

DRAFT Finance, Legal and Administration Committee (FLAC) Minutes

Meeting held in the Village Hall, Recreation ground, Cottenham on Tuesday 26th March 2019 at 7.30pm

Present: Cllr Collinson, Morris, Smith (Chair), Wilson, RFO

19F/032. Chairman's Introduction and Apologies for absence – Cllrs Bolitho (Work), McCarthy (Work), Young (Work)

19F/033. To accept Declarations of Interest and Dispensations – None given

19F/034. Minutes – There was no record of those present which was amended. Resolution that the minutes of the Finance Committee meeting held on Tuesday 26th February 2019 be signed as a correct record.

RESOLVED.

19F/035. Public Participation – None present.

19F/036. Review the Management Accounts for February 2019 – The committee were satisfied that the management accounts are an accurate record.

19F/037. Review of the monthly bank reconciliation (to 28th February 2019) – The RFO and Cllr McCarthy completed a bank reconciliation earlier on in the month (15th March 2019). The committee were satisfied that the bank reconciliation is an accurate record.

19F/038. Year End Accounts - Green and Purple Ltd have been appointed to do our Year-end accounts. The committee are satisfied that the presentation of our End of Year accounts paperwork is compliant and clear. Some areas for consideration when drafting this year's document are to include our updated Asset List. Some small heading amendments and the table under Closing Reserves needs updating. The Neighbourhood Plan line is no longer needed. We need to add "Environment Fund" from Cambridge Environment Audit Group. We also have the option to vire our current year surplus and other reserve into Hall/Nursery Fund. The commentary can be written once the draft accounts are available.

19F/039. Review proposed contract terms for capital projects - The employer for the capital projects is Cottenham Parish Council. The Architect and Consulting Engineers assess whether the builder's detailed proposals comply with the contract specification, approving any necessary variations, after referring back to the employer if necessary. The Quantity Surveyor, usually monthly at or shortly after an all-party progress meeting issues a certificate that tracks the work being delivered, assessing it against the Bill of Materials and labour estimates. This legally-binding certificate authorises the builder to issue an invoice for payment within the contract terms. The Contract Documentation Manager maintains and checks the database of documentation underpinning the contract, including H&S etc. The people involved: Cllr Morris will be the employer's Representative, supported by Clerk and RFO. Wilby & Burnett's (W&B) Lianne Toothill will be the Architect in charge, supported by Gala Bejar. W&B's Trevor Vincent will be the Quantity surveyor. W&B's Sean Kelleher will be the Contract Documentation Manager. Cambridge Van Leyden are the Mechanical & Electrical Engineers. Peter Dann Ltd are the Structural Engineers. The builders arrange insurance cover for the building and a bond intended to cover the consequences of failure during the contract. A long list of 16 builders has been prepared following invitations to "express interest" on Contracts Finder; these have been invited to answer several Pre-Qualification Questions regarding H&S, DBS checking and financial viability. Six of these companies will be invited to tender on 25th March or thereabouts with tenders to be returned in sealed envelopes by 26th April. Tenders will be opened by our Clerk in the presence of a Councillor and our Quantity Surveyor. The Quantity Surveyor will prepare a summary tender report and make a recommendation. A detailed cash-flow forecast will be prepared for Council once the contract price is established.

19F/040. Review proposed financing model for capital projects - We are in the process of obtaining borrowing approval for the necessary finance. Our application has been screened successfully by CAPALC and passed to MHCLG who have asked some clarification questions to help put our borrowing case forward. Cllr Morris has gone back to MHCLG to answer these questions. Once CPC has approved the procurement, possibly on 4th June, arrangements will be made to draw down the necessary cash and place the contract(s). Annuity repayments of capital and fixed-rate interest become due after 6 months; the repayments will come

mostly from the supplementary precept of around £62,000 per 6 months “topped-up” by around £6,000 from up to say £200,000 from our reserves; this “top-up” will decline as new houses are occupied and increase our tax-base. This arrangement should be sufficient to clear the debt in full over 30 years from that £1/week/Band D home. Should no new houses be occupied, and we run out of accessible reserves and in the absence of any net revenue from the Village Hall and Nursery or s106 income, there is a risk that the precept would have to be increased by around 3% to maintain repayments. Much more likely is that at least some of the new houses will be occupied, increasing our tax-base, to close the gap and, in addition, s106 contributions received to allow earlier repayments to be made to reduce the scale and duration of the supplementary precept by as much as 2/3rds. A detailed cash-flow projection will be prepared once the project cost and likely payment profile is better known. This will include several supplementary income scenarios for developer contributions and facility income.

19F/041. Consider how we develop a 5-year outline budget to include key capital programmed and operational expense lines - Currently, our approach to budget preparation has focused on reviewing our estimates of income/expenditure during the current year, line by line, taking account of any special circumstances and the income/expenditure in the previous financial year. After several iterations this gets us to a budget which is presented at a full council meeting. The committee agreed that we format our Management accounts to start with the Expenditure lines, followed by Income and then capital projects and use groupings which are reflected in the annual form for SCDC. These categories are: Cultural, Environmental and Planning, Highways, Footpaths and Lighting, Democratic Representation, Corporate Management and Capital Projects. This may then help us to develop a 5-year forecast. The committee are keen to take this back to the full council and get views on what our community might look like and ideas for a 5-year forecast.

19F/042. Summer reading grant request – Resolution that FLAC recommends to full council a donation of £250 towards this years Summer Reading Challenge at Cottenham library (to come from our Cottenham Chest) - **RESOLVED**

19F/043. Review amended Internal Controls document – Small amendments made but otherwise the committee were satisfied with the document. Resolution to accept the Internal Control Document - **RESOLVED**

19F/044. Matter for consideration at the next meeting –

Management Accounts

Bank reconciliation

Update on Capital projects

5-year budget forecast

19F/045. Date of next meeting - Tuesday 30th April 2019

19F/046. Close of meeting – 9.14pm

Signed _____ (Chair) Date _____