



Town Council Offices
Maison Dieu House
Biggin Street
Dover
CT16 1DW

DATE OF ISSUE:
8th June 2016

DOVER TOWN COUNCIL

Dear Councillor

NOTICE IS HEREBY GIVEN THAT a meeting of the FINANCE & GENERAL PURPOSES COMMITTEE will be held at the Town Council Offices on **WEDNESDAY 15TH JUNE 2016 at 6pm** when the business shown on the agenda below will be transacted.

Any member of the public who requires further information or has any special requirements in respect of this meeting please contact Sharon O'Hare, Secretary to the Council, on 01304 242625.

Allison Burton
TOWN CLERK

The Press and Public are welcome to attend.

AGENDA

1. CHAIRMAN & VICE-CHAIRMAN

To appoint a Chairman and Vice-Chairman of the Committee for the 2016/17 Municipal Year.

2. APOLOGIES FOR ABSENCE

To receive any apologies for absence. *Prior to a meeting Councillors' apologies, with a reason for absence from that meeting, should be submitted to the clerk.*

3. DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary and/or other interests as required by law (*Guidance for Councillors concerning disclosable pecuniary and/or other interests is attached for your information*).

4. MINUTES

To approve the minutes of the Finance & General Purposes Committee meeting held on 9th March 2016 (copy attached).

5. TOWN COUNCIL FINANCIAL INFORMATION

To note that the schedules of payments made by the Town Council during March 2016 were approved at the Town Council meeting held on 12th May 2016.

To consider the schedules of payments made by the Town Council during April 2016 (copies attached).

6. PROGRESS SHEETS

To note that there are no outstanding items concerning resolutions made by the Finance & General Purposes Committee during 2015/16.

7. COUNCILLORS WARD GRANTS

To note the current situation with Councillors Ward Grants (to follow).

8. GOVERNANCE & ACCOUNTABILITY

To consider the RFO's report dated 1st April 2016 concerning the Town & Parish Councils Quadrennial Review (copy attached).

To consider the RFO's report of 2nd June 2016 concerning the Governance and Accountability for Smaller authorities in England: Practitioners Guide to Proper Practices March 2016 (copy attached).

To consider Mayor's report of 7th June 2016 concerning amendments to the Code of Conduct (copy attached).

9. OFFICE PREMISES & ADMINISTRATION

To consider the Chairman's report of 6th June 2016 concerning Maison Dieu House Maintenance (copy attached).

10. INFORMATION ITEMS

To receive items of information regarding the Committee's responsibilities.

NOTE: A COPY OF THIS DOCUMENT IN LARGER TYPE MAY BE OBTAINED ON REQUEST FROM THE COUNCIL OFFICES, MAISON DIEU HOUSE, BIGGIN STREET, DOVER.

COPIES OF THE DOCUMENTS MENTIONED IN THIS AGENDA ARE AVAILABLE FOR INSPECTION FROM THE TOWN COUNCIL OFFICES - MONDAY TO FRIDAY - 9am to 5pm. COPIES MAY BE REQUESTED GIVING 1 WORKING DAYS NOTICE AND WILL BE CHARGED AT 10p PER COPY.

DECLARATIONS OF INTEREST

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest' explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and subject to any dispensations, withdraw from the meeting. Members should remember that a finding of a breach of the law with regard to DPI's carries a fine of up to £5,000 and a criminal record.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone they should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Notes:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representatives on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer etc would both probably constitute either an OSI or in some cases a DPI.

DOVER TOWN COUNCIL

Minutes of a meeting of the FINANCE AND GENERAL PURPOSES COMMITTEE held in the Council Offices, Maison Dieu House, Biggin Street, Dover on Wednesday 9th March 2016 at 6pm.

PRESENT

Councillor R Walkden (Chairman)
Councillor G Cowan
Councillor P Wallace

318. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Boulares (prior commitment), Precious (Mayoral Engagement), Rix (health related matter), Ward (work commitment) and Wright (ill health).

319. DECLARATIONS OF INTEREST

Members present made no declarations of disclosable pecuniary interests and/or other interests as required by law.

320. MINUTES

The Committee considered the minutes of the meeting of the Finance & General Purposes Committee held on 13th January 2016.

RESOLVED: That the Minutes of the meeting of the Finance & General Purposes Committee held on 13th January 2016 be approved as a correct record and signed by the Vice-Chairman.

321. TOWN COUNCIL FINANCIAL INFORMATION

The Committee considered the schedules of payments made by the Town Council during January 2016.

The Committee considered and noted the budget out-turns to 31st January 2016.

RESOLVED: That the schedules of payments made by the Town Council during January 2016 be laid before the next meeting of the Town Council in accordance with Standing Order 3(x).

Chairman

322. PROGRESS SHEETS

The Committee noted that there are no outstanding items concerning resolutions made by the Finance & General Purposes Committee during 2015/16.

323. COUNCILLORS WARD GRANTS

The Committee noted the current situation with Councillors Ward Grants (handed out at the meeting).

324. GOVERNANCE & ACCOUNTABILITY

The Committee considered the Mayor's report of 23rd February 2016 concerning the review of Standing Orders and Committee Delegations.

- RESOLVED TO RECOMMEND:
- a) That Standing Order and Committee Delegations use gender inclusive language where possible;
 - b) That Standing Orders 1(q) and 8(xix) be amended to clarify that a member requiring a recorded vote must make the request prior to the vote being taken;
 - c) That Standing Order 11(a) be amended to include that "Councillors must not attend meetings of the Council, or act as a representative of the Council, if they are under the influence of drugs or alcohol as their ability to contribute and judgement will be impaired".

325. OFFICE PREMISES & ADMINISTRATION

The Committee considered the Chairman's report of 18th February 2016 concerning Printing and Copying.

The Committee considered the Mayor's report of 1st March 2016 concerning administrative arrangements.

- RESOLVED TO RECOMMEND:
- a) That the purchase of a replacement photocopier from Company D in accordance with the Kent County Council's (KCS Professional Services) quote dated 18th January 2016;
 - b) That the administrative arrangements remain the same as those currently organised.

326. ELECTORAL REVIEW

The Committee noted the Local Government Boundary Commission's letter of 26th January 2016 concerning the Electoral review of Kent.

327. INFORMATION ITEMS

There were no items of information regarding the Committee's responsibilities.

Chairman

328. EXCLUSION OF THE PUBLIC

RESOLVED: That in accordance with Standing Order 7a(xv) and in view of the confidential nature of the business about to be transacted it would be advisable in the public interest that the public be temporarily excluded and they be requested to withdraw for the duration of the agenda.

329. STAFFING MATTERS

The Committee considered the Chairman's report of 23rd February 2016 concerning salary review.

RESOLVED TO RECOMMEND: a) That the staff salaries are increased by 1.5% from April 2016;
b) That the Town Council formally adopt a policy of compliance with the living wage.

330. INSURANCE

The Committee noted the Chairman's report of 24th February 2015 concerning insurance and that a review of the Insurance provision is being undertaken by the Proper Officer and Responsible Financial Officer.

The meeting closed at 7.25pm

Councillor R Walkden
CHAIRMAN

Chairman

At : 13:59

Co-Op Current Account

Payments By Supplier

1/9
APRIL 2016

<u>Date</u>	<u>Cheque Number</u>	<u>Payment Detail</u>	<u>Net Amount</u>	<u>VAT Amount</u>	<u>Total Amount</u>	<u>VAT Code</u>
APEX Clean Ltd						
30/04/2016	857	Cleaning	504.00	0.00	504.00	VAT
Bates Office Services Ltd						
25/04/2016	3354	Office supplies	229.69	0.00	229.69	VAT
Bibby Factors Sussex Ltd						
25/04/2016	3356	Skips - allotments	204.00	0.00	204.00	VAT
BP Drains Ltd						
25/04/2016	3355	Maintenance	780.00	0.00	780.00	VAT
British Telecommunications PLC						
21/04/2016	DD/BT	Alarms	63.46	0.00	63.46	VAT
Capita						
13/04/2016	DD/CAPITA	Salaries	22,201.45	0.00	22,201.45	OTS
Capita Business Services Limited						
25/04/2016	3357	Services	394.92	0.00	394.92	VAT
Cash Book 4						
08/04/2016	845	Internal Funds transfer	400.00	0.00	400.00	
Caxtons						
07/04/2016	843	Lease	1,983.00	0.00	1,983.00	VAT
Central Taxis Dover Ltd						
16/04/2016	853	Mayoral engagement	196.92	0.00	196.92	VAT
CoOp Bank						
11/04/2016	DD/COOP	Bank charges	2.00	0.00	2.00	E
D Hunt-Cooke Gardening						
16/04/2016	850	Horticultural services	75.00	0.00	75.00	VAT
D Sharp						
16/04/2016	851	Window cleaning	255.00	0.00	255.00	VAT
Dover District Council						
21/04/2016	856	Public Conveniences	11,331.90	0.00	11,331.90	OTS
Dover District Council						
19/04/2016	DD/DDC1	Business Rates	1,511.90	0.00	1,511.90	VAT
25/04/2016	3358	Cllr Grant	321.00	0.00	321.00	VAT
25/04/2016	3371	White Cliffs Countryside Project	20,000.00	0.00	20,000.00	VAT
			21,832.90	0.00	21,832.90	
Ellis Whittam Ltd						
16/04/2016	847	HR/Health and Safety services	3,577.65	0.00	3,577.65	VAT
F R Jones and Son						
25/04/2016	3360	Maintenance	79.20	0.00	79.20	VAT
Fluto Ltd						
25/04/2016	3359	Office Equipment	1,226.40	0.00	1,226.40	VAT
Frama UK Ltd						
22/04/2016	DD/Frama	Postage	200.00	0.00	200.00	VAT
Invicta IT Solutions Ltd						

