



LEOMINSTER TOWN COUNCIL

FULL COUNCIL

Tuesday 20th June 2017

To: All Members:
Councillors R Pendleton (Mayor), Bartlett (Deputy Mayor), Barton, Burke, Davies, Freedland, Herschy, Marsh, Norman, R Pendleton, Preece, Rosser, Rumsey and Thomas.

NOTICE OF MEETING

You are hereby summoned to attend a special meeting of the Leominster Town Council to be held on **Monday 26th June 2017** commencing at **19:00 hours** in the Council Offices, 17 West Street, Leominster HR6 8EP.

Paul Russell
TOWN CLERK

AGENDA

1. APOLOGIES FOR ABSENCE

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

2. DECLARATIONS OF INTEREST

Under the Localism Act 2011 (sections 26-37 and Schedule 4) and in accordance with the Council's Code of Conduct, members are required to declare any interests which are not currently entered in the member's register of interests or if he/she has not notified the Monitoring Officer of it.

3. REQUESTS FOR DISPENSATIONS

To consider requests for dispensations (must be notified in writing).

4. END OF YEAR ACCOUNTS 2016/17

(a) Annual Governance Statement – To consider the formal adoption of the Annual Governance Statement for 2016/17. Please see attachment.

(b) Annual End of Year Accounts – To approve the Council's 2016/17 End of Year accounts. Please see attachment.

5. CODE OF CONDUCT

To consider adopting the revised Herefordshire Council Code of Conduct. A copy of the revised Code has been forwarded to Members separately.

Advice received from HALC is as follows:



LEOMINSTER TOWN COUNCIL

FULL COUNCIL

CODE OF CONDUCT – the future

HALC is advising member parish councils not to adopt the new Code of Conduct which Herefordshire Council has adopted for its own Ward Councillors. Rather than consider a new Code mid way through a term of office, we recommend that you await the outcome of a national review on the Code which is expected early in 2018 and consider amendments contained therein in readiness for the next four yearly elections in 2019. There is absolutely no requirement for any change at the present time.

LEOMINSTER TOWN COUNCIL

ANNUAL GOVERNANCE STATEMENT

1. **Scope of Responsibility**

- 1.1 Leominster Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. Part 4 Governance and Accountability for Local Councils, A Practitioners Guide (England) allows Councils to produce a wider ranging statement than the statement on internal control to include Governance.
- 1.3 This Statement explains how the Council has complied with the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of its Annual Governance Statement.

2. **The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes for the direction and control of the council and its activities through which it accounts to and engages with the community.
- 2.2 The governance framework has been in place at the Council for the year ended 31st March 2017 and up to the date of approval of this new statement.
- 2.3 The publication of this new Annual Governance Statement confirms that Leominster Town Council has undertaken a review of governance arrangements in order to satisfy itself that all appropriate processes and procedures are in place.

3. **Purpose of the System of Internal Control**

- 3.1 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives but aims to identify and prioritise risks and the likelihood of them being realised and the impact thereof and to manage them efficiently, effectively and economically.
- 3.2 A system of internal control has been in place at Leominster Town Council for the year ended 31st March 2017. The new Statement is required both to update the internal control measures and also to comply with the duty imposed by Regulation 4 of the Accounts and Audit Regulations 2015 which

requires the Council to establish proper practices for the annual publication of a Governance Statement.

