft regulations and the consultation processes that have been undertaken by the government concerning them and a response to the consultation was submitted on behalf of the council. At its meeting of 25 November 2014 the Pension Sub-Committee requested that the Audit Committee set up a separate Pension Board body.
- 3.4 The pension board will not be a decision-making body but will contribute to the governance of the council's pension fund by providing advice and scrutiny.
- 3.5 Whilst the draft regulations allow for pensions sub-committees and pensions boards to be the **same body**, in practice there would be many issues to overcome including constitutional issues, and consent to the specific arrangements would be needed from the Secretary of State. It is therefore recommended that the Board be established as a separate body. It is however proposed that to ensure a close working relationship between the two bodies that the Board usually meet on the same evening as there is a Pension Sub-Committee and in advance of that meeting, that members of the two bodies be invited to each others meetings as observers and that there be a shared training programme.
- 3.6 The draft regulations set out that Employer and pension Member representatives must be included in equal numbers with no less than four in total. Subject to restrictions in respect of officers or members involved in the LGPS in another capacity, individuals who are not Employer or Member representatives may also be appointed. The Constitution in Appendix 1 proposes a membership of 3 Employer and 3 Member representatives and an Independent Member. Recognised trade unions, scheme employers and pensioner members of the scheme are being asked to nominate representatives for appointment to the board with a formal selection process being established in the event that the number of nominees exceeds the available places. All members will be appointed by this committee or the Full Council and it is anticipated that appointments will be made at this committee's meeting in March 2015.
- 3.7 The draft constitution for the board contains a number of provisions concerning training and knowledge requirements for members of the board, management of conflicts of interest, running of meetings and keeping of records and reporting of any breaches of the law. In addition, the members of the Pension Board will be required to agree to abide by the Islington Members Code of Conduct.

4. Implications

4.1 Financial implications:

Any cost associated with the governance of the fund will be treated as administration cost and charged to the Fund.

4.2 Legal Implications:

The Public Services Pensions Act 2013 requires the council to establish a local pension boards by 1 April 2015.

The draft Code of Practice is issued by the Pensions Regulator under s90A of the Pensions Act 2004.

'Conflict of interest' in relation to the Pensions Board is defined as: "a financial or other

interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme) (s 5(5) of the Public Services Pensions Act 2013).

4.3 Environmental Implications:

None arising directly from this report.

4.4 Equality Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

The current proposed regulations to setting up a local pension board require an equal representation of employers and employees to exercise their functions. The terms of reference attached as Appendix 1 addresses the equality issues and a further impact assessment is not applicable.

5. Conclusion and reasons for recommendations

5.1 The report recommends the establishment of an Islington Pension Board as required by legislation. Appointments to the Board are expected to be made at the March meeting of the Audit Committee.

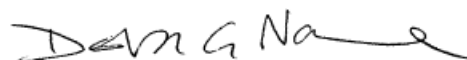
Appendices

Draft Islington Pension Board Constitution

Background papers: (available online or on request) - none

Final report clearance:

Signed by:



Mike Curtis
Corporate Director of Finance and Resources

Date

Debra Norman
Assistant Chief Executive (Governance and HR)

Date

Received by:

Head of Democratic Services

Date

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APPENDIX 1

Constitution of the Pension Board of the London Borough of Islington Pension Scheme

Terms of Reference

1. To assist the London Borough of Islington as scheme manager in securing compliance with:
 - a. the Local Government Pension Scheme Regulations 2013;
 - b. any other legislation relating to the governance and administration of the Local Government Pension Fund Scheme (LGPS);
 - c. requirements imposed by the Pensions Regulator in respect of the LGPS;
 - d. such other matters as the LGPS regulations may specify
2. To assist the London Borough of Islington in securing the effective and efficient governance and administration of the scheme;
3. To consider cases that have been referred to the Pension Regulator and/or the Pension Ombudsman; recommending changes to processes, training and/or guidance where necessary;
4. To produce an annual report outlining the work of the Board throughout the financial year.