At : 13:59

Co-Op Current Account

Payments By Supplier

<u>Date</u>	<u>Cheque Number</u>	<u>Payment Detail</u>	<u>Net Amount</u>	<u>VAT Amount</u>	<u>Total Amount</u>	<u>VAT Code</u>
01/04/2016	IIT/DD	IT services	150.00	0.00	150.00	VAT
25/04/2016	3361	IT services	339.00	0.00	339.00	VAT
			489.00	0.00	489.00	
Jewson Ltd						
25/04/2016	3362	Materials	13.51	0.00	13.51	VAT
KALC						
25/04/2016	3363	Subscriptions	1,771.34	0.00	1,771.34	VAT
KCS Professional Services						
25/04/2016	3364	Photocopier	3,956.40	0.00	3,956.40	VAT
Key Services (South East) Ltd						
25/04/2016	3368	Locks	105.44	0.00	105.44	VAT
Land Registry						
19/04/2016	DD/LR	Registry searches	21.00	0.00	21.00	VAT
Mayor's Charity Fund						
25/04/2016	3365	Mayoral engagements	62.00	0.00	62.00	VAT
Michaels Civic Robes						
16/04/2016	848	Robes	3,336.00	0.00	3,336.00	VAT
Ms Sarah Hewitt						
16/04/2016	846	People of Dover Awards	210.00	0.00	210.00	VAT
N Goodwin						
25/04/2016	3366	Mayor Making - music	495.00	0.00	495.00	VAT
PMC Services Limited						
25/04/2016	3367	Maintenance	852.00	0.00	852.00	VAT
Southern Communications Ltd						
20/04/2016	DD/SCOM	Telephone	138.38	0.00	138.38	VAT
Southern Electric						
28/04/2016	DD4405488	Electricity	64.90	0.00	64.90	VAT
28/04/2016	DD6899783	Electricity	749.71	0.00	749.71	VAT
			814.61	0.00	814.61	
Steve's Removals						
16/04/2016	849	Community Event	90.00	0.00	90.00	VAT
Striking Displays UK Ltd						
07/04/2016	842	Office equipment	64.40	0.00	64.40	VAT
Suez Recycling & Recovery Hold						
29/04/2016	DD/Suez	Waste Removal	109.58	0.00	109.58	VAT
Thomsett's Coaches						
16/04/2016	855	Zeebrugge Raid Commemoration	176.00	0.00	176.00	VAT
Triple S Lift Services Ltd						
25/04/2016	3369	Maintenance	90.00	0.00	90.00	VAT
Whitbread Group PLC						
01/04/2016	841	Zeebrugge Raid Commemoration	2,466.24	0.00	2,466.24	VAT
White Cliffs Country Tourism Association						
25/04/2016	3370	Subscription	40.00	0.00	40.00	VAT

At : 13:59

Co-Op Current Account

Payments By Supplier

	<u>Date</u>	<u>Cheque Number</u>	<u>Payment Detail</u>	<u>Net Amount</u>	<u>VAT Amount</u>	<u>Total Amount</u>	<u>VAT Code</u>
WPS Ltd							
	25/04/2016	3372	Insurance	9,354.65	0.00	9,354.65	VAT
Zen Internet Ltd							
	01/04/2016	DD/Zen	Internet	25.52	0.00	25.52	VAT
				<u>90,218.56</u>	<u>0.00</u>	<u>90,218.56</u>	

At : 12:19

HSBC Deposit Account

Payments By Supplier

<u>Date</u>	<u>Cheque Number</u>	<u>Payment Detail</u>	<u>Net Amount</u>	<u>VAT Amount</u>	<u>Total Amount</u>	<u>VAT Code</u>
HSBC Current Account						
06/04/2016	6.4.16	Internal Funds transfer	50,000.00	0.00	50,000.00	
			<u>50,000.00</u>	<u>0.00</u>	<u>50,000.00</u>	

At : 12:17

HSBC Current Account

Payments By Supplier

	<u>Date</u>	<u>Cheque Number</u>	<u>Payment Detail</u>	<u>Net Amount</u>	<u>VAT Amount</u>	<u>Total Amount</u>	<u>VAT Code</u>
Co-Op Current Account							
	06/04/2016	6.4.16	Internal Funds transfer	50,000.00	0.00	50,000.00	
HSBC							
	03/04/2016	DD/HSBC	Bank charges	5.73	0.00	5.73	E
				<u>50,005.73</u>	<u>0.00</u>	<u>50,005.73</u>	

At : 14:54

Cash book 3

Payments By Supplier

<u>Date</u>	<u>Cheque Number</u>	<u>Payment Detail</u>	<u>Net Amount</u>	<u>VAT Amount</u>	<u>Total Amount</u>	<u>VAT Code</u>
Cash book 3						
30/04/2016	CB3/APRIL	Petty cash expenses	130.88	1.15	132.03	S
			<u>130.88</u>	<u>1.15</u>	<u>132.03</u>	

At : 15:18

Cash Book 4

Payments By Supplier

	<u>Date</u>	<u>Cheque Number</u>	<u>Payment Detail</u>	<u>Net Amount</u>	<u>VAT Amount</u>	<u>Total Amount</u>	<u>VAT Code</u>
Cash Book 4							
	30/04/2016	CB4/APRIL	Planting	52.99	0.00	52.99	E
Cash book 4							
	30/04/2016	CB4/APRIL	Civic car fuel/cleaning	65.56	11.10	76.66	S
	30/04/2016	CB4/APRIL	Zeebrugge Raid	396.60	2.16	398.76	S
				462.16	13.26	475.42	
				<u>515.15</u>	<u>13.26</u>	<u>528.41</u>	

At : 09:53

Cash Book 5

Payments By Supplier

	<u>Date</u>	<u>Cheque Number</u>	<u>Payment Detail</u>	<u>Net Amount</u>	<u>VAT Amount</u>	<u>Total Amount</u>	<u>VAT Code</u>
Cash book 5							
	30/04/2016	CB5/APRIL	Horticultural planting	37.26	6.25	43.51	S
	30/04/2016	CB5/APRIL	Community vehicle - fuel	75.00	15.00	90.00	S
	30/04/2016	CB5/APRIL	Premises Maintenance	27.56	4.56	32.12	S
				139.82	25.81	165.63	
Cash Book 5							
	30/04/2016	CB4/APRIL	Allotments maintenance	84.62	5.95	90.57	S
	30/04/2016	CB5/APRIL	Pressure washer	54.16	10.83	64.99	S
	30/04/2016	CB5/APRIL	Fuel - Civic car	41.67	8.33	50.00	S
				180.45	25.11	205.56	
				320.27	50.92	371.19	

At : 11:00

Cash Book 6

Payments By Supplier

	<u>Date</u>	<u>Cheque Number</u>	<u>Payment Detail</u>	<u>Net Amount</u>	<u>VAT Amount</u>	<u>Total Amount</u>	<u>VAT Code</u>
Cash Book 6							
	07/04/2016	CB6/APRIL	Mayoral engagement	5.00	0.00	5.00	E
	20/04/2016	20042016	Mayoral Engagement	3.95	0.00	3.95	E
	30/04/2016	CB6/APRIL	Mayors Comedy Night	600.00	0.00	600.00	E
				608.95	0.00	608.95	
				<hr/> 608.95 <hr/>	<hr/> 0.00 <hr/>	<hr/> 608.95 <hr/>	



DOVER TOWN COUNCIL

Report to: Finance and General Purposes Committee

From: Diana Baldwin

Date written: 1.4.16

Subject: TOWN AND PARISH COUNCILS QUADRENNIAL REVIEW

1. INTRODUCTION

The last report of the East Kent Joint Parish Independent Remuneration Panel dated March 2015 relates to years to 2015/16 to 2018/19 inclusive (copy available to view-please contact the office). The Town Council is required to have regard to reports of the Panel in setting the levels of Parish Basic Allowance and travel and subsistence allowances for Councillors.

