

NORTH HORSHAM PARISH COUNCIL

**MINUTES OF A MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
HELD ON THURSDAY 20TH OCTOBER 2016 AT 7.30pm
AT ROFFEY MILLENNIUM HALL**

Present: Councillors P. Burgess*, N. Butler, S. Torn, R Knight*, R. Wilton and Mrs S. Wilton

* denotes absence

In attendance: Pauline Whitehead BA(Hons) FILCM

FA/090/16 Public Forum

Two members of the public were in attendance. One resident was a member of the Earles Meadow Conservation Group and spoke briefly to explain how grant funding would assist the conservation project which has won awards for excellence on several occasions. (see FA/104/16)

FA/091/16 Apologies

The Committee received apologies and reasons for absence from Cllr. P Burgess. Cllr. R. Knight did not attend and did not offer apologies.

FA/092/16 Minutes

The Minutes of the meeting held on 21st July 2016 were agreed and signed by the Chairman as being a correct record.

FA/093/16 Declarations of Interest

Cllr S Torn declared a personal interest in item FA/098/16 – Roffey (Crawley Road) Cemetery as he is a Horsham District Councillor.

Cllr N Butler declared a prejudicial interest in item FA/104/16 – grant application from Jack and Jill Playgroup as a close family member is the treasurer of the organisation.

Cllr S Torn declared a prejudicial interest in item FA/104/16 – grant application from Home Start as he is a Trustee of the charity.

FA/094/16 Chairman's Announcements

Further information had been given to the Co-operative Bank to enable the bank mandate to be completed and the Bank of Ireland Account had been closed.

FA/095/16 Financial Review to 30th September 2016

The Committee considered documents (attached) which had been circulated with the agenda

It was RESOLVED to note the following:-

The Financial Report and the reserve balances at 30th September 2016.

That the Committee Chairman had verified and signed all bank reconciliations for Lloyds Bank accounts. In addition, the cash balances in the Co-operative Bank following the transfer of money from the Bank of Ireland were verified against the trial balance to 30th September 2016 and the closure of the Bank of Ireland account confirmed.

The VAT analysis confirmed that the de-minimus value to 30th September 2016 was £3,339.70. VAT reclaimed for the quarter to 30th September 2016 was £1,103.06.

The payments list for September 2016 totalled £41,057.29.

FA/096/16 Internet banking procedure

Following the introduction of internet banking, a slight change in the procedure was recommended by the Clerk to reflect reality.

It was RESOLVED that the procedure would be amended as follows:-

- 1. Invoices are prepared for payment and the data input into the Financial System to provide a list for authorisation.**
- 2. The list is authorised by two members who are bank signatories and countersigned by the Clerk (See Financial Regulation 6.4)**
- 3. The Clerk releases the payments using internet banking. Access to internet banking shall be in compliance with Financial Regulation 6.16.**
- 4. The list of payments released by the bank is reported to Council at a Council Meeting or Finance and Administration Meeting.**
- 5. It may be necessary to issue cheques where emergency payments are required and where an appropriate meeting is not imminent.**

The Clerk reported that Lloyds Bank did not allow a system whereby one person inputs the payments and another person released them independently, which would give a two stage and robust audit process. Further investigation would be made with Lloyds Bank and a response gained in writing, to ascertain what controls could be initiated to protect the Parish Council and the Officers from fraudulent activity that could arise out of having one person controlling the internet banking procedures. It was agreed to continue using Internet banking in the interim.

FA/097/16 External Audit.

The audited Annual Return for 2015/16 forms part of the minutes.

It was RESOLVED to note that the accounts for 2015/16 have been audited by PKF Littlejohn LLP and are unqualified. It was further noted that a notice of the conclusion of the external auditors limited

assurance review of the Annual Return, together with relevant accompanying information was published (including on the Parish Council's website) in accordance with the requirements of Regulation 16 of the Accounts and Audit Regulations 2015.

FA/098/16 Roffey (Crawley Road) Cemetery

One declaration of interest.

North Horsham Parish Council jointly own part of Roffey Cemetery and currently pay Horsham District Council (HDC) a sum of £6,000 per annum towards maintenance. It is unclear whether there is a legal agreement to support this.

