

KEYNSHAM TOWN COUNCIL

Minutes of the Finance & Policy Committee Remote meeting held on Tuesday
16 June 2020 at 2pm via Zoom.

PRESENT: Councillors D Cooper, T Crouch, C Fricker, A Halliday, H MacFie (Chair) and B Simmons

IN ATTENDANCE: Cheryl Scott – Town Clerk

1. APPOINTMENT OF CHAIRMAN

RESOLVED

To note the re-appointment of Councillor Hal MacFie as Chairman of the Committee for the Municipal Year 2019-2020, as agreed at the Annual Meeting of the Town Council on 19 May 2020.

2. APPOINTMENT OF VICE CHAIRMAN

RESOLVED

To note the re-appointment of Councillor Tony Crouch as Vice-Chairman of the Committee for the Municipal Year 2019-2020, as agreed at the Annual Meeting of the Town Council on 19 May 2020.

3. MEMBERSHIP

RESOLVED

To note that Councillors Dave Biddleston, Deb Cooper, Tony Crouch, Clive Fricker, Andy Halliday Hal MacFie and Brian Simmons are the appointed members of the Committee for the municipal year 2020/2021, as agreed at the Annual Meeting of the Town Council on 19 May 2020.

4. TERMS OF REFERENCE

RESOLVED

To note the Committee's Terms of Reference (attached) as agreed at the Annual Meeting of the Town Council on 19 May 2020.

5. APOLOGIES FOR ABSENCE

There were none

6. DECLARATIONS OF INTEREST

There were none

7. DISPENSATIONS

There were none

8. RECORD OF PREVIOUS MEETINGS

There were no amendments and the Chairman indicated he was in receipt of the minutes in order to be able to sign them in front of the Committee subject to the Committee's approval.

RESOLVED:

That the Minutes of the Finance Cttee meeting held on 10th March 2020 (previously circulated) be confirmed as a true record and signed by the Chairman

9. PUBLIC PARTICIPATION

There was none

10. JPAG GUIDANCE 2020

RESOLVED

To note receipt of the Guidance.

11. BUDGET 2020/2021

The Clerk drew to the attention of the Committee the fact that the Accounts system was required to only show actual invoiced expenditure for the purposes of the Annual Return. This meant that any provision the Council made in its budgeted expenditure to transfer amounts to build earmarked reserves each year (e.g. £3000 for capital equipment reserves, £5000 for the Chapel) were not recorded in the accounts as actual expenditure. Thus the accounts showed the expenditure for 2019-20 as £559,925 whereas the Council had also budgeted £39,000 to be transferred last year to build EMR and these were journaled during the process of year end

RECOMMENDATION TO TOWN COUNCIL:

To note the approved budget set by Town Council for 2020/2021 together with the year end Actual expenditure figures for 2019/2020 as confirmed by the accountants

12. ANNUAL SCHEDULE OF DIRECT DEBITS 2020/2021

RECOMMENDATION TO TOWN COUNCIL

To approve the Annual Schedule Of Direct Debits for payment

13. URGENT BUSINESS – IT ISSUES

(a) The Committee considered a report on the current IT provision for home working and the requirement to purchase a replacement desk top for one that was no longer working and an additional one in order to provide sufficient remote desk top capability to enable all staff to work more efficiently from home. The cost quoted from the Council's IT supplier was £1381 ex VAT. The report also discussed upgrading of the Council's broadband to Fibre to Cabinet to improve the home working connection to the server.

(b) During the process of researching this, the Clerk had discovered an opportunity existed to consider the wider issue of the Town Council's phone system rental, call charges and landline supplier in association with the broadband supply which needed to be investigated with a view to taking out new contracts/packages with potential savings to the Town Council of at least £98 per month. The Clerk now needed to approach existing supplier about the termination terms of any contracts and whether they would be prepared to migrate the Council to new product offerings on more favourable terms

RESOLVED

(i) To approve the expenditure for two desktops

(ii) Clerk to return with proposals for broadband/phone supply to the next Finance & Policy Committee meeting

14. INSURANCE CLAIM – OFFICE REINSTATEMENT UPDATE

The Clerk reported that the loss adjuster was now requesting the invoices for the electrical works (of which some the Council would need to pay for as they were betterment), THE Carpets and the cleaning/restoration. However a schedule needed to be finalised for all other costs including hire of alternative accommodation for meetings storage of equipment etc. Given the size and complexity of the claim, including the need to address rent and rates payments to B&NES, the Committee were asked if they wanted to nominate 3 members to review the schedule before submission.