2 INFORMATION

- 2.1 The recommended Parish Basic Allowance for elected Dover Town Councillors is £600. The Council resolved an allowance of £560 for years 2015 to 2018/19 inclusive at its meeting on 24 June 2015 (minute 69). It is not currently permitted to pay Parish Basic Allowance to co-opted members.
- 2.2 The recommended Parish Chairman's Basic Allowance is £1,200. The allowance is intended to compensate the Chairman of the Council for the additional duties and responsibilities resulting from that position. Dover Town Council resolved in 2015/16 not to pay the enhanced Chairman's allowance and the Mayor received the same allowance other councillors. Actual expenses of the Mayoral office are paid from the designated Town Council budget.
- 2.3 The recommended travel and subsistence allowances for approved duties (within the scope of the regulations) that take place outside the town boundary are the HM Revenue and Customs Approved Mileage Allowance Payments. The Panel note the accepted practice is to pay the actual cost of any public transport and reasonable actual subsistence costs. The Town Council resolved that any other rates and allowances for approved duties outside the

Town Boundary are set at the same levels as those of Dover District Council. The Council may therefore wish to consider resolving to pay reasonable actual public transport and subsistence costs having regard to rates set by other local Public Authorities. The rate for Councillors mileage also applies to officers.

- 2.4 The Panel recommends that no travel allowance be paid for travel and subsistence within the parish boundary. The Town Council resolved this policy at its meeting on 4 July 2012 subject to an exception for Councillors with special circumstances such as disability.
- 2.5 The Panel recommends that Councils give consideration to the time limits for making a travel and subsistence claim. The Town Council resolved a 2 month limit for all travel and subsistence claims at its meeting on 4 July 2012.
- 2.6 Where a Councillor does not complete a term office the allowance is to be paid pro-rata on a daily basis. The allowance is paid in the May and November in arrears following a six month period of service.
- 2.7 A Councillor can on giving written notice to the Town Clerk elect for forgo entitlement to the whole or part of any allowances.
- 2.8 The Panel recommends that the Clerk to the Council's pay award percentage be adopted as the index linking measurement of the Parish Basic Allowance and the Parish Chairman's Basic Allowance
- 2.9 The Panel recommends that the travel and subsistence allowance be index linked to the approved HMRC (AMAP) rates for the next four years
- 2.10 The principles behind the remuneration scheme include
 - 2.10.1 *The Parish Basic Allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local Councillors*
 - 2.10.2 *Those who participate in an contribute to the democratic process should not suffer unreasonable financial disadvantage*
 - 2.10.3 *That Councillors should be compensated for their work and the compensation should have regard to the full range of commitment and complexity of their roles*
 - 2.10.4 *The system should be transparent, simple to operate and understand*
 - 2.10.5 *The system should not encourage the proliferation of meetings or provoke councillors into spending more time on Council business than is necessary.*
- 2.11 The Panel notes that the Parish basic Allowance is intended to recognise the time commitment of Councillors and to cover incidental costs such as the use of their homes/telephones. It is the view of the panel that there should be no opportunity for financial gain in the level of Parish Basic Allowance recommended.

- 2.12 The Panel estimates that the time commitment of Town and Parish Councillors is the equivalent of 40 days per year. The Panel has sought to strike a balance between the voluntary and remunerated components of Councillor service. The voluntary component has been set at 90%.
- 2.13 The Town Council has made arrangements for publication of the report of the Panel in accordance with regulation 30 of the Local Authorities (Members Allowances) (England) Regulations 2003.

3 DECISION

The Council is recommended to

- 3.1 Set a rate for Chairman's Parish Basic Allowance
- 3.2 Set a rate for mileage and for other travel and subsistence for approved duties outside the Town boundary.
- 3.3 Set a rate for travel and subsistence for duties within the Town.
- 3.4 Set a time limit for the receipt of claims for travel and subsistence
- 3.5 Note that the that arrangements have been made for publication of the report of the Panel in accordance with Regulation 30 of the Local Authorities (Members Allowances) (England) Regulations 2003

Statutory Powers/Standing Orders /Policy

Local Authorities (Members Allowances) (England) Regulations 2003 (as amended)

The Town Council abides by the spirit of Best Value.

The Council is committed to open governance and accountability. Both Councillors and members of the public must be able to fully understand the entire picture of any project proposal when approved.



DOVER TOWN COUNCIL

Report to: Finance and General Purposes Committee

From: Diana Baldwin: Responsible Financial Officer

Date written: 2.6.16

Subject: Governance and Accountability for Smaller Authorities in England: Practitioners Guide to Proper Practices March 2016

1. INFORMATION FOR NOTING

The Governance and Accountability for Smaller Authorities in England: Practitioners Guide to Proper Practices March 2016 has been published and applies from 1 April 2016. Sections 1, 2, and 3 of the Guide represent the proper accounting and governance practices referred to in Statute (Accounts and Audit Regulations 2015) and are mandatory. Sections 4 and 5 include non statutory guidance for Smaller Authorities in the management of their financial affairs.

Subject to the issue of any further revisions and guidance it is not anticipated that material changes are required to the presentation of the Town Council's financial position and financial management practices.

A copy of the Guidance is attached together with a Financial Briefing from the National Association of Local Councils.

Statutory Reference

Accounts and Audit (England) Regulations 2015

Governance and Accountability for Smaller Authorities in England A Practitioners' Guide to Proper Practices March 2016

The Practitioners' Guide to Governance and Accountability for Smaller Authorities in England (2016) (the Guide) has now been published.

This new version has undergone re-organisation and re-write since the 2014 Guide was published. It is now a uniform guide for all smaller authorities in England, including not only Local Councils but also Drainage Boards and others.

The new Guide is sub-divided into five distinct sections as follows:

1. The Annual Governance Statement
2. The Statement of Accounts
3. Smaller Authorities electing to present full accounts.

These three sections constitute the entirety of Proper Practices (for Smaller Authorities) as defined in legislation.

4. Non-statutory guidance for internal audit at smaller authorities
5. (Expected to be issued by 30th June) Supporting information and practical examples which are not "proper practices", but designed to help practitioners better understand the annual return.

(Please read the forward by the Chair of JPAG for a fuller explanation of the five sections).

Although the Guide has been re-written and re-ordered, detailed changes have been kept to a minimum, the most significant of which are as follows:

- a. The Proper Practice for the reporting of Short Term Investments has been redefined and incorporate a requirement for the authority to assess the counterparty (i.e. the recipient of the invested funds) to ensure that the sum invested "is not subject to unreasonable risk". In light of the updated guidance, councils that hold balances in investments at year end are advised to review whether they are correctly identified as long term or short term investments. Where this review identifies a change in classification, restatement of 2014/15 balances will be required (See Sections 2.19 to 2.23 inclusive)
- b. The amounts to be included in Box (Line) 9 will (from the 2016/17 Return onwards) be included based on a "reasonable approach to asset valuation in the asset register which is consistent from year to year". This provides for some flexibility in valuation approach, but any change in basis **must be fully argued, supported and advised to local taxpayers**. Any change in basis will also require restatement of prior year figures. This change in the guidance arose as a consequence of the unification of the Guide (Internal Drainage Boards previously had their own version of the Guide). It is therefore not an invitation for councils to change the basis of valuation without proper justification. Under normal circumstances Fixed Assets should continue to be reported as previously.

This briefing was issued by Derek Kemp, NALC's Audit and Accounts Advisor

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Governance and Accountability for Smaller Authorities in England

**A Practitioners' Guide to Proper Practices to be applied in
the preparation of statutory annual accounts and
governance statements**

March 2016

This Guide is issued by the Joint Practitioners' Advisory Group (JPAG), and jointly published by the Society of Local Council Clerks, the National Association of Local Councils and the Association of Drainage Authorities.

JPAG is responsible for issuing proper practices in relation to the accounts of smaller authorities. Its membership consists of sector representatives from the Society of Local Council Clerks, the National Association of Local Councils and the Association of Drainage Authorities, together with stakeholder partners representing the Department of Communities and Local Government, the Department of Environment, Food and Rural Affairs, the Chartered Institute of Public Finance and Accountancy, the National Audit Office, and a representative of the external audit firms appointed to smaller authorities.