HDC has indicated that running costs per annum are as follows:-

Sumer Maintenance – mowing/strimming	£ 5,000
Winter Maintenance – tidying and strimming	£ 1,300
Fencing	£ 300
Path repair	£ 100 (per annum?)
Shrubs	£200
Maintenance of graves	£500
Memorial testing and remedial work	£500
Total Revenue cost	£7,700 per annum
Income over last year	£4,600 per annum

In 2014 HDC arranged for an enhancement programme to improve the appearance of Roffey Cemetery at a cost of £25,000. The funding came from HDC. The cemetery is now full, so there will only be reopens from now on meaning that income will drop dramatically.

The figures do not allow for two members of the team who provide cover at funerals and undertake the necessary administrative processes.

Considering the Parish Council's constrained finances and following debate it was **RESOLVED** to offer **£3,000** to HDC towards the upkeep of the Roffey Cemetery on Crawley Road for the 2016/17 financial period. The Clerk would write to HDC with the Finance Committee's decision and suggest that HDC comes forward as soon as possible with any proposals there may be for contributions from the Parish in 2017/18.

FA/099/16 Investments

At the 1st September 2016 Parish Council Meeting it was resolved to bring a comprehensive report on possible investment opportunities including peer to peer lending to the next Finance Meeting.

At 30th September 2016 funds were held as follows:-

Lloyds Bank Treasurers account	£5,418.58 (interest 0%)
Lloyds Bank Business Instant Account	£287,117.42 (interest 0.1% from 24 th October 2016)
Co-operative Bank Community Directplus account	£148,781.88 (interest 0% from 3 rd November 2016)

Money held in Lloyds Bank and in the Co-operative Bank is covered individually by the Financial Services Compensation Scheme (FSCS) for a claim of up to £75,000.

The Department of Communities and Local Government – Guidance on Local Government Investments. (March 2010) states that:-

1. Investment priorities should be security and liquidity rather than yield.
2. Preference should be given to options with relatively high security and high liquidity.
3. Proper procedures should be in place for assessing and mitigating risk.

The Internal Auditor advised that the council sets their own Investment policy including their attitude to risk and setting out clearly any investment strategy.

There are limited opportunities for investment at the current time. The Internal Auditor advised that alternative ways of maximising income on reserves may be to look to use reserves for income generating projects that benefit the community and perhaps using the general power of wellbeing to achieve this.

Peer to peer (P2P) lending brings individual borrowers and lenders together, bypassing traditional banks. Lenders receive more interest than they would from a bank savings account. Borrowers pay less interest than on a bank loan. The key difference is that there is no guarantee that money will be repaid as they are not covered through the FSCS. Local authorities are using platforms such as <https://www.publicsectorgateway.co.uk/> to either borrow or make funds available to other local authorities.

The Internal Auditor advises that if the council is aware of the increased risks in this area (of investment) it is a method of obtaining a greater return; however, the reason for holding such high reserves and the future spending plans of the council (i.e. use of funds) need to be clear as the council is not permitted to accumulate general funds and earmarked reserves are for that purpose only and have a finite life. Projections indicate that at the end of the 2016/17 financial period the General Reserve will stand at less than £50,000 bringing into question whether there are sufficient funds to productively embark on this path at this point.

It was RESOLVED that the Clerk would investigate what return could be gained by investing a maximum of £25,000 for a two-year period in P2P lending by making funds available to other local authorities and to report back at the next Finance Meeting.

FA/100/16 Budget calculations for 2017/18

This item was deferred from the previous Finance Meeting but an initial calculation was put before the Parish Council on 1st September 2016.

The Committee were informed of changes that had been made to the initial proposed budget calculations by inserting actual figures as they became known. The calculations and amounts involved were noted, but as the final decision would not take place until January 2017, the consensus was that further information was still required to give a more accurate calculation.

FA/101/16 Precept 2017/18

The Committee noted potential increases in the precept figures at Band D based on the proposed budget calculations for 2017/18.

FA/102/16 The 2017/18 Local Government Finance Settlement – consultation.

The Government is consulting on extending Referendum Principles to certain local councils. If introduced, this would require a local council intending to increase its precept by more than 2% to hold a referendum. Under the proposal it is intended to apply Referendum Principles to councils with a precept in excess of £500,000 and a parish Band D charge greater than £75.40.

It was RESOLVED to respond to a consultation from the Department of Communities and Local Government regarding the 2017/18 Local Government Finance Settlement in line with guidance from the Sussex Association of Local Councils and the Society of Local Council Clerks and to copy the response to the local MP.

A copy of the letter will be attached to the minutes.