RESOLVED

That Cllrs Cooper, Halliday and Simmons review the final Schedule of losses prior to submission by the Clerk

15. **INVESTMENTS AND INTEREST RATES**

- (a) The Committee considered the report and the notifications of changes in interest rates by Barclays and focused on the £340000 in the Rate Reward account as this had not been touched for at least 5 years and represented the longer term reserves of the town Council for longer term projects such as the Cemetery Chapel and Play areas
- (b) It was decided to leave the £865,000 in the Barclays Business Premium account as this represented the forecast expenditure for the financial year and therefore liquidity was important, especially if the payment of the second half of the precept was delayed
- (c) The Committee also noted that the Council was ineligible for protection under the Financial Services Scheme, and the only reason to restrict investment in one bank/provider to £85,000 would be to spread the risk between multiple institutions.
- (d) Notwithstanding this, the Committee felt that any portfolio should not be overcomplicated to administer so that investments of up to £100,000 were reasonable. Furthermore the priorities detailed in the investment strategy of security, liquidity and finally yield in that order should be adhered to. In addition the Committee noted the Council's declaration of a Climate Emergency and felt that consideration should be given to ethical and green investment institutions (subject to credit checking)
- (e) The issues with the current bank mandate were discussed which could not address the requirement for dual authorisation as required by the Financial Regulations. The Committee noted that the bank account would be reviewed this year as other banks could offer dual authorisation including Lloyds and Unity Bank.
- (f) The Committee felt that the Investment Strategy should be altered to reflect the change in Committee name and to change the limit to £100,00 from £85,000

RECOMMENDATIONS TO TOWN COUNCIL

- (i) **To approve amendments to the Investment Strategy and Policy to be presented to Town Council at its meeting on 23rd June 2020**
- (ii) **To distribute reserves from the Rate Reward account as follows (subject to credit checking)**
 - a) **£100,000 to Cambridge and Counties**
 - b) **£100,000 to Triodos Bank**
 - c) **£100,000 to Unity Bank**
 - d) **£40,000 to CCLA Public Sector Deposit Fund**

RISK MANAGEMENT AND INTERNAL CONTROL

16. CORPORATE GOVERNANCE ANNUAL TIMETABLE)

The Committee considered the report that demonstrated that during the first year of operation, the Corporate Governance Annual Timetable had worked well and spread the workload throughout the year, . Items outstanding owing to the cancellation of the April and May meetings were being considered at the this meeting and the Committee saw no reason to change the timetable. For this financial year, The timetable also meant the Council could provide written minuted evidence to demonstrate the Council was performing all of the obligations of Governance and Accountability required of Local Authorities in respect of managing Public Money and in relation to the 8 Assertions to be signed on the Annual return by the Town Council.

RECOMMENDATIONS TO TOWN COUNCIL

- (i) That the Town Council has now completed all matters in the Corporate Governance Review Timetable in preparation for considering the 8 assertions in the Annual Governance Statement.**
- (ii) To approve the Corporate Governance Review Timetable with no amendments for the period 2020-2021**

17. RISK MANAGEMENT – SIGNIFICANT RISKS COVID19

- (a) The Committee discussed the various issues mentioned in the report on how COVID could impact on the Council's finances – both income and expenditure
- (b) The main income, apart from the precept from B&ES, was the Cemetery and Manor Road. The Committee felt that it would be premature to take any steps in respect of these matters. The main implication was if the Government required the football pavilion to be re-opened, rather than players arriving and leaving in their kit and bringing their own sanitiser supplies, as the costs (covered in ear marked reserves) to adapt the pavilion to accommodate any social distancing measures would not be insignificant.
- (c) The fact remained that unlike other Town Councils who had premises that generated a lot of hire income such as leisure centres, museums and community halls, the drop in income Keynsham could suffer could be met from general reserves for the coming year
- (d) The Clerk had written to the Music Festival about the £18,000 grant and this would go to the next Town Council meeting after a reply had been received.
- (e) The Committee moved on to consider additional expenditure as a result of the COVID Pandemic and this focused on firstly keeping IT provision working, whether to keep the COVID Community Resilience Fund operational for this year and what amount should be budgeted for PPE for the coming year.