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Foreword

The Practitioners' Guide ('the guide') is issued by the Joint Practitioners' Advisory Group (JPAG) to support the preparation by smaller authorities in England of statutory annual accounting and governance statements found in the annual return.

This 2016 edition of the guide applies to annual returns in respect of financial years commencing on or after 1 April 2016. It can be applied voluntarily to annual returns covering the period 1 April 2015 to 31 March 2016 (with the exception outlined in paragraph 2.27 in Section 2 of the guide).

In accordance with Section 6 of the Local Audit and Accountability Act 2014, an authority is a 'smaller authority' if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6.5 million. For the purposes of the Accounts and Audit Regulations 2015, a smaller authority may also be referred to as a 'Category 2 authority'. This guide uses the term 'authority' to refer to all types of smaller authority.

Sections 1, 2 and 3 of the guide represent the proper accounting and governance practices (*'proper practices'*) referred to in statute. They set out for responsible finance officers the appropriate standard of financial and governance reporting for smaller authorities and are **mandatory**.

Section 4 of the guide sets out the non-statutory guidance relating to internal audit which authorities are required to take into account.

Section 5 of the guide (to be issued separately) provides supporting information and practical examples to assist smaller authorities to manage their governance and financial affairs and is not mandatory.

The guide is intended as a working tool for smaller authorities, providing not only the common 'rules' for completing an annual return for use by responsible finance officers, but also as a reference work for auditors, both internal and external, members, other officers and the public to aid understanding of the annual return and the reporting on the smaller authority's governance and finances within it.

For this reason, the guide is written with the intention to be as widely accessible as possible to all users within the constraints of it also representing the appropriate standards for public reporting by smaller authorities.

JPAG is committed to a regular review of the guide to ensure that it remains fit for purpose for all smaller authorities in England. The guide is supported by the technical support teams at SLCC, NALC and ADA where you may address any questions about the content of the guide or suggestions for its improvement.

Steve Parkinson
Chair, JPAG
March 2016

Section 1 - The Annual Governance Statement

Introduction

- 1.1 The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts.
- 1.2 This guide represents the proper practices in relation to accounts that smaller authorities need to follow in preparing their annual governance statement.
- 1.3 The purpose of the annual governance statement is for an authority to report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for.
- 1.4 Smaller authorities prepare their annual governance statement by completing Section 1 of the annual return. This is in the form of a number of statements, known as assertions, to which the authority needs to answer 'Yes' or 'No'. This guide follows the order of Section 1 of the annual return and sets out the actions that authorities need to have taken either during the financial year or after the financial year-end to answer 'Yes' to each assertion.
- 1.5 The authority needs to have appropriate evidence to support a 'Yes' answer to an assertion, for example a reference in a set of formal minutes.
- 1.6 If an authority is not able to respond 'Yes' to any assertion, it needs to provide an explanation to the external auditor on a separate sheet describing how the authority will address the weaknesses identified.
- 1.7 To assist practitioners, a pro-forma annual return is available alongside this guide.

Annual Governance Statement assertions

Assertion 1: Financial management and preparation of accounting statements

We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.

To warrant a positive response to this assertion, the following processes need to be in place and effective:

- 1.8 **Budgeting.** The authority needs to prepare and approve a budget in a timely manner before setting a precept or rates and prior to the commencement of the financial

year. It needs to monitor actual performance against its budget during the year, taking corrective action where necessary. A financial appraisal needs to be undertaken before the authority commences any significant project or enters into any long term commitments.

- 1.9 **Accounting records and supporting documents.** All authorities, including parish meetings where there is no parish council, need to appoint an officer to be responsible for the financial administration of the authority in accordance with section 151 of the Local Government Act 1972. The authority needs to have satisfied itself that its Responsible Finance Officer (RFO) has determined a system of financial controls and discharged their duties under Regulation 4 of the Accounts and Audit Regulations 2015. The RFO needs to have put in place effective procedures to accurately and promptly record all financial transactions, and maintain up to date accounting records throughout the year, together with all necessary supporting information. The accounting statements in Section 2 of the annual return need to agree to the underlying records.
- 1.10 **Bank reconciliation.** Statements reconciling each of the authority's bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end, and reviewed by members of the authority.
- 1.11 **Investments.** Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements are invested appropriately, in accordance with an approved strategy which needs to have regard to DCLG's statutory Guidance on local government investments. If total investments are to exceed £500,000 at any time during a financial year an authority needs to produce and approve an annual Investment Strategy in accordance with the DCLG guidance.
- 1.12 **Statement of accounts.** The authority needs to ensure that arrangements are in place to enable preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices.
- 1.13 Supporting information on financial management and preparation of accounting statements can be found in Section 5.

Assertion 2: Internal Control

We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.

In order to warrant a positive response to this assertion, the following processes need to be in place and effective:

- 1.14 **Standing Orders and Financial Regulations.** The authority needs to have in place standing orders and financial regulations governing how it operates. Financial regulations need to incorporate provisions for securing competition and regulating the manner in which tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.
- 1.15 **Safe and Efficient Arrangements to Safeguard Public Money.** Practical and resilient arrangements need to exist covering how the authority orders goods and services, incurs liabilities, manages debtors, makes payments and handles receipts.
 - 1.15.1 Authorities need to have in place safe and efficient arrangements to safeguard public money. Where doubt exists over what constitutes money, the presumption is that that it falls within the scope of this guidance.
 - 1.15.2 Authorities need to review regularly the effectiveness of their arrangements to protect money. Every authority needs to arrange for the proper administration of its financial affairs and ensure that one of its officers (the RFO) has formal responsibility for those affairs (see paragraph 1.9 above).
 - 1.15.3 Authorities need to ensure controls over money are embedded in Standing Orders and Financial Regulations. Section 150(5) of the Local Government Act 1972 required cheques or orders for payment to be signed by two elected members. Whilst this requirement has now been repealed, the 'two member signatures' control needs to remain in place until such time as the authority has put in place safe and efficient arrangements in accordance with paragraphs 1.15.4 to 1.15.7 of this guide.
 - 1.15.4 Authorities need to approve the setting up of, and any changes to, accounts with banks or other financial institutions. Authorities also need to approve

any decisions to enter into 'pooling' or 'sweep' arrangements whereby the bank periodically aggregates the authority's various balances via automatic transfers.

- 1.15.5 If held, corporate credit card accounts need to have defined limits and be cleared monthly by direct debit from the main bank account.
 - 1.15.6 The authority needs to approve every bank mandate, the list of authorised signatures for each account, the limits of authority for each account signature and any amendments to mandates.
 - 1.15.7 Risk assessment and internal controls need to focus on the safety of the authority's assets, particularly money. Those with direct responsibility for money need to undertake appropriate training from time to time.
- 1.16 **Employment.** The remuneration payable to all employees needs to be approved in advance by the authority. In addition to having robust payroll arrangements which cover the accuracy and legitimacy of payments of salaries and wages, and associated liabilities, the authority needs to ensure that it has complied with its duties under employment legislation and has met its pension obligations.
- 1.17 **VAT.** The authority needs to have robust arrangements in place for handling its responsibilities with regard to VAT.
- 1.18 **Fixed Assets and Equipment.** The authority's assets need to be secured, properly maintained and efficiently managed. Appropriate procedures need to be followed for any asset disposal and for the use of any resulting capital receipt.
- 1.19 **Loans and Long Term Liabilities.** Authorities need to ensure that any loan or similar commitment is only entered into after the authority is satisfied that it can be afforded and that relevant approvals have been obtained. Proper arrangements need to be in place to ensure that funds are available to make repayments of capital and any associated interest and other liabilities.
- 1.20 **Review of effectiveness.** Regulation 6 of the Accounts and Audit Regulations 2015 requires the authority to conduct each financial year a review of the effectiveness of the system of internal control. The review needs to inform the authority's preparation of its annual governance statement.
- 1.21 Supporting information on internal control can be found in Section 5.

Assertion 3: Compliance with laws, regulations and proper practices

We took all reasonable steps to assure ourselves that there are no matters of actual or potential noncompliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.