FA/103/16 Internal Controls Working Group

It was RESOLVED that Cllr. N. Butler, Cllr. S. Torn and Cllr. S. Wilton be appointed to the Internal Controls Working Group.

In accordance with Standing Order 4.5, the working group is responsible for testing the accounting procedures of the Council, banking procedures, adherence to Financial Regulations and internal procedural spot checks. The first item on the agenda of the next scheduled meeting (12th December 2016) will be a plan for the coming year.

FA/104/16 Grants

The grant allocation in the 2016/17 budget has been reduced to £10,000 in the amended forecast agreed by Council on 1st September 2016. This leaves £6,222 in the grant fund for the remainder of the financial year.

The Finance Committee considered the following grant applications:-

Holbrook Community Centre- application for £1,381.80 to replace window blinds throughout the building. This is the full cost of the project. The existing blinds have been in place for 20 years and have deteriorated. All users (approximately 140) which include a wide range of ages and backgrounds will benefit from the project. A quotation has been submitted along with all necessary documents.

The Committee RESOLVED to respond to the Trustees of the Holbrook Club and suggest that they explore other avenues of funding for this project as with reduced funds for the financial year, the Council prefer to have the ability to support projects where the need is greater.

One declaration of prejudicial interest.

Cllr. Butler left the room and did not take part in the decision making.

Jack and Jill pre-school (meet at Littlehaven Infants) – application for £4,788 to replace the fence and gate. This is the full amount of the project but £500 is available to put towards the project from fundraising. Around 75 families, especially children between 0 and 16 years and those on low income or unemployed will benefit from the project. A quotation has been submitted along with all necessary documents.

It was RESOLVED to award £2,000 to the Jack and Jill Pre-school on condition that they find matched funding to complete the project and that this is secured in advance.

One declaration of prejudicial interest.

Cllr. Torn left the room and did not take part in the decision making.

Home Start Crawley, Horsham and Mid-Sussex – application for £1,500 to contribute towards the cost of supporting vulnerable families in North Horsham. The full cost of the project is £6,500; HDC have granted £4,120 and fundraising has brought in £880. The project will benefit people on low income and children under 16. A quotation hasn't been supplied as it is not applicable, all other documents except statements of accounts have been supplied.

It was RESOLVED to award £1,500 to Home-Start Crawley, Horsham and Mid-Sussex. The Committee requested that they were given some indication of how the funds benefit residents in North Horsham Parish so that they could better understand local issues. The Committee were minded to indicate that it would be unlikely that the project would receive funding from North Horsham Parish Council in 2017/18.

Earles Meadow Conservation Group – application for £575 to allow the Earles Meadow Conservation Group to continue to help NHPC maintain and improve Earles Meadow. This is the full cost of the project. The number of people using the site is not quantified, but it includes a range of

ages and backgrounds. The application indicates that no disabled people use the facility. All documents, except a quotation which is not applicable, have been supplied. **It was RESOLVED to award £575 to the Earles Meadow Conservation Group in recognition of the work that they do on behalf of the Parish Council and local residents.**

Roffey Cricket Club – Application for £374. NHPC awarded a grant of £550 to Roffey Cricket Club to extend the existing boundary net on the Bostock Avenue boundary in June 2016. An estimate had been received for the work on 29th April 2016. Additional work was required when the nets were fitted resulting in an additional cost of £374 and Roffey Cricket Club has requested that the Parish Council consider awarding grant funding to cover this. A copy of the final invoice for £924 has been received.

It was RESOLVED to award the shortfall of £374 to Roffey Cricket Club as the work to extend the boundary net will have significant benefits to residents and to the relationship between the residents and the Cricket Club.

FA/105/16 Date of next meeting

The next meeting is scheduled for 15th December 2016 at 7.30pm.

There being no other business, the Chairman closed the meeting at 8.40pm

..... Chairman

..... Dated

Finance Report to 30th September 2016

Funding

Precept	282,726
Council Tax Benefit	7,006
Environmental Grant	9,538
Total	299,270

Income

Cost Centre	Actual Income	Annual Budget
Admin	630	600
Allotments	750	725
North Heath Hall	26,779	59,000
Holbrook Tythe Barn	11,975	25,000
Multi Court Lettings	4,533	12,000
Roffey Millennium Hall	35,380	73,750
Total	80,047	171,075

Expenditure

Cost Centre	Actual Expenditure	Annual Budget
Admin	31,602	67,460
Grants	3,778	17,000
Burial	1,500	6,000
Personnel	129,085	270,100
Planning, Env, Trans	0	4,000
Allotments	365	1,700
Amenity, Recs and Open Spaces	17,658	51,275
North Heath Hall	13,731	30,712
Holbrook Tythe Barn	8,512	26,294
Multi Court Lettings (no separate budget)		
Roffey Millennium Hall	15,433	45,410
Total	220,314	519,951

Net expenditure	140,267	339,376
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Income

Hall bookings are increasing and the budget figures are likely to be realised.