Composition

The membership of the Board shall consist of:

- 3 Islington Council Pension Fund employer representatives
- 3 Islington Council Pension Fund member representatives
- 1 independent member

No substitutes are permitted.

All members of the Board shall be appointed by full Council or its Audit Committee which shall also appoint a chair from among the members of the Board.

Any person who is applying for or appointed as a member of the Pension Board must provide the Scheme Manager with such information as and when the Scheme Manager requires to ensure that any member of the Board or person to be appointed to the Board does not have a conflict of interest.

No officer or elected member of the Council who is responsible for the discharge of any function in relation to the LGPS.

Tenure

Board members shall be appointed for three to four years. The period of appointment shall be determined on appointment by the full Council or the Council's Audit Committee to ensure continuation of membership in equal numbers for the employer and member representatives and to achieve rolling reappointment to maintain knowledge and experience on the Board.

Board members may be re-appointed to the Board.

At least 3 months' notice of resignation from the Board must be given by Board member, to enable a replacement member to be found and the required balance of members maintained.

Quorum

The quorum of the Board shall be 3 including at least one employer representative and one member representative.

Voting

It is expected that the Board will function as far as possible by consensus, however each Board member shall have one vote.

The chair of the committee shall have a casting vote in the event of an equality of votes.

Frequency of meetings and notice and record requirements

Meetings shall be held bi-annually and normally in public unless confidential or exempt information is to be discussed..

Additional meetings may be called at the request of the Chair of the Board or of the Islington Council Pension Scheme Sub-committee.

Normally meetings shall be called on 5 clear days' notice to members of the Board published on the Islington council website but if in the reasonable opinion of the Chair the holding of a meeting is urgent shorter notice of such length as the Chair shall determine may be given.

A formal record of the proceedings of the Board shall be maintained by the council's Democratic Services and circulated to members of the Board after approval by the Chair.

Procedure at meetings of the Board

The Council's committee procedure rules in Part 4 of its Constitution shall apply except that where there is a conflict between the committee rules and these terms of reference the latter shall apply.

The Board shall normally meet on the same date as the Pensions sub-committee in order that its deliberations may be taken into account in relation to relevant items the agenda of the Pensions sub-committee.

Remuneration of Members

Remuneration for Board members will be limited to a refund of actual expenses incurred in attending Board meetings. The Independent Member shall be entitled to any allowance provided for in the Islington Council Members Allowances Scheme in respect of the role.

Standards of Conduct

The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct.

These are –

- **Selflessness** - Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
- **Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
- **Objectivity** - In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness** - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.
- **Honesty** - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership** - Holders of public office should promote and support these principles by leadership and example.

As members of a publicly-funded body involved in the discharge of public business, all members of a Board should comply with these principles in the exercise of their functions. They require the highest standards of conduct.

Members of the Board will also be expected to adhere to the Council's Code of Conduct which will be issued to them upon appointment

Conflicts of Interest

The Corporate Director of Finance and Resources shall be responsible for maintaining a conflicts of interest policy for the Board.

The Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013 require that members of the Board do not have conflicts of interests. All members of the Board will be required to declare any interests and any potential conflicts of interest in accordance with these requirements on appointment and at regular intervals thereafter so they can be included in the Board's register of interests.

An appointed member of the Board is under a duty to provide the Scheme Manager with such information as the Scheme Manager reasonably requires to satisfy itself that such person has no conflicts of interest.

Conflicts of interest will be included as an open agenda item at Board meetings and revisited during the meeting where necessary.

Members of the Board should review conflicts of interest at least annually and maintain their entry in the Board's register of interests.

Conflicts of Interest shall be treated akin to, and have the same effect as, disclosable pecuniary interests under the Members' Code of Conduct.

Knowledge of Members and Training

All employer and member representatives on the Board are required to have relevant experience and capacity to represent scheme employers or scheme members (as appropriate).

All members of the Pension Board must be conversant with –

- The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
- Any document recording policy about the administration of the LGPS which is for the time being adopted by the Islington Pension Fund.

A member of the Pension Board must have knowledge and understanding of –

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Board.

Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Board members should draw to the attention of the Corporate Director of Finance and Resources any areas in which they consider they need training or information.

Board members will comply with the Scheme Manager's training policy and are required to promptly complete any training designated by the Board as mandatory.

The Board should prepare and keep updated a list of the core documents recording policy about the administration of the Fund and make sure that the list and documents (as well as the rules of the LGPS) are accessible to its members (see publication of pension board information below).

Termination of Board Membership

Appointments will terminate at the expiry of a member's term of office.

Membership of the Board shall automatically terminate in the event that:

- a member who is a councillor is appointed to the Pensions Sub-Committee as a member or a substitute member;
- a member is appointed to the role of an officer of the Scheme Manager with responsibility for the discharge of functions under the Regulations;
- a representative member ceases to represent his constituency, for example if an employer representative leaves the employment of his employer and therefore ceases to have the capacity to represent the Fund's employers;

Any appointment to the Pension Board may be terminated by the Council or the Audit Committee if any of the following situations arise:

- a member has a conflict of interest which cannot be managed in accordance with the Board's conflicts policy;
- a member fails to attend meetings or otherwise comply with the requirements of being a Board member, for example fails to attend the necessary knowledge and understanding training;
- a member is not adequately meeting their duties in some other respect after this having been drawn to their attention and an adequate time being given for improvement;
- continued membership of a member is likely to cause damage to the reputation of the Board and/or of the council.

Where issues of this nature arise, the chair of the Board will have lead responsibility for an initial informal discussion with the member about the concerns. The Chair of the Board will be advised by the Corporate Director of Finance and Resources. If the issue cannot be satisfactorily resolved, the Board may recommend to the Council or its Audit Committee that the Board Member be removed from the Board.

Undertaking

Board members will be required to sign a written undertaking that they understand the requirements of the role and commit to those requirements. This will include without limitation:

- disclosing all dual interests and responsibilities which have the potential to become conflicts of interest and providing the Scheme Manager with such information as and when the Scheme Manager requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest
- committing to attend meetings as required;
- committing to undertake and attend the necessary knowledge and understanding training;
- undertaking to abide by the Board's terms of reference and wider constitutional documents.

- Complying with the Council's code of conduct
- Complying with the Council's obligations and policies on data protection, information security and acceptable use.
- Agreeing that they have read and understood a knowledge and policy document including a list of the core documents recording policy about the administration of the fund as set out by the Director of Finance on behalf of the Scheme Manager

Advisers to the Board

The Board will primarily be supported in its role and responsibilities by officers of the Council. Subject to any applicable regulation and legislation from time to time in force and to their use and any fees being agreed by the Corporate Director of Finance and Resources on behalf of the Scheme Manager in advance, the Board may consult with other advisors to help it better perform its duties including:

- The Fund's Actuary;
- The Fund's Administrator;
- The Fund's Investment Adviser(s);
- The Scheme Manager
- Other advisers, as approved by the Scheme Manager.

Reporting Breaches

Any breach brought to the attention of the Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate policy document.

Publication of Pension Board information

Up to date information will be posted on the Islington Pension Fund website showing

- The names and information of the Pension Board members
- How the scheme members are represented on the Pension Board
- The responsibilities of the Pension Board as a whole
- The full terms of reference and policies of the Pension Board and how they operate
- The Pension Board appointment process
- Who each individual Pension Board member represents
- Any specific roles and responsibilities of individual Pension Board members.

Pension Board papers, agendas and minutes of meetings will be published on the Islington Pension Fund area of the Council's website. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

Definitions

The undernoted terms shall have the following meaning when used in this document:

<i>“Pension Board” or “Board”</i>	Means the Pension Board for the administering authority for the LB Islington Pension Fund as required under the Public Service Pensions Act 2013
<i>“Scheme Manager”</i>	Means LB Islington as administering authority of the Islington Pension Fund.
<i>“LGPS”</i>	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009
<i>“Scheme”</i>	Means the Local Government Pension Scheme as defined under “LGPS”

By virtue of paragraph(s) 1, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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