In order to warrant a positive response to this assertion, the following processes need to be in place and effective:

- 1.22 **Acting within its powers.** All authorities' actions are controlled by statute. Therefore, appropriate decision making processes need to be in place to ensure that all activities undertaken fall within an authority's powers to act. In particular authorities need to have robust procedures in place to prevent any decisions or payments being made that are *ultra vires*, i.e. that the authority does not have the lawful power to make. The exercise of legal powers needs always to be carried out reasonably. For that reason, authorities making decisions need always to understand the power(s) they are exercising in the context of their decision making.
- 1.23 **General power of competence.** In particular an authority seeking to exercise a general power of competence under the Localism Act 2011 needs to ensure that the power is fully understood and exercised in accordance with the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012.
- 1.24 **Regulations and proper practices.** Procedures need to be in place to ensure that an authority's compliance with statutory regulations and applicable proper practices is regularly reviewed and that new requirements, or changes to existing ones, are reported to members and applied. Authorities need to have particular regard to the requirements of the Accounts and Audit Regulations 2015.
- 1.25 **Actions during the year.** An authority needs to have satisfied itself that it has not taken any decision during the year, or authorised any action, that exceeds its powers or contravenes any laws, regulations, or proper practices.
- 1.26 Supporting information on compliance with laws, regulations and proper practices can be found in Section 5.

Assertion 4: Exercise of public rights

We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.

In order to warrant a positive response to this assertion the authority needs to have taken the following actions in respect of the previous year's annual return¹:

1.27 Exercise of public rights. The authority provided for the exercise of public rights set out in Sections 26 and 27 of the Local Audit and Accountability Act 2014. Part 5 of the Accounts and Audit Regulations 2015 requires the RFO to have published, including on the authority's website or other website:

- Sections 1 and 2 of the annual return;
- a declaration that the status of the statement of accounts is 'unaudited'; and
- a statement that sets out details of how public rights can be exercised, as set out in Regulation 15(2)(b), which includes the period for the exercise of public rights.

1.28 External Auditor's Review. A notice of the conclusion of the external auditor's limited assurance review of the annual return, together with relevant accompanying information, was published (including on the authority's website or other website) in accordance with the requirements of Regulation 16 the Accounts and Audit Regulations 2015.

1.29 A parish meeting may meet the publication requirements by displaying the information in question in a conspicuous place in the area of the authority for at least 14 days.

1.30 Supporting information on the exercise of public rights can be found in Section 5.

¹ If the annual return referred to is that for 2014/15 (in the case of voluntary application of this guide to the annual return for 2015/16), the relevant legislation was the Audit Commission Act 1998 and the Accounts and Audit (England) Regulations 2011.

Assertion 5: Risk Management

We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.

In order to warrant a positive response to this assertion, the authority needs to have the following arrangements in place:

- 1.31 **Identifying and assessing risks.** The authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.
- 1.32 **Addressing risks.** Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk. This might include the introduction of internal controls and/or appropriate use of insurance cover.
- 1.33 Supporting information on risk management can be found in Section 5.

Assertion 6: Internal Audit

We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.

In order to warrant a positive response to this assertion, the authority needs to have taken the following actions:

- 1.34 **Internal audit.** The authority needs to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account internal auditing guidance for smaller authorities.
- 1.35 **Provision of information.** The authority needs to ensure it has taken all necessary steps to facilitate the work of those conducting the internal audit, including making available all relevant documents and records and supplying any information or explanations required.
- 1.36 Non-statutory guidance on internal audit can be found in Section 4.

Assertion 7: Reports from Auditors

We took appropriate action on all matters raised in reports from internal and external audit.

1.37. To warrant a positive response to this assertion, the authority needs to have considered all matters brought to its attention by its external auditor and internal audit and taken corrective action as appropriate.

1.38. Supporting information on reports from auditors can be found in Section 5.

Assertion 8: Significant events

We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.

To warrant a positive response to this assertion, the authority needs to have taken the following actions where necessary:

1.39. **Significant events.** The authority needs to have considered if any events that occurred during the financial year (or after the year-end), have consequences, or potential consequences, on the authority's finances. If any such events are identified, the authority then needs to determine whether the financial consequences need to be reflected in the statement of accounts.

1.40. Supporting information on significant events can be found in Section 5.

Assertion 9: Trust Funds (local councils only)

Trust funds (including charitable). In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.

1.41. Where a local authority acts as a sole managing trustee for a trust or trusts, to warrant a positive response to this assertion the authority needs to have made sure that it has discharged all of its responsibilities with regard to the trust's finances. This needs to include financial reporting and, if required, independent examination or audit. This is notwithstanding the fact that the financial transactions of the trust do not form part of the authority's accounts and are therefore not included in the figures reported on Section 2 of its annual return (see paragraph 2.30 below).

1.42. Supporting information on trust funds can be found in Section 5.

Approval process

1.43. The authority needs to approve the annual governance statement by resolution of members of the authority meeting as a whole, in advance of the authority approving the accounting statements in Section 2 of the annual return. The Chair of the meeting and the Clerk need to sign and date the annual governance statement and a minute reference entered.

Section 2 - The Statement of Accounts

Introduction

- 2.1. The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require all authorities to prepare a statement of accounts for each financial year in accordance with proper practices. This guide presents the proper practices in relation to accounts that smaller authorities need to follow in preparing their annual accounts and follows the order set out in Section 2 of the annual return. To assist practitioners, a pro-forma annual return is available alongside this guide.
- 2.2. For smaller authorities the statement of accounts needs to be prepared in accordance with, and in the form specified in, any annual return required by these proper practices in relation to accounts.
- 2.3. Section 2 of the annual return is a smaller authority's statement of accounts and takes the form of a summary income and expenditure account and a statement of balances. Where an authority's gross income or expenditure is not more than £200,000 for that year, or for either of the two immediately preceding financial years, the statement may take the form of a summary receipts and payments account.
- 2.4. An authority's statement of accounts needs to be in the form set out in Section 2 of the annual return. The figures entered in the relevant cells are the authority's receipts and payments for the year, or its income and expenditure, as appropriate. This guide assumes that most authorities maintain current records on a receipts and payments basis and convert these to income and expenditure at the year end, if necessary. Information and examples on the conversion process from receipts and payments to income and expenditure is provided in Section 5 and does not form part of proper practices.
- 2.5. All highlighted cells of the annual return need to be completed, including writing 'nil' or '0' in any cell that does not apply. Leaving cells blank may lead to questions by readers who may not be sure if the compiler intended a nil balance or whether an omission or error has occurred.
- 2.6. All figures in Section 2 of the annual return need to agree to the authority's primary accounting records. The RFO needs to be able to show how the figures in the annual return reconcile to those in the cashbook and other primary accounting records. Members need to see this reconciliation when they are asked to approve the

statement of accounts in the annual return. Interested persons inspecting the accounts have a legal right to inspect the accounting records and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records, including this reconciliation.

- 2.7. The accounting statements present two years accounts for the authority, side by side. The prior year figures can be taken directly from the previous year's annual return or, if this is the first year of accounts, the prior year figures will all be £0.
- 2.8. The figures for the preceding financial year are shown in the first column so that members, local electors, residents and other interested parties can easily see any significant changes that have occurred during the current year and help to set the context in which the accounts need to be viewed.
- 2.9. Where an error has been identified in the prior year's accounts, after the external auditor's review, which has resulted in the carried forward figure in Line 7 being amended, then the corrected figure needs to be carried forward to the current year's annual return. The authority must clearly indicate that the prior year column in the accounting statements is 'Restated' and inform the external auditor.
- 2.10. Authorities that change the basis on which their accounts are presented, i.e. from income and expenditure to receipts and payments (or vice versa), need to ensure that the comparative accounts in the annual return are shown on a consistent basis and are reported in Section 2 of the annual return by adding the word 'Restated' at the top of the prior year column, and explained by means of a note to the auditor.

Accounting statements

Line 1: Balances brought forward

- 2.11. This cell shows the opening figure for the summary of the smaller authority's annual accounts. It is the closing balance carried forward from the previous year's accounting statements – see paragraph 2.19 below. The amount in the current year cell in Line 1 should be the same figure as the 'balances carried forward' figure in the prior year column at Line 7.

Line 2: Precept or Rates and Levies

- 2.12. For precepting authorities, this cell shows the total precept received or receivable in the year. For internal drainage boards this cell shows the total of rates and special levies received or receivable in the year. This cell should contain only the value of

precepts or rates and levies received or receivable in the year. Any other receipts, including grants, are to be included in Line 3.

Line 3: Total other receipts

2.13. This cell shows the authority's total income or receipts for the year, less the precept or rates and levies figure shown in Line 2. It will therefore include any repaid investments, any monies borrowed to finance projects, proceeds from the sale of fixed assets, fees, charges, and grants such as council tax support grant.

2.14. Compilers of the accounting statements must exclude from the figure shown in Line 3 the value of any transactions recorded in the authority's accounting records arising from daily cash management activities. These transactions include transfers between bank current and deposit accounts and other short-term deposits. It is correct to record such transactions in the cash book for control and reconciliation purposes. However, they are not reported in the accounting statements because these transfers do not represent either receipts or payments, or income or expenditure for the authority.