Expenditure

Personnel does not include September 2016 expenditure (£22,576.96).

Reserve balances

See month 6 balance sheet and list of earmarked reserves.

Date :- 05/10/2016

North Horsham Parish Council 16/17

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Detailed Balance Sheet (Excluding Stock Movement)

Month No: 7

Reserve Balances 30/9/16.

<u>A/c</u>	<u>Account Description</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<u>Current Assets</u>				
101	Debtors	18,548	0	18,548
105	Vat Refunds	1,112	0	1,112
201	Lloyds Bank Accounts	292,521	0	292,521
202	Co-op Community Directplus A/c	148,778	0	148,778
210	Petty Cash	300	0	300
	Total Current Assets	461,258	0	461,258
<u>Current Liabilities</u>				
501	Creditors	-840	0	-840
502	Sundry Creditors	286	0	286
	Total Current Liabilities	-555	0	-555
	Net Current Assets	461,813	0	461,813
	Total Assets less Current Liabilities	461,813	0	0
<u>Represented By :-</u>				
301	Curent Year Fund	127,168	0	127,168
310	General Reserve	101,744	0	101,744
320	Earmarked Reserves - Revenue	7,955	0	7,955
321	Earmarked Reserves - R&R Fund	158,124	0	158,124
322	Earmarked Reserves - Election	19,950	0	19,950
325	Earmarked Reserves - Damage	4,000	0	4,000
327	Ear Marked Res-Yth Charity Bal	5,621	0	5,621
328	Ear marked Reserve Planning	8,250	0	8,250
330	Earmarked Reserves - Cap.Proj.	4,000	0	4,000
335	Ear Marked Res Capital Receipt	25,000	0	25,000
	Total Equity	461,813	0	461,813

Date: 12/10/2016

North Horsham Parish Council 16/17

Agenda Item 6

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Cash Book 1

User : PW

Lloyds Bank Accounts

For Month No : 5

Payments for Month 5

Nominal Ledger

Date	Payee Name	Cheque	£ Total Amnt	£ Creditors	£ V A T	A/c Centre	£ Amount	Transaction Detail
01/08/2016	Whitesales	8252	189.60	189.60		501		Roof light
04/08/2016	ELA Group	8257	-0.16			4040 403	-0.16	Bank taken 16p short
09/08/2016	Lloyds bus instant access	TRANSFER	9.14			1196 101	9.14	Interest
31/08/2016	Petty Cash	8263	299.62			201	299.62	top up
31/08/2016	Lloyds	TRANSFER	-9.14			1196 101	-9.14	Interest
31/08/2016	Petty cash	8263L	11.00			4020 403	11.00	refreshments
31/08/2016	petty cash	8263L	-11.00			4020 403	-11.00	petty cash
Total Payments for Month			489.06	189.60	0.00		299.46	