RECOMMENDATIONS TO TOWN COUNCIL:

- (i) To approve the financial impact assessment**
- (ii) To refer the matter of Working from Home allowance to the Personnel Committee**
- (iii) That the 3 year contract with SoVision is extended for a further year**
- (iv) That £10,000 is budgeted for this year from General Reserves in nominal code 4050 for PPE and other supplies to enable Council activities to be delivered in accordance with Government advice and Health and Safety requirements.**
- (v) That the Council continue to operate the COVID Community Resilience Fund, using the surplus remaining from last year of £8,730**

18. STATEMENT OF INTERNAL CONTROL

The Clerk explained that the Statement of Internal Control for last year had now been updated to evidence the Corporate Governance Review Timetable and the Timetable for the Council's Budget setting (The Council were required by the External Auditor to submit evidence of its budget setting as part of this year's intermediate Review). The Clerk advised that there was one amendment to the circulated document which, was to include September and/or October as the month(s) for the Capital Project Review to give the Council some flexibility.

RESOLVED

That the Chairman of Finance & Policy Committee sign the Statement of Internal Control as amended when circumstances permit.

RECOMMENDATION TO TOWN COUNCIL:

To approve/sign the Council's Statement of Internal Control as amended for adoption by Town Council.

19. INTERNAL AUDITORS FINAL REPORT (2019/2020) AND COMPLETION OF ANNUAL RETURN INTERNAL AUDIT REPORT

- (a) The Committee considered the Internal Auditors final report and recommendations. The Internal Auditor had ticked all boxes on the report submitted as part of the Annual Return so the Committee then considered the actual final report
- (b) The Clerk informed the Committee that the year end this year had been very time consuming and stressful, which was a combination of factors including the IT issues with the accounts software and the introduction of Sales and Purchase ledgers in October last year with very little training
- (c) In respect of the Internal Auditors recommendations
 - (i) The Public Sector deposit Fund would be added to the accounts as a Cash Book
 - (ii) The Deputy Town Clerk was currently seeking quotations for renewal of all the Council's insurance policies in August and had incorporated the increase recommended in respect of Fidelity Guarantee cover in the request for quotations.
 - (iii) The procedures of processing paper copies of invoices and obtaining authorisation for payment and subsequently authorisation for release was not being adhered to owing to the sheer volume of transactions and the lack of man hours. At some point it was hoped that the manual preparation of the spreadsheet reports for invoices for payments and schedule of expenditure that went to the monthly Town Council meetings could be transferred to the accounts system, however the Financial Regulations still required wet signatures for authorisation of the various steps. Nevertheless, the Internal Auditor had suggested that given the current volume of transactions and types of activity and expenditure undertaken, the Town Council should not be trying to shoehorn its processes into the model Financial Regulations which were written with small Parish Councils in mind. As a larger Town Council the Council should be consulting with other similar-sized Councils on their practices and looking to amend the Model Financial Regulations which should include raising the limits of expenditure under delegated authority and also delegating certain authority for purchasing to the Deputy Town Clerk

The Internal Auditor had therefore recommended the Council conduct a high level review of the processes for the Council consider how it wished to proceed. The

Clerk advised the review would cover what reporting could reasonably be automated on the accounts system, whether it would be possible to make BACS payments automatically from the accounts software and staff capacity both current and future.

- (d) The Internal Auditor had further suggested in discussion with the Clerk during the audit that, given the volume of transactions, it would be beneficial to have a third audit visit, to occur during the year, to do more transactional audit and that training for Councillors and staff to explain how the auditing and reporting procedures work leading up to the Annual Return including Balance Sheets Reserves etc. If the Committee were amenable to the ideas the Clerk would bring a quotation back to the next meeting.

RECOMMENDATION TO TOWN COUNCIL:

- (i) **To approve the Auditors Final report (2019/2020) and recommendations**
- (ii) **To note the Internal Auditors completion of the relevant section of the Annual Return**
- (iii) **The Clerk to conduct a high level review and return to the Committee with the results.**

RESOLVED

Clerk to return with a quotation for additional services

20. REVIEW OF COUNCIL'S INTERNAL AUDIT PROCEDURES AND APPOINTMENT OF INTERNAL AUDITOR

The Council reviewed it's internal audit procedures/specification as part of the procurement exercise for appointment of an Internal Auditor in March 2019. The successful applicant was appointed for a period of 3 years, pending a review after the first year

RECOMMENDATION TO TOWN COUNCIL:

- (i) **To approve the Internal Audit procedures specification document unamended**
- (ii) **To approve continuation of the contract with the current Internal Auditor for Years 2 and 3.**

21. ANNUAL RETURN 2019-2020 – ANNUAL GOVERNANCE STATEMENT (attached)

The Town Council is required to approve the 8 Assertions of the Annual Governance Statement which is then signed by the Chairman and Town Clerk. JPAG Guidance provides details of what elements of the Town Council's activities need to be reviewed against each of the Assertions before approval can be given. The Committee considered and discussed each of the assertions in turn with reference to the JPAG Guidance and determined whether as the Finance & Policy Committee they felt the Committee could respond into the affirmative to each of the Assertions.