Line 4: Staff costs

2.15. This cell shows all the costs incurred by the authority in relation to the employment of its staff. It includes employment expenses which are benefits (for example, mileage and travel expenses) but it does not include payments made in respect of office expenses reimbursed to employees or the costs of engaging agency staff or consultants (these expenses form part of the amount shown in Line 6). Where the authority makes deductions for PAYE and National Insurance, and pays employer's contributions for NI and pensions, then staff costs should include payments to HM Revenue and Customs and any pension contributions.

Line 5: Loan interest/capital repayments

2.16. This cell shows the total of capital and interest payments made by the authority in the year. It includes repayment of loan principal, whether as part of a scheduled repayment plan or as a special payment, and interest arising from any borrowing including bank overdrafts and credit cards.

2.17. Authorities preparing income and expenditure accounts need to make a provision in their accounts for any accrued interest payable at the year-end in accordance with the

terms of any loan. The accrued value of unpaid interest due would be shown in this cell.

Line 6: All other payments

2.18. This cell shows the authority's total expenditure or payments made in the year, less the total of the specific expenditure amounts shown in Lines 4 and 5. It will include the costs of purchasing fixed assets and undertaking capital projects as well as the costs of providing day to day services. Payments made in respect of investments need to be included, but not entries that result from daily cash management activities, such as transfers between bank current and deposit accounts or the making of short-term investments – see 2.14 above.

Line 7: Balances carried forward

2.19. This cell shows the closing figure for the balances of the authority after all of its financial transactions have been accounted for. The cell value is calculated by adding the amounts in Lines 2 and 3 to the balances brought forward in Line 1 and then deducting the sum of the amounts in Lines 4, 5 and 6.

Line 8: Total value of cash and short-term investments

2.20. This cell shows the actual value of the authority's cash and short-term investments in the form of cash held, current and deposit accounts plus any short-term investments. The figure should be equal to the corresponding figure in the authority's cash book.

2.21. Short-term investments, which mainly include deposit and savings accounts typically provided by banks, are those that display the following characteristics:

- are denominated in pounds Sterling;
- have a maturity of less than 12 months;
- the whole of the original sum invested can, from the time that the investment is made, be accessed for use by the authority without any reduction; and
- the authority has assessed the counterparty and is satisfied that the original sum invested is not subject to unreasonable risk.

2.22. For authorities preparing accounts on a receipts and payments basis, the figure in Cell 8 will be the same that shown at Cell 7. For other authorities a statement needs to be prepared explaining the difference by reference to the adjustments that have been made to convert the accounts to an income and expenditure basis, particularly

accounting for debtors, creditors and provisions. Further information and examples on converting accounts from receipts and payments to income and expenditure are provided in Section 5.

- 2.23. The authority will need to reconcile this figure to its year-end bank account statements and submit the reconciliation to the external auditor. Further information on bank reconciliations can be found in Section 5.

Line 9: Total fixed assets plus long-term investments and assets

- 2.24. This cell shows the value of all the property the authority owns. It is made up of its fixed assets and long-term investments. The term fixed assets means the property, plant and equipment used by the authority to deliver its services. A long-term investment arises where the authority invests money in anything other than a short-term investment.
- 2.25. Authorities need to maintain a register of the fixed assets, long-term investments and other non-current assets that they hold.
- 2.26. The value of the cell at Line 9 is taken from the authority's asset register which is up to date at 31 March and includes all capital acquisition and disposal transactions recorded in the cash-book during the year. Authorities need to apply a reasonable approach to asset valuation which is consistent from year to year. Where an authority changes its method of asset valuation during a financial year, it will need to restate the prior year's figure in Line 9 of the annual return.
- 2.27. If an authority, other than an IDB, voluntarily applies this guide to its annual return for 2015/16, the asset register value of its assets at 31 March 2016 needs to be stated in Line 9 in accordance with the Practitioners' Guide for local councils issued in March 2014. This is a transitional requirement that applies to the 2015/16 annual return only.
- 2.28. Further information on fixed assets and long-term investments can be found in Section 5.

Line 10: Total borrowings

- 2.29. This cell shows the outstanding capital balance of all borrowings from third parties at the end of the year, including all loans but excluding bank overdrafts. Authorities need to maintain a record of all borrowings and similar credit arrangements entered

into, other than temporary bank overdrafts. Further information can be found in Section 5.

Line 11: Disclosure note re Trust funds (local councils only)

2.30. This cell requires a local council only to answer 'yes' or 'no' to whether it acts as sole trustee for, and is responsible for managing, Trust funds or assets. The council needs to ensure that the accounting statements in Section 2 of the annual return do not include any Trust transactions or balances (see paragraph 1.41 above).

Signature of Responsible Finance Officer

2.31. Notwithstanding who prepared the statement of accounts, it is the responsibility of the authority's RFO to certify it as either presenting fairly the financial position of the authority or properly presenting its receipts and payments, as the case may be. In so certifying the RFO confirms that proper practices have been followed in preparing the statement of accounts.

Signature of Chairman

2.32. After the RFO has signed the statement of accounts, the members of the authority meeting as a whole need to consider it and approve it by resolution. Alongside the RFO's certificate, the person presiding at the meeting at which the statement of accounts is approved needs to confirm, by signing and dating the statement at the bottom of Section 2 of the annual return, that the accounts have been approved by the authority in accordance with the Accounts and Audit Regulations 2015.

2.33. The authority needs to ensure that the accounting statements are signed by the RFO and approved by the authority, by the latest date in order for the RFO to comply with the duty to commence the period for the exercise of public rights so that it includes the first ten working days of July.

Accompanying information

2.34. There is no provision in the annual return for additional notes to explain and expand on the figures shown in the accounting statements. To address this, authorities need to provide the following accompanying information to the external auditor:

Explanation of variances

2.35. Authorities need to understand the changes in income and expenditure from year to year and their significance. The RFO needs to produce an explanation of

significant variances in annual levels of income, expenditure and balances shown in Section 2 of the annual return that provides a sufficiently detailed and meaningful analysis and explanation of the reasons for the change.

Bank Reconciliation.

- 2.36. The year-end bank reconciliation (see paragraph 1.10 above) needs to be provided to the external auditor together with the annual return and other accompanying documentation.
- 2.37. The external auditor may request that other information is provided to support their review of the annual return. The authority needs to comply with any such requests.
- 2.38. Supporting information on completion of the accounting statements can be found in Section 5.

Section 3: Proper practices in relation to accounts for a smaller authority that has decided to prepare accounts and be audited as a full audit authority

Introduction

- 3.1. Regulation 8(1) of the Local Audit (Smaller Authorities) Regulations 2015 allows smaller authorities with annual turnover exceeding £25,000 to decide to prepare a statement of accounts and be audited as if it were a relevant authority that is not a smaller authority. This is defined in the Regulations as a 'full audit authority'.
- 3.2. For the purposes of the Accounts and Audit Regulations 2015, a full audit authority is treated as a Category 1 authority.
- 3.3. Regulation 7 of the Accounts and Audit Regulations 2015, requires a Category 1 authority to prepare a statement of accounts in accordance with the regulations and proper practices in relation to accounts. Regulation 5 requires a Category 1 authority to prepare an annual governance statement in accordance with proper practices in relation to accounts.
- 3.4. The proper practices in relation to accounts for a full audit authority are set out in this guidance issued by JPAG.

Proper practices – Statement of accounts

- 3.5. JPAG recommends that, for financial years commencing on or after 1 April 2016, a full audit authority should follow the proper accounting practices found in UK GAAP (FRS 102) issued by the Financial Reporting Council².
- 3.6. Alternatively, a full audit authority may adopt as proper practices the Code of Practice on Local Authority Accounting in the UK issued by CIPFA/LASAAC.

Proper practices – Annual governance statement

- 3.7. JPAG recommends that a full audit authority should follow *Delivering Good Governance in Local Government: Framework*, published by CIPFA and SOLACE in 2007 and its subsequent addendum, published in 2012, which provides an updated example annual governance statement. A full audit authority may also wish to refer to *Delivering good governance in local government: A guidance note for English authorities*, published by CIPFA/SOLACE in 2012, which is intended to assist authorities

² The Financial Reporting Standard for Smaller Entities (the FRSSE) has been withdrawn for financial years commencing on or after 1 January 2016.

in reviewing their governance arrangements and can be used in conjunction with the Framework and the addendum.

- 3.8. Alternatively, a full audit authority may use the annual governance statement in Section 1 of the annual return (see Section 1 of this guide and the pro-forma annual return available alongside this guide).