Payments for Month 6

Nominal Ledger

Date	Payee Name	Cheque	£ Total Amnt	£ Creditors	£ V A T	A/c Centre	£ Amount	Transaction Detail
01/09/2016	Horsham District Council	D db	1,481.00	1,481.00		501		Rates
05/09/2016	British Gas Business	dd1	539.50	539.50		501		Electricity
05/09/2016	British Gas Business	DD1	139.28	139.28		501		Electricity
05/09/2016	British Gas Business	dd2	182.14	182.14		501		Electricity
06/09/2016	Public Works Loan Board	Di D	7,148.44	7,148.44		501		PWLB
14/09/2016	P.T. PLUMBING	8954	55.00	55.00		501		Urinal waste outlet pipe/tap
14/09/2016	Sutcliffe Play	8955	121.20	121.20		501		Chain fixings play area
16/09/2016	British Gas Business	dd	23.89	23.89		501		Gas
16/09/2016	British Gas Business	DD	8.44	8.44		501		Gas
26/09/2016	Horsham District Council	8958	50.00	50.00		501		pest control on recreation gro
28/09/2016	AMALGAMATED SERVICES LTD	8953	2,040.00	2,040.00		501		Replace water piping
28/09/2016	CF Corporate Finance Ltd	DD	356.94	356.94		501		Photocopier set up and rental
29/09/2016	Petty Cash	8957	277.27			201	277.27	
30/09/2016	Action in Rural Sussex	30092016 1	72.00	72.00		501		Subs to AIRS
30/09/2016	BT Payment Services Ltd	30092016 2	982.05	982.05		501		01403 265793
30/09/2016	Bryant Fixings Ltd.	30092016 3	22.07	22.07		501		Padlocks for cleaning store
30/09/2016	C Brewer & Sons Ltd	30092016 4	97.70	97.70		501		Paint
30/09/2016	EDF Energy 1 Ltd	30092016 5	89.83	89.83		501		Purchase Ledger
30/09/2016	NETCOM	30092016 6	360.00	360.00		501		Recover website
30/09/2016	Mr N. Simmonds,	30092016 7	80.00	80.00		501		keyholder servs
30/09/2016	P.T. PLUMBING	30092016 8	75.00	75.00		501		Urinal pipework
30/09/2016	R J Jochimsen	30092016 9	540.00	540.00		501		Grass cutting
30/09/2016	Woodstock IT Services	300920161	210.00	210.00		501		Computer repair
30/09/2016	West Sussex County Council	300920161	24,056.48	24,056.48		501		Salaries August 2016
30/09/2016	PKF Littlejohn LLP	300920161	1,560.00	1,560.00		501		Purchase Ledger
Total Payments for Month			40,568.23	40,290.96	0.00		277.27	
Balance Carried Fwd			292,520.70					
Cash Book Totals			333,088.93	40,290.96	0.00		292,797.97	

PAID THROUGH

INTERNET BANKING

41,057.29

TOTAL PAYMENTS FOR SEPTEMBER 2016

Section 1 – Annual governance statement 2015/16

Copy.
Original available at
North Horsham Parish
Council Office.

We acknowledge as the members of:

Enter name of
smaller authority here:

NORTH HORSHAM PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2016, that:

	Agreed		'Yes' means that this smaller authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	YES		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	YES		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance 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.	YES		has only done what it has the legal power to do and has complied with proper practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	YES		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. 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.	YES		considered the financial and other risks it faces and has dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	YES		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	YES		responded to matters brought to its attention by internal and external audit.
8. 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.	YES		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9. (For 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.	Yes	No	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.
		NA	

This annual governance statement is approved by this smaller authority and recorded as minute reference:

FC/018/16
dated 19/5/2016

Signed by:

Chair

R WILTON

dated

12-5-2016

Signed by:

Clerk

S. KEMP

dated

12-5-2016

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how this smaller authority will address the weaknesses identified.

Section 2 – Accounting statements 2015/16 for

Enter name of smaller authority here:

NORTH HORSHAM PARISH COUNCIL

	Year ending		Notes and guidance				
	31 March 2015 £	31 March 2016 £					
1. Balances brought forward	316,762	366,166	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.				
2. (+) Precept or Rates and Levies	271,392	278,908	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.				
3. (+) Total other receipts	232,105	199,427	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.				
4. (-) Staff costs	251,327	281,349	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.				
5. (-) Loan interest/capital repayments	15,159	14,666	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).				
6. (-) All other payments	187,607	231,549	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).				
7. (=) Balances carried forward	366,166	316,936	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)				
8. Total value of cash and short term investments	347,102	309,673	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.				
9. Total fixed assets plus long term investments and assets	1,358,083	1,358,083	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the smaller authority as at 31 March				
10. Total borrowings	100,961	91,346	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).				
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	<table border="1"> <tr> <th>Yes</th> <th>No</th> </tr> <tr> <td></td> <td>X</td> </tr> </table>		Yes	No		X	The Council acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.
Yes	No						
	X						

I certify that for the year ended 31 March 2016 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by _____ Financial Officer
 S. KEMP
 Date 04-05-2016

I confirm that these accounting statements were approved by this smaller authority on this date:

19/05/16
 and recorded as minute reference:
 FC/019/16
 Signed by Chair of the meeting approving these accounting statements
 R. WILTON
 Date 12-5-2016

Section 3 – External auditor certificate and report 2015/16 Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2016 in respect of:

Enter name of
smaller authority here:

NORTH HORSHAM PARISH COUNCIL

Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2016; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

External auditor report (WS0095)

(~~Except for the matters reported below~~)* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the smaller authority:

(continue on a separate sheet if required)

External auditor signature

PKF Littlejohn LLP

External auditor name

PKF Littlejohn LLP

Date

22-9-16

Note: The NAO issued guidance applicable to external auditors' work on 2015/16 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

3. Changes to local resources

3.1 Summary

3.1.1 This chapter outlines the Government's proposals for the 2017/18 local government finance settlement that have implications for the local resources collected by councils. These proposals include:

- provisional council tax Referendum principles for 2017/18
- the Government's approach to adjusting tariff and top ups to ensure as far as possible that local authorities have a predictable level of income regardless of the impact of the 2017 business rates revaluation
- a methodology for calculating the change in the local share and the level of tariff and top ups for local authorities piloting 100% business rates retention
- a mechanism through which funding could be transferred to a Combined Authority if all councils affected agree to the transfer.

3.2 Council tax referendum principles for local authorities

3.2.1 In the Spending Review, the Government announced a new adult social care precept worth 2% for authorities with responsibility for adult social care for the remainder of the Parliament. This new precept was in addition to a 'core' council tax referendum principle of 2% which would be reviewed annually. A range of flexibilities were offered to certain other categories of authority, with the remainder able to increase by up to the core 2% without triggering a local referendum. The Government is committed to keeping council tax low and, under the existing principles, the average Band D increase for 2016/17 was 3.1%, which means that council tax is still 9% lower in real terms than it was in 2009/10.

3.2.2 In order to balance the aim of keeping council tax low for local residents with the need for councils to raise sufficient funding to support local services, the Government is minded to propose referendum principles the same as those set in 2016/17, subject to the views of respondents to this consultation and consideration of the use made of the adult social care precept in 2016/17. This would mean:

- a core principle of 2%. This would continue to apply to shire counties, unitary authorities, London boroughs, the Greater London Authority, fire authorities, and Police and Crime Commissioners except those whose Band D precept is in the lower quartile of that category (see below)
- a continuation of the Adult Social Care precept of an additional 2%, for County Councils, unitary authorities and London boroughs (including the Common Council of the City of London and the Council of the Isles of Scilly), subject to consideration of the use made of the Adult Social Care precept in the previous year

- shire district councils will be allowed increases of less than 2% or up to and including £5, whichever is higher
- Police and Crime Commissioners in the lowest quartile will be allowed increases of less than 2% or up to and including £5, whichever is higher.

Question 3: Do you agree with the council tax referendum principles for 2017-18 proposed in paragraphs 3.2.1 to 3.2.2 for principal local authorities?

3.3 Council tax referendum principles for parish and town councils

- 3.3.1 Since the introduction of council tax referendums in 2012/13, no referendum principles have been set for local precepting authorities such as town and parish councils (“parishes”), although the Government has made it clear that we would keep this under review and take action if necessary.
- 3.3.2 We recognise the value of parishes and the greater role in service delivery that many are performing to deliver ambitious services for their residents. However, the increase in the average Band D council tax level of 6.1% set by parishes in 2016/17 is notably higher than those in the previous 5 years, as shown in Table 1 below:

Table 1: Average percentage increase in Band D council tax levels set by parishes

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Parishes	2.3%	3.9%	5.2%	4.3%	3.3%	6.1%

- 3.3.3 In light of this, the Government is minded to apply referendum principles to larger, higher-spending town and parish councils in 2017/18. There are around 8,800 precepting parishes in England, which vary widely in terms of resident population and precept charge. We believe there is a strong argument in favour of extending referendums to those larger parishes whose precept is equivalent in size to that of a district council.
- 3.3.4 We propose that referendum principles are introduced for local precepting authorities (town and parish councils) whose Band D precept is higher than that of the lowest charging district council for 2016/17 (£75.46), and which have a total precept for 2016/17 of at least £500,000 (subject to the next paragraph). These parishes would face the same referendum principles as shire districts: increases of less than 2% or up to and including £5 (whichever is higher) can be set without triggering a referendum. Based on these thresholds, the Government expects this new principle will affect around 120 of England's 8,800 local precepting parishes.
- 3.3.5 In doing this, the Government wishes to ensure that parishes continue to have the flexibility to take on responsibilities from other tiers of local government without being unduly constrained by council tax referendum principles. It is therefore proposed that parishes will not be in the category to which the referendum principle

applies where there has been a transfer of responsibilities, and where three conditions are satisfied:

- i. the parish council and a principal council covering the area of the parish council have each resolved that a particular function carried out by the principal council in relation to the parish council's area in the financial year 2016-17 is to be carried out instead by the parish council in the financial year 2017-18
- ii. the parish council and the principal council have agreed the reasonable cost of the exercise of that particular function in the parish council's area by the parish council in the financial year 2017-18
- iii. that the agreed cost, if collected by way of the parish council precept, would take the parish council over the threshold of a 2% or £5 increase on the previous year.