RESOLVED

That the Committee could respond positively to each of Assertions 1-8 of the Annual Governance statement

RECOMMENDATION TO TOWN COUNCIL

That the Town Council has complied with all assertions 1-8 in respect of approving and signing the Annual Governance Statement 2019/2020.

END OF YEAR ACCOUNTS AND ANNUAL RETURN ACCOUNTING STATEMENTS

22. BUDGET MONITORING REPORT – YEAR END – MONTH 12 (attached)

This is the final year end Budget Monitoring Report following the visit from the accountant.

RECOMMENDATION TO TOWN COUNCIL

To approve the report, noting surpluses and deficits and the transfer of surpluses as identified during the budgeting procedure to ear marked reserves.

23. MOVEMENT TO AND FROM GENERAL & EARMARKED RESERVES

In accordance with the decisions of the Town Council throughout 2019/2020, the report shows movement to and from General and ear-marked reserves in respect of surpluses and transfers.

RECOMMENDATION TO TOWN COUNCIL

- (i) **To approve the closing balance of earmarked and general reserves as at 31st March 2020 including transfer of surpluses.**
- (ii) **To approve the opening balances of earmarked and general reserves as at 1st April 2020 including any drawdowns to support the current year's expenditure.**

24. BANK RECONCILIATIONS

The Annual Bank reconciliation is attached. Individual bank statements and reconciliations for the various accounts throughout the year are available for inspection by appointment with the office.

RECOMMENDATION TO TOWN COUNCIL

To approve the Bank and cash reconciliation as at 31st March 2020.

25. STAUTORY BALANCE SHEET– 2019/2020

The Responsible Financial Officer has submitted the Balance sheet for the year ended 31st March 2020 for submission with the Annual Return

RECOMMENDATION TO TOWN COUNCIL

To approve the Balance Sheet 2019/2020 for signing by the Chairman of the Town Council.

26. STATUTORY INCOME/EXPENDITURE STATEMENT 2019/2020

The Statutory Income and Expenditure statement is submitted by the Responsible Financial Officer for consideration prior to publication on the website

The Clerk advised that most of the large tranches of CIL money due from the various developments had now been received.

RECOMMENDATION TO TOWN COUNCIL

To approve the statement for publication

27. ANNUAL RETURN 2019/2020 – ACCOUNTING STATEMENTS

The completed Accounting Statements (Part 2 of the Annual Return) is submitted by the Responsible Financial Officer for consideration.

RECOMMENDATION TO TOWN COUNCIL

To approve the Accounting Statements for 2019/2020 to be signed by the Chairman of the Town Council at the Town Council meeting.

28. ANNUAL RETURN 2019/2020– ACCOMPANYING SCHEDULES

The Town Council is required to fill in the accompanying when submitting the Annual Return. In addition the Town Council has to submit the notice of public rights with correct dates.

The Schedule of variance only required one explanation in response to income which varied by more than 15% compared to the previous year, which comprised the large amount of CIL receipts and the lack of Parish Grant from B&NES.

RECOMMENDATION TO TOWN COUNCIL

(i) To approve the Schedule of Significant Variations.

(ii) To approve the Bank Reconciliation with reference to Box 8

(iii) To approve the Reserves Reconciliation with reference to Boxes 7 and 8

(iv) To approve the Notice of Public Rights and accompanying s26/27 explanation for submission with the Annual Return

29. ANNUAL RETURN 2019/2020– INTERMEDIATE LEVEL REVIEW

As the Town Council's total gross income or expenditure is greater than £200,000 then it automatically meets the requirements for an intermediate level review and the following additional information in support of one of the assertions must accompany the Annual Return. This year the External Auditor required, in support of Assertion 8, **• a copy of the relevant minutes, agenda papers and any related reports from 2019/20 to support the setting of the budget for the subsequent financial year**

The Clerk had produced a schedule of all the Agendas, Signed Minutes and associated reports to be submitted to evidence the stages the Council had adopted in setting the budget as detailed in the Statement of Internal Control/

RECOMMENDATION TO TOWN COUNCIL

To approve the subject matter as detailed for submission for Intermediate Review

30. DATE OF NEXT MEETING

RESOLVED:

To note the date of the next meeting to take place by zoom conferencing as Tuesday 7th July and that the meeting will commence at 3pm with the idea of finishing at 4.30pm owing to Members availability.

The meeting finished at 16.08

SIGNED:..... (Chairman)

Dated: