

EUXTON PARISH COUNCIL



Meeting: Finance Committee
Annexe, Euxton PC Community Centre,
Wigan Road, Euxton
Thursday, 2 June 2016, 7.30pm

A G E N D A

1. Election of Finance Committee Chair
2. Election of Finance Committee Vice Chair
3. Apologies
4. Declarations of interest
5. Minutes of the last meeting (Item 3)
6. Public Participation
Matters brought to the Parish Council by residents. Residents will have twenty minutes set aside during which each resident shall have three minutes.
7. Discuss tender process for inclusion in previously agreed Financial Regulations, for recommendation to Council at May or June meeting
8. Review Internal Audit Report, report to Council June 2016
9. Discuss and decide Investment policy and process for inclusion in previously agreed Financial Regulations, for recommendation to Council at June meeting
10. Other Financial Regulations amendments:
 - a. Management and governance of debit card and associated bank account
 - b. Budget process following adoption of a December Council meeting
 - c. Community Infrastructure Levy (CIL) Management Process
11. Other items this Committee can take forward

Finance Committee
Cllr J Bamber
Cllr M Bamber
Cllr A Caughey
Cllr J Caughey
Cllr Cook
Cllr C Jones
Cllr Matson
Cllr M Parr
Cllr K Reed

D. Platt
CLERK

Published: 20/05/16

MINUTES of FINANCE COMMITTEE meeting held 2 February 2016 at Euxton PC Community Centre, Euxton.

Present: Cllrs M Bamber H T Cook (Chair) J Prayle
 A Caughey C Jones K Reed
 J Caughey J Matson A Riggott
 A Platt

1. Apologies Cllr Parr

2. Declarations of Interest

3. Minutes of the meeting

Resolved: The Committee agreed the minutes of the last meeting on 5 November 2015 and the Chair signed them as a true record.

4. Public Participation

There were no requests for public participation.

5. Review Risk Assessment for approval by Council

Members reviewed the reported items from the register, noted items for follow up or referring to Council for actions.

Resolved: The updated report was recommended to go to full council.

6. Review insurance such that it meets needs of Risk Assessment

Members reviewed the report.

Resolved: Members were happy to recommend to Full Council that the insurance needs currently meet the Risk Assessment.

7. Discuss and decide Finance Regulations

This item also incorporated item 8 decide banking/cheque policy and process, and item 9 decide Tender policy and process.

Members worked through all the sections of the Financial Regulations which had been adapted for Euxton from the NALC template.

Clerk to check the external audit variance percentage, if delegated power to spend can be given to the Chairman, if RFO can be delegated to a councillor in the current Clerk's (who is appointed the RFO) absence. A piece of work to create a list of designated suppliers to be completed. To review the Terms of Reference for the Committee to include reviewing of fees.

Committee to consider regular payments as shown in para 5.7 on a future agenda.

Chair proposed an extension on the meeting finish time to 9.45pm, agreed.

Resolved: Members agreed with the changes made to the Financial Regulations, thanked the Chair for his work on this document, and recommended it for approval to full council, following its circulation for checking.

10. New External Audit system

Resolved: Members to recommend to Full Council to remain in the system and not to opt-out.

11. Other items this Committee can take forward

None brought forward.

12. Financial risk items mitigated

These items were discussed in item 5 and will be noted on the updated report going to full council.

13. Matters for information

Members asked to note the next two meeting dates of Thursday, 28th April 2016 and Tuesday, 5th July 2016.

There being no further general business the Chairman declared the meeting closed.

9.45

Item7

Discuss tender process for inclusion in previously agreed Financial Regulations, for recommendation to Council at May or June meeting

Suggestions put forward:

A) 11.1b The clerk, who will normally deal with such matters, should be permitted to give whatever information is available from published Council documents which will often amount to disclosing the Council's budget for a particular project. For example, by the time we go out to tender on the Bowling project it would be pretty apparent what our budget figure is for the project from our monthly financial reports, budgets etc. In some cases it may not be quite so easy and, for example, the project cost might include professional advice and fees as well as construction costs. Even so, examination of our public records would most probably disclose how the cost is broken down into a works costs and professional fees etc.

In any case I don't think it a matter of great concern if the contractors do know what our budget estimates are. If, for example our budget estimate is £200k but Contractor A reckons he can do it for £100k, then Contractors B and C will most probably also be able to undercut our estimate. If Contractor A wants the job he is best advised to bid the £100 that he thinks he can do it for.

In the case of professional services rather than works I feel it is actually preferable that the bidders do know what our estimate is. In such cases we are seldom able to define the works as well as we can for a works contract and might be more concerned with the tenderer's approach to the job and the staff that he is putting forward. Admittedly, if the tenderers know that our estimate is, say, £20k for some professional work then their bids will tend towards that figure but we will be able to compare the quality of the bids as well as the quantity and, as long as we state how we intend to come to a judgment, this is important.

Further, what can and will happen if tenderers of this nature are not aware of our budget is that you are likely to lose some competitiveness as some will pitch in at the wrong level and put in prices that demonstrate only that they are working on different assumptions from us. For example on the Millennium Green Masterplan no matter how well I define the work in the invitation, they need to know how much we have got so that they put in the right sort of response. They should take the trouble to try and find out and we should give them what public info is readily available. Otherwise you will effectively only end up with none or one proposal to look at. I had intended to include this info in the invitation to tender and ask tenderers to not only give a price but also to tell us how they approach the task and what staff or staff grades and how many hours they expect to need..

I think this clause should be removed

B) In some cases it will not be possible for us to even think in terms of a single sum for professional services. For example, if we require an expert planner, engineer, architect etc for a major public inquiry, neither he/her or we will know how much work will be involved. It will depend on the nature of the public inquiry, the number and strength of objections and how many he needs to deal with, and how long he is going to be in the witness box.

Will the regulations allow us to let this form of contract which needs a schedule of rates rather than a total sum? I can't see how they do.

C) Clearly, the form of contract I used for the skatepark did not meet these regulations . However, everything about the contract was open and transparent and it allowed us to assess bids on the basis of users (ie skateboarders) preferences , our own assessment of how the proposed design met our requirements and cost. It was, I accept, too complicated for general use by a Parish Council. I will also admit that I did not look at our then current financial regulations when I prepared it. It did however use techniques that are (or were, when I was involved with such things) used in public sector procurement where issues of quality were as relevant as cost. It did our requirements and we got a skatepark that meets with users' approval at a reasonably competitive price (and I did collect together some information to support that last statement)

However, I still do not know which would have been the best and simplest means of procuring the skatepark. I did look to see how others were doing it and, to be frank, other parish councils seemed to be following a very dodgy path, which I will explain if necessary. The point is that we did not have a fixed design that we could ask contractors to bid for.

We could have employed (at extra cost of course) an independent designer/ supervisor (if there is such a thing in the skatepark world) and asked contractors to price his design. But that would have missed the fact that different skatepark contractors have their own signature components and designs which they can achieve more expertly and probably at lower cost than their competitors.

How would the Finance Committee wish to procure such a project in future?

This raises the more general point:

D) How do you procure a contract for which you do not have a design?. This is not as unusual as it sounds. Apart from the skatepark, have a thought about the war memorial. This is now the Parish Council's but, fortunately, it was procured by an organisation that didn't have to bind itself to our or other public sector procurement rules. I presume they could go straight to a stonemason of their choice and say to him "we've got £x, What can you do for us?" or "we fancy a war memorial like the one in the picture - How much?".

Just suppose though that the PC had procured the war memorial, which must happen. How would we have gone about it under these regulations?

This could happen again. For example Parish Council's do procure works of public art. Let's say, not that we do at present, but supposing the Council wanted to procure a mural, by a reputable artist, for a public building, either one specific artist or one of three or four artists. How would we go about it. 11.1e doesn't fit the bill

One can imagine many such examples. However, I do not think that you need to rewrite the Regs to cover all the options, which will after all, not arise too often. I would suggest that 11.1a be redrafted as follows/

"Other than in an emergency, contracts should seek to comply with these financial regulations. If it is proposed to adopt a different form of contract for a particular purpose then the reasons for this should be put before Council and a specific resolution of the Council must give prior approval. This regulation need not apply to contracts which relate etc".

E) Regulation 11.1c

I think this goes further than the usual public sector requirement which would be that any clarification given to one contractor should be given to others or if discussions with one contractor lead to something changing. I also think it would be reasonable in some circumstances (such as the skatepark, although I can't recall whether we did or not) for a contractor to ask to be shown round a site by PC staff or member officers where they may ask various questions that do not require any "secret" information. Eg Who owns that land over there? Is there a contact name in CBC Estates? Where are the nearest Hotels/shops etc

It can be expected that all tenderers would , for example, want to have a look around a private site then it would seem unnecessary for all the admin arrangements for this to be copied to all the others.

F)Re 11.1f A minor point but many tenderers do not like to trust the post and prefer to deliver their contract themselves or by some courier service, very often at the last moment. Are we saying no to this?

Item 8

Review Internal Audit Report, report to Council June 2016

Item 9

Discuss and decide Investment policy and process for inclusion in previously agreed Financial Regulations, for recommendation to Council at June meeting

TC suggestions. Following changes to and lower limits of financial protection offered to bank accounts (FSCS - Financial Services Compensation Scheme) the Council agreed to open more accounts to protect the Council's finances. In effect the Council has adopted a risk averse stance to protect Euxton taxpayers money.

Euxton Council has no investment expertise and cannot yet understand or manage financial risk. If the Council wished to make investments that risked taxpayers money it should first engage qualified financial advice so that the investments and their risks can be better understood.

For the time being, it is recommended that Council continues its policy of not risking Euxton taxpayers money and that it continues to manage its bank accounts so that all remain at or below the limit of the FSCS.

Item 10

Other Financial Regulations amendments:

a. Management and governance of debit card and associated bank account

New para 6.20 The bank account on which the debit card is issued will be limited to a maximum holding of £4000. In accordance with paras 6.4 and/or 6.10, transfers into this account to 'top it up' after the card has been used may be made only by 2 authorised signatories following reconciliation of the bank account.

b. Budget process following adoption of a December Council meeting

Changes shown in **bold** (not titles)

3 ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

3.1 Each committee Chair shall review its three year forecast (if any) of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Council not later than the end of November each year including any proposals for revising the forecast.

3.2 All bids and budget items of more than £1000 (inc multiple bids each below £1000 for a single project) shall be accompanied by a very brief/outline description.

3.3 In conjunction with the Finance Committee the Clerk must each year, by no later than end November, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Finance Committee and Council. The formal budget process is as follows

- *Beginning Oct Clerk prepares:*

- *First half of current year, and*
- *Early Draft budget based on that half year.*

Budget modified by any known additions/deletions and Committee Chair inputs.

- *Early October Finance Committee meeting examines budget so that it understands as much as possible all elements.*
- *Mid-October, Council provided with budget plus key figures - total spend, likely precept and comparison with current year figures.*
- *Council asked for early broad guidance from mid to end October as to whether budget is about right, wrong, etc and for priorities.*
- *End October/begin November Committee Chairs asked to finalise budget bids (in accordance with Financial Arrangements) with explanations so that Finance Committee has complete understanding*
- *Using any guidance given, early November onwards Finance Committee derives possible project priorities and spending plans and/or cuts so that alternatives are available for **December or January Council meeting as required***
- ***December or January (as required) Council meeting discusses and agrees budget***

In order to accommodate budget items that are subject to timescales of bodies external to the Council and to accommodate significant emergency items, Committee Chairs may submit exceptional budget items up to the end of December. The possibility of such additional items with as much detail as is known should, though, be provided to the Clerk as soon as possible beforehand and ideally before the end of November.

3.4 The Council shall consider annual budget proposals in relation to the Council's three year forecast (if any) of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

3.5 The Council's general reserve budget shall be set at 3 months 'routine' (ie non-discretionary) spend.

3.6 The Council shall fix the precept (Council tax requirement), and relevant basic amount of Council tax to be levied for the ensuing financial year not later than by the end of January each year. The Clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

3.7 The approved annual budget shall form the basis of financial control for the ensuing year.

TC Notes: If we say 'no later than end Nov' that will still leave just enough time to incorporate all budget bids into budget for consideration at December Council meeting.

c. Community Infrastructure Levy (CIL) Management Process

Community Infrastructure Levy (CIL) paragraphs for inclusion in the Council's Financial Regulations

4.11 Receipts of Community Infrastructure Levy (CIL) from the Principal Authority must only be used to support the development of the local area by funding: The provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on an area.

4.12 The Council must prepare a report for any financial year ("the reported year") in which it receives CIL receipts. The report must include:

- a) the total CIL receipts for the reported year;
- b) the total CIL expenditure for the reported year;
- c) summary of CIL expenditure during the reported year including—
 - i) the items to which CIL has been applied; and
 - ii) the amount of CIL expenditure on each item; and
- d) details of any notices received in accordance with regulation 59E, including—

- i) the total value of CIL receipts subject to notices served in accordance with regulation 59E during the reported year;
 - ii) the total value of CIL receipts subject to a notice served in accordance with regulation 59E in any year that has not been paid to the relevant charging authority by the end of the reported year.
- e) the total amount of—
- i) CIL receipts for the reported year retained at the end of the reported year; and
 - ii) CIL receipts from previous years retained at the end of the reported year.

4.13 The local council must—

- a) publish the report on its website; and
- b) send a copy of the report to the charging authority from which it received CIL receipts, no later than 31st December following the reported year.