3.3.6 A large proportion of parishes are modest in size – for example, around 4,000 parishes have precepts of £25 or less. However, the Government is aware that increases in these precepts continue to concern local tax payers and is therefore prepared to consider extending referendums to all parishes.

3.3.7 We recognise that issues of proportionality, practicality and cost could be raised by such a step, and would welcome views on this.

Question 4: Do you agree that referendum principles should be extended to larger, higher-spending town and parish councils in 2017/18 as set out in paragraphs 3.3.3 to 3.3.4?

Question 5: Do you agree with the proposed approach to take account of the transfer of responsibilities to town and parish councils as outlined in paragraph 3.3.5?

Question 6: Do you agree with the suggestion that referendum principles may be extended to all local precepting authorities as set out in paragraph 3.3.6? If so what level of principle should be set?

Question 7: Do you have views on the practical implications of a possible extension of referendum principles to all local precepting authorities as set out in paragraph 3.3.7?

3.4 The business rates revaluation adjustment

3.4.1 The next business rates revaluation takes effect from 1 April 2017. Revaluation is a revenue neutral exercise so the total rates bill will stay the same at the England level in real terms, after allowing for appeals. At the local authority level, overall bills will increase or fall depending upon whether rateable values in that area have performed above or below the average for England, after allowing for appeals.



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Mr James Livingston
Department for Communities and Local Government
2nd floor, Fry Building
2 Marsham Street
LONDON
SW1P 4DF

26th October 2016

Dear Mr Livingston,

I write on behalf of North Horsham Parish Council regarding proposals within the Local Government Finance Settlement Technical Consultation, in particular proposals by the government to extend council tax referendum principle to local parish councils.

The response from the Council to Questions 4 – 7 of Section 3 (pg 12) 'Changes to local resources', are as follows:-

Question 4:-

The Parish Council does not agree that referendum principles should be extended to larger, higher spending town and parish councils in 2017/ 8 as set out in paragraphs 3.3.3 to 3.3.4.

Question 5:-

The Parish Council does agree with the proposed approach to take account of the transfer of responsibilities to town and parish councils as outlined in paragraph 3.3.5.

Question 6:-

The Parish Council does not agree with the suggestion that referendum principles may be extended to all local precepting authorities as set out in paragraph 3.3.6.

Question 7:-

North Horsham Parish Council has serious concerns regarding the practical implications of a possible extension of referendum principles to all local precepting authorities as set out in paragraph 3.3.7.

A referendum is expensive at parish level and the cost is disproportionate to the council tax increase. It could cost as much as £3 per band D property to ask residents whether to spend more than £5. If residents vote 'no' to an increase in the precept in a referendum, the council would still need to meet the cost of it. It is likely a referendum would increase the precept by more than the 2% cap. Rather than a referendum, there are other, cheaper ways to ensure that Towns and Parish Councils are acting in the best interest and with the support of its residents.

Towns and Parish Councils are closest to residents and have to follow legislation to ensure that they are accountable. Meetings are open and accessible to local residents and the Annual Parish Meeting facilitates residents bringing the Council to account. This is unique to Town and Parish Councils.

Parish Councils take into account the needs of their electorate and may put the precept down as well as increase it depending on need. The Council Tax Support Grant, passed on by the Local Authority has reduced year on year and this has impacted on the Parish precept. Town and Parish Councils have not benefitted from other funding such as Revenue Support Grant, New Homes Bonus, Non-Domestic Rates or Council Tax Freeze Grant. Curtailing the potential increase in the precept could make it more difficult for councils who are less active to begin doing more for their community.

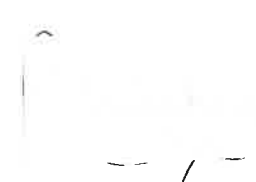
The variations in size, complexity and social makeup of Town and Parish Councils means that a 'one size fits all' formula is not equitable. Taking on devolved services from principle authorities is unlikely to come with associated funding and preparing a Neighbourhood Plan is likely to increase a precept by a significant amount, but both have significant benefit to communities.

Parish Councils tend to be good value for money since the parish share of public funds is relatively small to the overall cost of local government and a large amount of work that is achieved is either delivered by or supported by volunteers.

Town and Parish Councils have been given an additional remit and responsibilities under the Localism Act 2011, including the General Power of Competence. The introduction of capping would reduce and restrict the ability of Councils to respond to the needs of their community in this climate of devolution, rather than support and encourage the level of government closest to the people to enable continued economic and social growth.

A copy of this response has been sent to Jeremy Quin, MP for Horsham.

Yours sincerely



Pauline Whitehead BA(Hons) FILCM
Clerk to the Council



North Horsham Parish Council

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Jeremy Quin MP

House of Commons

LONDON

SW1A 0AA

25th October 2016

Dear Mr Quin, Member of Parliament for Horsham

I am writing on behalf of North Horsham Parish Council about the Local Government Finance Settlement Technical Consultation, in particular proposals by the government to extend council tax referendum principles to local parish and town councils.

Our council/county association very much welcomed the government's decisions over the last few years not to introduce referenda principles for local councils.

Local councils account for just 1.7% of the £26 billion raised through council tax in England and have demonstrated fiscal responsibility in recent years with overall increases in precepts going down, rising this year by just 6 pence per week on average as a result of local councils taking on services from principal councils and funding not being passed on to them.

We are therefore extremely concerned indeed about the proposals set out in the consultation, proposals which will be greeted by England's 80,000 local councillors as a real blow to local democracy and their democratic role to make decisions on spending priorities and work with the local community to identify and meet local needs.

Right across the country local councils are doing a brilliant job improving their areas; whether it's by building community resilience, increasing house building through neighbourhood planning, providing local transport solutions, supporting the local economy and businesses, organising community events and festivals, helping meet social care needs and making places dementia friendly or giving grants to help local groups and organisations – all this and often more for an average cost to residents of just over a pound a week.

North Horsham Parish Council plays a vital role in supporting the community through the provision of three community halls, allotments, open spaces, multi use games areas and playgrounds. The Parish Council provides strong community links and runs the Roffey Friendship Club which gives positive support to residents that are over 60. The Parish Council represents its community by commenting on planning applications and promotes the democratic process by getting involved with local issues and making local voices heard.

North Horsham Parish Council takes its financial management responsibilities seriously and fully recognises the importance of reducing costs and making efficiency savings so that we can continue to deliver and improve services, at the same time as minimising the tax burden.

Unlike principal councils, local councils do not receive grant funding from central government or a share of business rates and are primarily financed through the parish precept.

Therefore we really do believe these proposals amount to a centralist sledgehammer to crack a nut, at a time when the government should be supporting not undermining councillors and their important role improving communities.

Introducing these new rules will also seriously damage the ability of smaller communities to help themselves and very much threatens the government's previous commitments to localism and devolution.

It is vital local councils continue to have the freedom and flexibility to raise the resources they need to invest in local services, especially at a time when they are taking on services and assets from principal councils, often much valued services which would otherwise cease completely and which communities want to see continue.

So given their important and growing role, local councils should be celebrated and supported, not hindered by central government.

The town and parish sector has taken up the challenge of delivering the localism agenda and the National Association of Local Councils is currently developing a devolution toolkit along with other resources which supports government policy on empowering local communities.


Ultimately we want more people to get involved in local decision making and to be engaged within the communities they live – to be actively involved in local elections. Effectively 'capping' parish precepts and forcing councils to hold costly referenda sends out a negative message about the first tier of local government which is meant to underpin the localism agenda.

In addition we are concerned about the unintended impact putting into question whether local councils would be able to take on a greater role including taking over services from principal authorities or taking advantage of community rights legislation such as neighbourhood planning.

There is also the significant public cost that could arise from referendums, which in certain circumstances could be triggered by changes outside of our control such as increases in business rates or national insurance.

In summary these proposals will damage communities and local services as well as undermine local democracy and the role of local councillors and we would request you support us and also write to the local government minister Marcus Jones MP to oppose these proposals.

Yours sincerely


Pauline Whitehead BA (Hons) FILCM
Clerk to the Council

Enc. Response to DCLG.