

**AGENDA PACK**  
**Finance, Legal and Administration committee**  
**Tuesday 26<sup>th</sup> March 2019**

**To: Members of the Finance, Legal and Administration Committee (FLAC)**

You are hereby summoned to attend a Committee meeting

To be held in the Village Hall, Recreation ground, Lambs Lane, Cottenham on:

**Tuesday 26<sup>th</sup> March 2019 at 7.30pm**

**AGENDA**

All Parish Council Meetings are open to the Public and Press

**19F/032. Chairman's Introduction and Apologies for absence** – *(Schedule 12 of the Local Government Act 1972 requires a record to be kept of the members present and that this record form part of the minutes of the meeting. Members who cannot attend a meeting should tender apologies to the Parish Clerk as it is usual for the grounds upon which apologies are tendered also to be recorded. Under Section 85(1) of the Local Government Act 1972, members present must decide whether the reason(s) for a member's absence are accepted.*

**19F/033. To accept Declarations of Interest and Dispensations** – *i. To receive disclosures of pecuniary and other interests from Councillors on matters to be considered at the meeting. ii. To receive written requests for dispensation. iii. To grant requests for dispensation as appropriate. (NB this does not preclude any later declarations).*

**19F/034. Minutes** – To resolve that the minutes (circulated to members) of the Finance Committee meeting held on Tuesday 26<sup>th</sup> February 2019 be signed as a correct record.

**19F/035. Public Participation** – *Public question time is dealt with prior to the start of the meeting and doesn't form part of the formal business of the Council. Time is limited to 30 minutes and each member of the public is entitled to speak once only in respect of business itemised on the agenda and shall not speak for more than 3 minutes to allow other people to also speak without the public session exceeding its allotted time. Questions not answered at this meeting will be answered in writing to the person asking the question or may appear as an agenda item for the next meeting.*

*Photographing, recording, broadcasting, or transmitting the proceedings of a meeting by any means is permitted. A person may not orally report or comment about a meeting as it takes place if he is present at the meeting of a parish council or its committees but otherwise may film, photograph or make an audio recording of a meeting; use any other means for enabling persons not present to see or hear proceedings at a meeting of the parish council as it takes place or later; report or comment on the proceedings in writing during or after a meeting or orally report or comment after the meeting. However, anyone wishing to do so must speak to the clerk prior to the meeting as there is a policy which must be followed.*

**19F/036. Review the Management Accounts for February 2019** – RFO

**19F/037. Review of the monthly bank reconciliation (to 28<sup>th</sup> February 2019)** – RFO & Cllr McCarthy

**19F/038. Planning for Year-end accounts** – RFO & Cllr Morris

**19F/039. Review proposed contract terms for capital projects** – Cllr Morris

**19F/040. Review proposed financing model for capital projects** – Cllr Morris

**19F/041. Consider how we develop a 5-year outline budget to include key capital programmes and operational expense lines** – Cllr Morris

**19F/042. Summer Reading grant request** – RFO

**18F/043. Review amended Internal Controls document** - RFO

**18F/044. Matters for consideration at the next meeting**

**18F/045. Date of next meeting** –

**18F/046. Close of meeting** –

 Debbie Seabright .

Debbie Seabright – RFO

18/03/19

Right Side Entrance, Community Centre

250a High Street, Cottenham, Cambridge, CB24 8RZ Tel: 07503 328401 Email: [rfocottenhampc@gmail.com](mailto:rfocottenhampc@gmail.com)

19F/034

**DRAFT - Finance, Legal and Administration Committee (FLAC) Minutes**

Meeting held in the Village Hall, Recreation ground, Cottenham on Tuesday 26<sup>th</sup> February 2019 at 7.30pm

- 19F/017. Chairman's Introduction and Apologies for absence** – Apologies accepted from Cllrs Bolitho (sick), McCarthy (work), Young (work) and the RFO.
- 19F/018. To accept Declarations of Interest and Dispensations** – None given.
- 19F/019. Minutes** – Minor amends made. Resolution that the minutes of the Finance Committee meeting held on Tuesday 29<sup>th</sup> January 2019 be signed as a correct record. **RESOLVED.**
- 19F/020. Public Participation** – None present.
- 19F/021. Review the Management Accounts for January 2019** – The following observation were made: Tenison Manor credit relates to IDB invoice paid by CPC then reimbursed by Persimmon. During works for the new Village Hall it was discovered that the Bowls Club hadn't been charged for electricity; payment plan being discussed. We are going to receive a higher water bill than expected but it is anticipated that this and the electricity reimbursement should cancel each other out. Query whether there will be business rates on the temporary building during the works. Noted that Pavilion over budget due to maintenance costs; need to monitor the LGP and electricity costs. Check £758 January figure against Christmas event. Unable to see sponsorship donations income for the event. Noted that RFO has fixed spreadsheet errors previously noted. Otherwise the committee were satisfied that the management accounts are an accurate record.
- 19F/022. Review of the monthly bank reconciliation (to 31<sup>st</sup> January 2019)** – The RFO and Cllr McCarthy completed a bank reconciliation earlier on in the month (12<sup>th</sup> February 2019). The committee were satisfied that the Bank reconciliation is an accurate record.
- 19F/023. Consider appointing Green and Purple Ltd to produce our Year-end accounts** – Resolution to appoint Green and Purple Ltd to produce our year-end accounts at a cost of £900 +VAT. **RESOLVED.**
- 19F/024. To consider and adopt draft 'Internal Controls' document** – Document reviewed and the amends suggested. Responsibilities – Add 'working parties' to second sentence and remove final sentence. Accounts – add Triodos (pending) plus dates accounts set up. Signatories – building society has 4 signatories and RFO is signatory on Triodos account. Add Financial Regulations references to each section. Add risk assessments. Item deferred pending amendments.
- 19F/025. Review Finance Model for Village Hall and Nursery** – Cllr Morris ran through the document which will go to the Ministry as part of our borrowing application.
- 19F/026. Review section 4 of the Risk Register** – Document reviewed by the Committee. The following points were noted. SCP1: need to obtain building inspection template. SCP8: look into what training is available. SCP16: need signs.
- 19F/027. Pension arrangements as from April 2019** – Changes noted.
- 19F/028. Consider a plan for the Kebab van in light of future carpark extension and building works** – Need to inform owner of works and that space won't be available in the car park for the duration of the build. Noted that he may need to obtain street trading consent if moving to a different location.
- 18F/029. Matters for consideration at the next meeting** – bank reconciliation, review of management accounts.
- 18F/030. Date of next meeting** – 26<sup>th</sup> March
- 18F/031. Close of meeting** – 9.29pm.

Signed \_\_\_\_\_ (Chair) Date \_\_\_\_\_

**19F/036.**

**Management accounts for February 2019 sent out separately.**

**19F/037.**

### **Bank Reconciliation**

**Reviewed 15th March 2019 by RFO and Cllr McCarthy**

Council's Bank Accounts were reconciled to our Sage system and are in order.

In summary:

£165,696.44	Bank account 1
£157,076.29	Bank account 2
£462,419.55	Bank account 3
<b>£785,192.28</b>	<b>Total Cash at Bank (as of the 28<sup>th</sup> February 2019)</b>
- £78,057.43	Creditors (of which £0 is the Multipay card)
+ £366.60	Debtors
£707,501.45	Net balance on bank reconciliation

+ VAT owed £2,343

Minus £40,286 remaining accruals

Minus PAYE: £1031

**Net assets: £668,527.45**

#### **Creditors**

- AJ King - £3800 (17/02/19)) plus extra work £780 and £168 (22/02/19)
- A Mappedorum - £552.36 (14/01/19) replace bulbs in pavilion
- Albantia fencing - £5808.00 (18/02/19) Fencing at the rec ground
- Birketts - £300 (27/02/19) Planning costs
- BCS - £113.52 (31/01/19) and (28/02/19) Payroll/Pension
- Calor gas - £17.99 (01/02/19) standing charge
- Cambridge Water Business (23/02/19) Water bill
- CSG Utilities – £592.80 (25/02/19) Water and Telecoms applications for VH
- RFO - £10.37 01/02/19) Sim card at pavilion
- Green and Purple – (01/02/19) £60 monthly invoice
- SLCC - £180 (28/01/19) Training costs
- SSE Southern Electric - £2343.21 (19/02/19) Electric bill for the Green and Rec
- Stroma Building Control - £666 (21/02/19)
- Wilby and Burnett - £61,041.00 Village Hall architects
- Will Cook - £1590

**TOTAL £78,057.43**

#### **Debtors**

- Village Hall Hire - £36 (25/01/19)
- Town Ground Rent - £330.60

**TOTAL £366.60**

## 19F/038.

### Year-end accounts

Green and Purple Ltd have been appointed to do our Year-end accounts.

Generally, the presentation of our EOY accounts (pages 1 to 8) is compliant and reasonably clear.

Note 1 Long Term Assets: needs updating per the recent Asset List review by FLAC.

Note 2 Likely to be needed to clarify expenses.

Note 3 Title on p4 needs corrections – “Section 137 & Donations”; “Cottenham” not “Community”

Note 6b Committed Funds – use same title as in Balance Sheet – Accruals – committed funds

Note 8 Closing Reserves ... table needs updating:

Neighbourhood Plan no longer needed.

Need to add “Environment Fund” (that £411... from CEAG)

Option to vire “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 – Cllr Morris

The “JCT Intermediate Building Contract with Contractor’s Design” is being proposed as the contractual basis for the Village Hall and Nursery contracts. This was circulated separately.

The Sports Pavilion was procured successfully using this type of framework contract with W&B acting as Architect, Quantity Surveyor (QS) and Contract Documentation Manager (CDM).

In broad terms:

- The Employer is CPC.
- 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.

Contractually:

- I will be the Employer’s Representative, supported by Jo and Debbie.
- W&B’s Lianne Toothill will be the Architect in charge, supported by Gala Bejar.
- W&B’s Trevor Vincent will be the QS.
- W&B’s Sean Kelleher will be the CDM.
- 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 25<sup>th</sup> March or thereabouts with tenders to be returned in sealed envelopes by 26<sup>th</sup> April. I hope to visit a reference site of any of these with which we are not familiar during this period.

Tenders will be opened by our Clerk in the presence of a Councillor and our QS – probably at around 3pm on 26<sup>th</sup> April. The QS will prepare a summary tender report and make a recommendation:

- Request the cost breakdown of the lowest bidder so as to validate it as “complete”
- Should the lowest bid be too high within our parameters, help the architects in a “value-engineering phase in an effort to bring the offer within acceptable scope.
- Revise the Tender Report with a final recommendation to CPC.

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 – Cllr Morris**

Separately 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.

Currently the financing approach remains as outlined before:

- Once CPC has approved the procurement in principle at a Council meeting, possibly on 4<sup>th</sup> 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 programmes and operational expense lines – Cllr Morris**

Currently, our approach to budget preparation has focused on our “current account” spending by reviewing our estimates of expenditure during the current year, line by line, taking account of any special circumstances and the expenditure in the previous financial year. After several iterations this gets us to a budget which is presented to Council for approval in January along with a consideration of our reserves, provisions for capital expenditure and hence a calculation of the necessary precept.

Subsequently during the year, and especially quarterly, FLAC reviews expenditure on a “line-by-line” exception basis to understand the reason for any significant deviations. However, while some items, like salaries and groundsman costs are relatively stable, others fluctuate. This fluctuation causes concern as the expense reason is investigated but is rarely a significant issue as the specific expense, although unforeseen, was necessary and properly undertaken. Similarly, on approved capital expenditure, particularly on high value projects, deviations from the cash-flow forecast can be significant but are usually unavoidable or incurred to avoid other issues.

Can we do better?

- Maybe review the expenditure groupings to align more closely with our Committees, asking them to review each September how and why that expenditure might evolve, including savings and avoided costs, over the next 4 or 5 years. The Committees might then be expected to be more aware of expense trade-offs within an expenditure group when making decisions with FLAC focusing on the trend / exceptions per group rather than line item.
- Maybe formally plan, again over 4 or 5 years, possible capital developments on each of our larger open spaces with cash-flow implications (including grant-funding or sponsorship etc.) so we can make provisional reserve allocations and/or precept increases. The Committees might then take more responsibility for identifying funding sources that enable a project to be brought forward within loosely-allocated resources. The plan itself, aggregated from Committee or Council requests and reviewed quarterly by FLAC, is a key part in justifying claims for s106 contributions should they be possible or need defending.
- Maybe we should also review the inclusion of an “expenditure line” code in resolutions proposed to Council for ordering or reported to Council for payment authorisation.

## 19F/042.

### **Summer Reading grant request**

#### Email received from Area Library Manager

Cottenham Parish Council has generously supported the library in recent years, and I am emailing to request a further grant this year.

The purpose of the grant is to help fund the annual Summer Reading Challenge at Cottenham Library and to support events and activities promoting the library and reading held during the year. The SRC is a national initiative co-ordinated by The Reading Agency. Children are challenged to read at least 6 books during the summer holidays. Those who join the scheme are issued with a membership folder on which they can record details of the books they have read. They are issued with stickers and other

incentives and library staff and volunteers are on hand to talk to children about what they have read and to recommend other books. This is a particularly valuable aspect of the challenge. All children who complete 6 books are awarded a medal and certificate at a special presentation ceremony after school in the library and, to which council members are warmly invited. I am delighted to report that last year 81 children took part in the Summer Reading Challenge at Cottenham Library.

Last year, the Council has generously supported us with a grant of £200. Cambridgeshire Libraries will fund the Summer Reading Challenge stationery, promotional materials and award certificates and medals. Your donation will help fund additional staff hours to promote and deliver the challenge and pay for supporting activities, which add to the value of the experience. If we are successful in this application, your contribution will be acknowledged in promotional material and at the certificate presentation ceremony.

Should you be able to increase your support, then we would be able to develop our offer of events and activities throughout the year - including visits by authors, illustrators, storytellers and artists - events which add to the value and experience of the library service and help foster a love of reading, lifelong learning and support community cohesion and participation.

**19F/043.**

**Draft 'Internal Controls' document**

**NOTE - Amendments in red from last meeting and Financial Regulations references added**

## **DRAFT Internal Controls**

### **Legislation**

Regulation 4 of Accounts and Audit Regulation (2003) required audited bodies to conduct a review at least once a year and publish a statement on internal control (statement of assurance) each year with the financial statements. The amended regulations in 2006 came into force 1 April 2006. Two of the amendments have an impact on process for preparing the annual statement of assurance. Regulation 4 requires findings of the review of the system of internal control to be considered by a committee of the body, or members of the body meeting as a whole. Regulation 6 requires bodies to review the effectiveness of their system of internal audit once a year and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of consideration of the system of internal control referred to above (Reg 4). Taken together these amendments necessitated a revision of the guidance issued.

### **Single document covering Internal Controls**

**Two members of staff are involved in the finance arrangements for Cottenham Parish Council**

- Responsible Finance Office (RFO) & Clerk

We have a Finance committee (FLAC) which meets on a monthly basis (except for August)

## **Receipts**

(Financial Regulations (FRs) 9.1)

Precept payments and VAT refunds are received via BACS system direct to Bank account. The Precept is received in April and September and the VAT on a monthly basis.

Payments received for recreation ground facilities, pavilion hire and related income, village green hire or grants are paid in to the relevant bank account by BACS, Cheques (by post), or Cash.

## **Expenditure and Payments**

(Financial Regulations 5.1/5.2)

### **Internet banking**

- BACS payments are processed by the RFO and reported to Full Council.
- Once BACS are verified at the Full Council meeting, two signatories will authorise payment via Unity Trust Bank online and the invoice for each payment should be initialled.
- Cheques are drawn up against invoices and recorded electronically. Two signatories are required for each cheque, the invoice should be initialled.
- Standing orders and Direct Debit mandates are signed by two signatories.
- VAT payments are accounted for separately
- Section 137 spending is accounted for separately.

## **Payroll/Pensions**

(FRs 7.1/7.2)

Cottenham Parish Council have employed a company to carry out our payroll and pension arrangements. The staff have pensions with Legal and General. The RFO informs the payroll company of any additional hours carried out by staff. The pay to employees/Tax and National Insurance/Pension is verified at the Full council meeting and payment for staff is arranged for the last day of the month and Tax, National Insurance and Pension on the appropriate dates.

## **Signatories**

Signatories list attached to this document (**Appendix 1**)

All current accounts are any two signatories to sign. Clerk and RFO are NOT signatories  
Tridos (pending) – any three signatories to sign (RFO can act as signatory on this account)

Multipay card – Clerk, Assistant Clerk & RFO have access to a Multipay card, with a £300 a month limit. PIN numbers held by cardholders only. Monthly fee of £3 applies.

## **Responsibilities and Delegations**

The clerk is the Proper Officer and we have employed a Responsible Financial Officer for the Parish Councils, as defined in the Local Government Act 1972.

Delegations policies exist for delegating financial decisions to clerk/RFO/Committees/**working parties** in certain circumstances and as stated within Financial Regulations

#### **Accounts:**

##### **Current accounts:**

Select account with Unity Trust Bank (9 Brindley place, Birmingham, B1 2HB) – **Opened March 2017**  
**Tridos (pending)**

##### **Savings accounts:**

Unity Trust deposit account – **Opened March 2017**  
Cambridge Building Society – **Opened December 2011**

#### **End of year**

(FRs 2.3/2.4)

The RFO with support from our accountant will prepare all end of year figures and Audit for the parish council. This will be reported to both FLAC and Full council.

#### **Internal audit**

(FRs 2.4/2.6)

The current Internal auditor is Heelis and Lodge who visits once a year to carry out our internal audit. Our external auditor is PKF Littlejohn.

#### **Financial statements**

Monthly reports/Management accounts provided at FLAC and Full council meetings.  
Monthly bank reconciliations made to all accounts by RFO and checked by named parish councillor and reviewed at FLAC and Full council (FR 2.2)

#### **Standing orders and Financial regulations**

Reviewed annually

#### **Model code of conduct**

July 2012  
Amended 2015  
Review annually.

#### **Role of Finance Legal & Administration Committee**

*See Terms of Reference - (To be up-dated as changes occur, and reviewed by Finance Legal & Administration Committee)*

#### **APPENDIX 1**

#### **SIGNATORIES as at December 2018**

Cllrs Dewey, Kidston, Morris, Mudd, Nicolas, Ward, Young  
**RFO will be one of three signatories on the Triodos account when it is set up**