4. The Governance Environment

4.1 Governance mechanisms are in place for the following purposes:-

- Focusing on the purpose of the Council and establishing and monitoring the achievement of the Council's objectives and assessing performance;
- Facilitating policy and decision making;
- Ensuring compliance with established policies, procedures, laws and regulations;
- Embedding risk management as an activity of the Council, including how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to the Council and their duties;
- Seeking to ensure that continuous improvement occurs in the way the Council exercises its functions including regular training sessions for members and officers;
- Ensuring Value for Money - the Council is constantly seeking to ensure that its resources are used economically, effectively and efficiently;
- Utilises staff and management innovations and the findings of external agencies and inspections to help drive improvements;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Continuing improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness as required when seeking to achieve value for money;
- Arrangements are in place to research residents views and consult on policies and proposals of the Council;
- Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour. The behaviour of councillors in particular is regulated through a Code of Conduct. In addition, Herefordshire Council has the duty of maintaining high standards of conduct in public office through its Monitoring Officer and Standards Committee roles, and arranging training on ethical matters for parish and town councils.
- Ensuring employees comply with Council policies on conduct and behaviour;
- Ensuring policy and decision making are facilitated by a clear framework of delegation set out in the Council's Standing Orders;
- Dealing with comments and complaints relating to service;
- Ensuring the financial management of the Council and reporting on financial management and in particular integrating the following financial management principles within the system of internal control:
 - Compliance with Standing Orders and Financial Regulations which are regularly reviewed.
 - Compliance with budgetary procedure requirements
 - Segregation of financial responsibilities
 - Management supervision
 - Accountability of staff as budget holders
 - Monitoring of budgets for over and underspends.

- Regular periodic reviews and financial reports
- Regular reports showing actual expenditure and income against forecasts for reporting on and reviewing financial performance
- Clearly defined budget setting and capital expenditure guidelines
- Regular monitoring of reserves/balances
- Compliance with formal project management disciplines
- Compliance with risk management procedures
- A robust approach to insurance and claims management.

4.2 Risk Management and Internal Audit:

- Management of risk: The Council has an established Financial Risk Management Policy.
- During the year the Internal Auditor reported to the Town Clerk. All reports are considered by the Finance Committee.
- The Council has a health and safety policy, which includes the carrying out of risk assessments and provides an on-going training programme to ensure continuous improvement of its practices and procedures.
- The Council also retains the services of an independent internal auditor.
- The Council takes fraud, corruption and maladministration seriously.

5. Review of Effectiveness

- 5.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
- 5.2 The review of effectiveness is guided by the work of the Town Clerk who has responsibility for reviewing the effectiveness of the development and maintenance of the governance environment. The Council is also equally guided by the work of their independent Internal Auditor and comments made by their external auditors.
- 5.3 The process agreed by the Council which is applied in maintaining and reviewing the effectiveness of governance arrangements, including the system of internal control includes:-
- Distribution of monthly schedule of payments to the Finance Committee for scrutiny and comment.
 - The Finance Committee receives all internal and external audit reports.
 - Reporting on any issues relating to value for money to ensure use of resources in an economical, effective and efficient way.
 - Approval through the relevant Standing Committees of budget plans, the subsequent collation of comments for policy guidance at the Town Council meeting on the setting of the budget and any Precept requirements for the following year.
 - Responsibility through the Finance Committee for receiving regular reports on work in progress and to be programmed for the future on internal audit and external audit functions.
 - Where any recommendations are made either by the Internal Auditor or the external auditor suggesting improvements to the effectiveness of the systems of governance and internal control, a plan of action will be agreed

with the Town Clerk within a reasonable period to address weaknesses and to ensure agreed action is undertaken.

- 5.5 Having implemented risk management as part of their corporate governance arrangements the Council will continue during 2016/17 to develop these risk management arrangements to ensure they are sufficiently embedded and effective.
- 5.6 The Council will also co-operate during 2016/17 with any internal or external audit work and will address any weaknesses and also consider implementation of any recommendations which may affect improvements within these areas of activity.

6. Significant Governance Issues

- 6.1 Should the Council receive from their independent Internal Auditor or from their external auditors or any other agency a report on any matter which is considered to be one of significant corporate governance and/or internal control, such matters will be reported to and will be personally investigated by the Town Clerk who will submit a report to the Finance Committee as soon as practicable on the implications thereof to seek guidance and instruction on any action to be taken.

7. Annual Governance Statement 2016/17

- 7.1 Leominster Town Council has ensured there is a sound system of internal financial control and has taken the following actions:

	Yes	No	Actions taken
1. We have put in place arrangements for effective financial management during the year, and for preparation of the accounting system	<input checked="" type="checkbox"/>		<p>Accounts have been prepared according to the Accounts and Audit Regulations.</p> <p>Bespoke accounting software has been used (Rialtas RBS)</p> <p>A quarterly financial healthcheck has been carried out by Microshade Business Consultants Ltd.</p> <p>Monthly financial reports have been submitted to the Finance Committee AND Full Council for scrutiny.</p> <p>An annual internal audit has been undertaken. In 2016/17 two internal audit visits were arranged.</p>
2. We maintain an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness	<input checked="" type="checkbox"/>		<p>A financial Risk Register was reviewed and re-adopted on 27th March 2017. Since adoption actions identified have directed Council policy.</p>

AGENDA ITEM: 4(a)

<p>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.</p>	<p>☑</p>		<p>All Council activities and expenditure have been delivered through the powers and duties held by Local Councils and the relevant statutory provision.</p>
<p>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.</p>	<p>☑</p>		<p>All Council meetings are open to the public.</p> <p>Members of the public are encouraged to attend Council meetings and there is an opportunity to ask questions on all aspects of Council business.</p> <p>All agendas are published in full on the Council's website.</p> <p>The Town Council developed a Corporate Strategy during the 2016/17 financial year and adopted it on 15th May 2017.</p> <p>The bi-monthly financial report presented to the Finance Committee is published as part of the Finance agenda on the website.</p>
<p>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</p>	<p>☑</p>		<p>A Financial Risk Register was adopted in March 2017.</p> <p>An Internal Controls document was adopted by Council on 22nd February 2016.</p> <p>Insurance cover was reviewed and updated in 2016.</p>
<p>6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems</p>	<p>☑</p>		<p>Quarterly financial healthchecks were undertaken by Microshade Ltd.</p> <p>Internal audit carried out by Iain Selkirk.</p>
<p>7. We took appropriate action on all matters raised in reports from internal and external audit.</p>	<p>☑</p>		<p>An action plan was developed following the 2015/16 internal and external audit and that plan was formally considered by the Finance Committee along with an update.</p>
<p>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 statement</p>	<p>☑</p>		<p>Council received one insurance claim during the year which is being dealt with by the Council's insurer, Zurich Municipal. This claim had no financial impact on the Town Council</p>

9. The Town Council is not sole manager of any Trust Funds	<input checked="" type="checkbox"/>		Not applicable.
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8. Approval of Statement

8.1 This statement is to be approved by the Full Council on Monday 26th June 2017 when authority was granted for the Mayor and Town Clerk to sign.

Town Mayor

Town Clerk

On behalf of Leominster Town Council

Bank reconciliation template
Schedule B

The model can be applied for reconciliations carried out at any time of the year. Please complete all green cells.

BANK RECONCILIATION		FINANCIAL YEAR ENDING 31 MARCH 2017	
Authority name and reference	Leominster Town Council HRF073		
Prepared by: Name Role (Clerk/RFO etc)	Paul Russell	Date:	26/06/2017
Approved by: Name Role (RFO/Chair etc)	Cllr Roger Pendleton	Date:	26/06/2017
Balance per bank statements as at 31 March 2017		£	TOTAL £
List balances on all bank accounts plus petty cash floats at 31 March 2017:			
Co-op Current Account		280,418.59	
Petty Cash		23.01	
Cash/Card Control Account		351.54	
TIC Petty Cash		132.92	280,926.06
Less: any un-presented cheques at 31 March 2017: (normally only current account. List date, cheque number & value. Use separate list if needed)			
402372		154.80	
402585		15.00	
402853		25.00	
402889		39.51	
402951		809.86	
403014		797.16	
403075		19.74	
403088		2,520.00	
403095		370.15	