Section 4: Non-statutory guidance for internal audit at smaller authorities

Introduction

- 4.1. A smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'
- 4.2. The public sector internal audit standards, issued in 2013, have not been applied to smaller authorities. The information in this section of the Practitioners' Guide is therefore the non-statutory 'guidance' referred to in Regulation 5(1), and needs to be taken into account by smaller authorities in undertaking an effective internal audit.

Overview of internal audit

- 4.3. Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 4.4. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.
- 4.5. The internal audit function must be independent from the management of the financial controls and procedures of the authority which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the authority. It is for each authority to decide, given its circumstances, what level of competency is appropriate, and to keep this issue under review.
- 4.6. Internal audit is an on-going function, undertaken regularly throughout the financial year, to test the continuing existence and adequacy of the authority's internal controls. It results in an annual assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the authority's control. Managing the authority's internal controls is a day-to-day

function of the authority's staff and management, and not the responsibility of internal audit.

- 4.7. Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

Appointing an internal audit provider

- 4.8. It is a matter for the authority to determine how best to meet the statutory requirement for internal audit, having regard to its business needs and circumstances.
- 4.9. There are two key principles an authority should follow in sourcing an internal audit provider: independence and competence.

Independence

- 4.10. Independence requires the absence of any actual or perceived conflict of interest. It means that whoever carries out the internal audit role does not have any involvement in or responsibility for the financial decision making, management or control of the authority, or with the authority's financial controls and procedures.
- 4.11. It follows, for example, that the circumstances in which a member could demonstrate that they are sufficiently independent of the financial decision making and procedures of the authority are difficult to envisage. Such a member would need to exclude themselves entirely from key financial decisions by the authority in order to maintain their independence. Similarly, it would not be appropriate for any individual or firm appointed by the authority to assist with the authority's accounting records, preparation of financial statements or the annual return, to be also appointed to undertake the internal audit function. Conflicts of interest must be avoided, such as in cases where an external provider of accounting software or services to the authority, also offers internal audit services through an associate company, firm or individual.

Competence

- 4.12. There is no requirement for a person providing the internal audit role to be professionally qualified, but essential competencies to be sought from any internal audit service include:
- understanding basic book-keeping and accounting processes;

- understanding the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of management;
- awareness of relevant risk management issues; and
- understanding proper practices in relation to governance and accounting requirements within the legal framework and powers of smaller authorities.

4.13. There are various ways for an authority to source an internal audit service, for example:

- Appointing a local individual or a member of a panel of individuals administered by a local association or branch of NALC, SLCC or ADA. An individual will need to demonstrate adequate independence and competence to meet the needs of the authority.
- Employing a competent internal auditor with sufficient organisational independence and status to undertake the role.
- Purchasing an internal audit service from a principal local authority.
- Purchasing an internal audit service from a local firm or specialist internal audit practice. The firm needs to have an understanding of the local government legal framework and a number of professional firms offer a service to public bodies, authorities and commercial companies. For the largest authorities a specialist contractor appointment may be appropriate.

Scope of internal audit

4.14. It is a matter for the authority to determine the necessary scope and extent of its internal audit. When securing an internal audit service, the authority should make sure that it is proportionate to the needs, size and the circumstances of the authority.

4.15. The work of internal audit should be subject to an engagement letter on first appointment by the authority, setting out the terms of the appointment.

Engagement terms may include:

- roles and responsibilities;
- audit planning;
- reporting requirements;
- assurances around independence and competence;

- access to information, members and officers;
- period of engagement;
- remuneration; and
- any other matters required for the management of the engagement by the authority.

4.16. Each authority should set out its key financial and other controls, usually in the form of standing orders and financial regulations. The smaller the authority, the less onerous these need to be. Similarly, the scope of internal audit at smaller authorities will be correspondingly less than at larger ones. The more complex the authority is or becomes, in terms of its organisation, range of services and number of employees the wider ranging the scope of internal audit may be.

4.17. It is not possible to draw up a standard internal audit programme to cover all authorities. This is because the audit programme must address the particular needs of each authority. Internal audit's function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily.

Annual internal audit report

4.18. The duties of internal audit relate to reporting on the adequacy and effectiveness of an authority's system of internal control. The minimum reporting requirement for internal audit to the smaller authority is met by completing the annual internal audit report on page 5 of the annual return. Internal audit may also report in greater detail to the authority as required.

4.19. The annual internal audit report focuses on ten internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority.

4.20. The annual internal report will inform the authority's response to assertions 2 and 6 in the annual governance statement.

Reviewing internal audit

4.21. Authorities should from time to time carry out a review of the effectiveness of their overall internal audit arrangements. The review should take place at least once every three years and also in the year of any change of internal audit provider or responsible finance officer. Any review should balance the authority's internal audit

needs and usage. It should be designed to provide sufficient assurance for the authority that standards are being met and that the work of internal audit is effective. Authorities judge the extent and scope of the review by reference to their own individual circumstances.

4.22. The review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, making an assessment of each of the following:

- the scope of internal audit;
- independence;
- competence;
- relationships with the clerk and the authority; and
- audit planning and reporting.

4.23. The review should be undertaken by the authority. It should not be undertaken by the external auditor or as part of the external auditor's review of the annual return, nor can it be delegated to an officer. Clearly it cannot be undertaken by internal audit, although it is good practice to seek their involvement in the process. Authorities may wish to set up a small working party to carry out the review or utilise an existing committee. Whatever approach is followed, the results should be reported to a full meeting of the authority.

4.24. There is no single approach to review of internal audit that will suit all authorities. Much will depend upon the size of the authority and arrangements it already has in place for conducting the wider review of its system of internal control and risk management generally. The areas described above in paragraph 4.23 will normally be the starting point, but the effectiveness of internal audit should not be judged solely by the extent of compliance with expected standards. The review is primarily about effectiveness, not process. In essence, the focus of this review should be on the quality of delivery of the internal audit service, i.e. reliable assurance about the authority's internal controls and its management of risk.

4.25. As with any review, it should be evidence based. Wherever possible this should be gathered throughout the year. Sources may include:

- previous review and action plan;

- annual report by internal audit;
- periodic reports from internal audit, including internal audit plan, monitoring reports, and the results of any investigations;
- any reports by the external auditor; and
- the results of any other external reviews of internal control.

4.26. If the review identifies any areas for development or change in internal audit, an action plan should be produced for the authority to manage the remedial process. The action plan should set out the areas of improvement required, any proposed remedial actions, the people responsible for delivering improvement, and the deadlines for completion of the actions.



DOVER TOWN COUNCIL

Report to: Finance and General Purposes Committee
Meeting date: 15 June 2016

From: Cllr Neil Rix, Mayor and Chairman of the Council
Date written: 6 June 2016

Subject: Code of Conduct

1. INTRODUCTION

The Dover Town Council Code of Conduct, Complaints Procedure and Grievance process in the Employee Handbook have all been formally adopted by the Town Council all signed up to by individual councillors. In the normal course of daily life and business, there will be incidents where members of the public or members of staff object to the behaviour of a councillor or councillors. They can seek redress through these processes and standards.

2. INFORMATION

Unfortunately, although a majority of councillors properly engage in the agreed process in a spirit of openness and reconciliation there have been a significant number of councillors in recent years, who simply ignore the proper procedures. They have refused to engage with the member of the public or the employee who has brought a complaint or grievance despite invitations to meet and summonses from the Mayor to attend a hearing. This leads to the reputation of the council being undermined and a general view that councillors can choose not to be accountable to their electors. This is completely at odds with the Nolan Principles for Public Life which are attached at Appendix 1. Currently there is no way to discipline councillors who refuse to act in a properly accountable manner.

By introducing automatic sanctions against councillors who refuse to engage in the agreed disciplinary processes for handling complaints and grievances, the council will discourage this arrogant, irresponsible behaviour and reduce the risk of the council's reputation being damaged. It is proposed to amend the Code of Conduct as attached.

3. DECISION

Council resolves to adopt the revised Code of Conduct (as attached in draft - Appendix 2)



- Committee on Standards in Public Life (<https://www.gov.uk/government/organisations/the-committee-on-standards-in-public-life>)

See more information about this Guidance (<https://www.gov.uk/government/publications/the-7-principles-of-public-life>)

Guidance

The 7 principles of public life

Published 31 May 1995

Contents

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

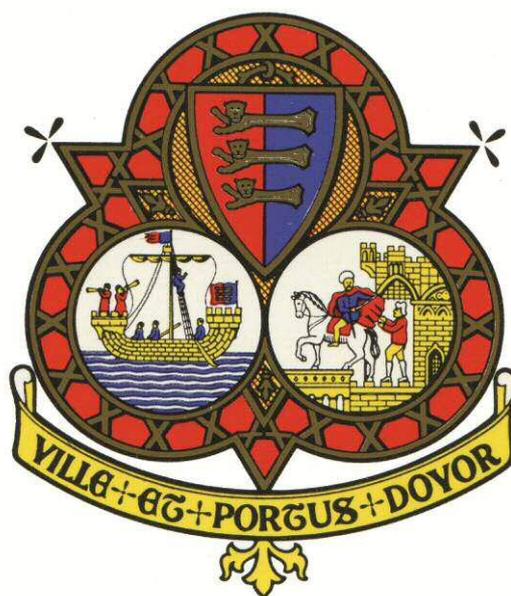
6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

For further information on the 7 principles and the work of the Committee on Standards in Public Life, visit the Committee's website (<https://www.gov.uk/government/organisations/the-committee-on-standards-in-public-life>) and blogsite (<https://cspl.blog.gov.uk/>).



DOVER TOWN COUNCIL

CODE OF CONDUCT

DRAFT 17/6/16

DRAFT (7/6/16)

DOVER TOWN COUNCIL

CODE OF CONDUCT

This Code of Conduct document was adopted by the Town Council at its Meeting held on 4th July 2012 (Minute No. 86a).

INTRODUCTION

Pursuant to section 27 of the Localism Act 2011, Dover Town Council ('the Council') has adopted this Code of Conduct to promote and maintain high standards of behaviour by its members and co-opted members whenever they conduct the business of the Council, including the business of the office to which they were elected or appointed, or when they claim to act or give the impression of acting as a representative of the Council.

This Code of Conduct is based on the principles of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

DEFINITIONS

For the purposes of this Code, a 'co-opted member' is a person who is not a member of the Council but who is either a member of any committee or sub-committee of the Council, or a member of, and represents the Council on any joint committee or joint sub-committee of the Council, and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee.

For the purposes of this Code, a 'meeting' is a meeting of the Council, any of its committees, sub-committees, joint committees or joint sub-committees.

For the purposes of this Code, and unless otherwise expressed, a reference to a member of the Council includes a co-opted member of the Council.

MEMBER OBLIGATIONS

When a member of the Council acts, claims to act or gives the impression of acting as a representative of the Council, he/she has the following obligations.

1. He/she shall behave in such a way that a reasonable person would regard as respectful.
2. He/she shall not act in a way which a reasonable person would regard as bullying or intimidatory.

3. He/she shall not seek to improperly confer an advantage or disadvantage on any person.
4. He/she shall use the resources of the Council in accordance with its requirements.
5. He/she shall not disclose information which is confidential or where disclosure is prohibited by law.
6. **He/she shall properly and fully, to the best of his/her ability, engage in the councils adopted policy and practice in relation to complaints or grievances brought against him/her.**

Registration of interests

7. Within 28 days of this Code being adopted by the Council, or the member's election or the co-opted member's appointment (where that is later), he/she shall register with the Monitoring Officer the interests which fall within the categories set out in Appendices A and B.
8. Upon the re-election of a member or the re-appointment of a co-opted member, he/she shall within 28 days re-register with the Monitoring Officer any interests in Appendices A and B.
9. A member shall register with the Monitoring Officer any change to interests or new interests in Appendices A and B within 28 days of becoming aware of it.
10. A member need only declare the existence but not the details of any interest which the Monitoring Officer agrees is a 'sensitive interest'. A sensitive interest is one which, if disclosed on a public register, could lead the member or a person connected with the member to be subject to violence or intimidation.

Declaration of interests at meetings

11. Where a matter arises at a meeting which relates to an interest in Appendix A the member shall not participate in a discussion or vote on the matter. He/she only has to declare what his/her interest is if it is not already entered in the member's register of interests or if he/she has not notified the Monitoring Officer of it.
12. Where a matter arises at a meeting which relates to an interest in Appendix A which is a sensitive interest, the member shall not participate in a discussion or vote on the matter. If it is a sensitive interest which has not already been disclosed to the Monitoring Officer, the member shall disclose he/she has an interest but not the nature of it.
13. Where a matter arises at a meeting which relates to an interest in Appendix B, the member shall not vote on the matter. He/she may speak on the matter only if members of the public are also allowed to speak at the meeting.

APPENDIX 2

14. A member only has to declare his/her interest in Appendix B if it is not already entered in his/her register of interests or he/she has not notified the Monitoring Officer of it or if he/she speaks on the matter. If he/she holds an interest in Appendix B which is a sensitive interest not already disclosed to the Monitoring Officer, he/she shall declare the interest but not the nature of the interest.
15. Where a matter arises at a meeting which relates to a financial interest of a friend, relative or close associate (other than an interest in Appendix A), the member shall disclose the nature of the interest and not vote on the matter. He/she may speak on the matter only if members of the public are also allowed to speak at the meeting. If it is a 'sensitive interest' the member shall declare the interest but not the nature of the interest.

DISPENSATIONS

16. On a written request made to the Council's proper officer, the Council may grant a member a dispensation to participate in a discussion and vote on a matter at a meeting even if he/she has an interest in Appendices A and B if the Council believes that the number of members otherwise prohibited from taking part in the meeting would impede the transaction of the business; or it is in the interests of the inhabitants in the Council's area to allow the member to take part or it is otherwise appropriate to grant a dispensation.

SANCTIONS

17. **In the event of any Councillor refusing or appearing to refuse to take part in proceedings as described in clause 6 of this code then the following sanctions will be applied and their application will be at a full Town Council meeting: -**
 - a) **Suspension from Committees the Councillor is a member of for 6 months;**
 - b) **Suspension from all external representative roles for which the Councillor has been appointed.**

APPENDIX A

Interests defined by regulations made under section 30(3) of the Localism Act 2011 and described in the table below.

<i>Subject</i>	<i>Description</i>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made to the member during the 12 month period ending on the latest date referred to in paragraph 6 above for expenses incurred by him/her in carrying out his/her duties as a member, or towards his/her election expenses.
	This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the member or between his/her spouse or civil partner or the person with whom the member is living as if they were spouses/civil partners (or a body in which such a person is a partner in a firm, a director of an incorporated body or holds the beneficial interest in securities*) and the Council –
	(a) under which goods or services are to be provided or works are to be executed; and
	(b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the Council.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to the member's knowledge) –
	(a) the landlord is the Council; and
	(b) the tenant is a body in which the member, or his/her spouse or civil partner/ the person with whom the member is living as if they were spouses/civil partners have a beneficial interest.
Securities	Any beneficial interest in securities of a body where –
	(a) that body (to the member's knowledge) has a place of business or land in the area of the Council; and
	(b) either –
	(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or
	(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

*'Securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

APPENDIX B

An interest which relates to or is likely to affect:

- (i) anybody of which the member is in a position of general control or management and to which he/she is appointed or nominated by the Council;
- (ii) anybody –
 - (a) exercising functions of a public nature;
 - (b) directed to charitable purposes; or
 - (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which the member of the Council is a member or in a position of general control or management;
- (iii) any gifts or hospitality worth more than an estimated value of £50 which the member has received by virtue of his or her office.

DRAFT (16/16)



DOVER TOWN COUNCIL

Report to: Finance and General Purposes Committee
From: Roger Walkden - Chairman of Committee 2015-16
Date written: 6.6.16
Subject: Maison Dieu House - Maintenance

INFORMATION

Maison Dieu House is a 17th Century Grade II listed building owned and cared for by the Town Council on behalf of the Town. It is regularly inspected by the Council's professional surveyors who advise on necessary maintenance. Decoration and non-urgent repairs are carried out on a regular and budgeted cycle.

The first floor was refurbished in 2004, 12 years ago, when the Town Council purchased the building and is now below standard and shabby in part. The ceiling remains marked from water leakage when the roof was damaged and the re-painting and refurbishment of the windows is now required to ensure they remain sound and can be operated safely.

The timing of Council meetings means that work would ideally take place during August and Council procurement procedures therefore need to commence.

DECISION

The Committee is recommended to resolve to recommend to the full Town Council that

- The Proper Officer be delegated to contract for necessary and appropriate maintenance of the first floor of Maison Dieu House in consultation with the Mayor and the Chairman of the Committee and that the provisions of Financial Regulations 4.1 be set aside.

Statutory Power: Local Government Act 1972 s111

The Town Council abides by the spirit of Best Value.

The Council is committed to open governance and accountability. Both Councillors and members of the public must be able to fully understand the entire picture of any project proposal when approved.