AGENDA ITEM: 4(a)

403100	6.00	
403102	247.55	
403105	1,059.50	
403106	104.00	
403107	118.82	
403108	516.00	
403101	3,008.11	
403103	68.28	
403110	889.14	
Debit Card	121.77	
Debit Card	96.74	
403112	710.49	
403114	62.50	
403115	23,066.64	34,826.76
Add any unbanked cash at 31 March 2017: (List date & amount received)		
27/03/2017	49.00	
27/03/2017	72.77	
28/03/2017	4.80	
28/03/2017	91.94	
31/03/2017	380.50	
27/03/2017	49.00	
28/03/2017	4.80	
29/03/2017	85.62	
30/03/2017	104.79	
31/03/2017	107.33	950.55
TOTAL - NET BANK BALANCES AS AT 31 MARCH 2017		247,049.85

The net balances reconcile to the Cash Book for the year, as follows:

CASH BOOK (receipts and payments/income & expenditure schedules)	£
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AGENDA ITEM: 4(a)

Opening Balance:	152,084.98
Add: Receipts in the year:	1,128,930.03
Less: Payments in the year:	1,033,965.16
CLOSING BALANCE PER CASH BOOK @ 31 MARCH 2017 Must equal total net bank balances above and Section 2, Box 8	247,049.85

Identifying which variances require explanation

Positive and negative variances must be explained

Authority name and reference	Leominster Town Council HRF073				
Box on Section 2 Accounting Statements	(a) 2016 £	(b) 2017 £	(c) Variance Increase(+) or decrease(-) (b - a) £	(d) Variance divided by 2016 figure times 100 (c / a * 100) %	Explanation required? Less than £250 or 15%? - NO More than 15%? - YES
Box 2 -Precept or Rates and Levies	275,819	386,070	110,251	39.97%	Yes
Box 3 -Total other receipts	87,107	618,936	531,829	610.55%	Yes
Box 4 -Staff costs	89,516	173,470	83,954	93.79%	Yes
Box 5 -Loan interest/ capital repayments	8.206	21,596	13,390	163.17%	Yes
Box 6 -All other payments	251,518	747,739	496,221	197.29%	Yes

AGENDA ITEM: 4(a)

Box 9 -Total fixed assets plus long-term investments and assets	388,505	899,863	511,358	131.62%	Yes
Box 10 – Total borrowings	15,498	499,594	484,096	3,123.60%	Yes

Schedule C2

Explanations of individual variances

One sheet to be prepared for each variance that requires explanation.

Authority name and reference	Leominster Town Council HRF073	
BOX NO	2	£
(b) Figure in 2017 column		386,070
(a) Figure in 2016 column		275,819
(d) Total variance: 2017 figure less 2016 figure: (b - a) A positive figure is an increase (+) a negative figure is a decrease (-)		110,251

Reasons (as many as are applicable)	Amount £
Reason 1 To finance the provision of additional services including two public conveniences, open spaces, four play areas, the Tourist Information Service and the repayments of a new PWLB loan.	110,251
(e) TOTAL AMOUNT £ EXPLAINED (total of reasons above)	110,251
(f) Unexplained amount £ of total variance at (d - e)	0
Unexplained as % of 2016 figure ($f / a * 100$) (must be below 15%)	0%
Confirm unexplained amount is less than 15% of 2016 figure YES – satisfactorily explained NO – provide further explanations	Yes

AGENDA ITEM: 4(a)

Authority name and reference	Leominster Town Council HRF073	
BOX NO	3	£
(b) Figure in 2017 column		618,936
(a) Figure in 2016 column		87,107
(d) Total variance: 2017 figure less 2016 figure: (b - a) A positive figure is an increase (+) a negative figure is a decrease (-)		531,829

Reasons (as many as are applicable)	Amount £
Public Works Loan Board loan to finance the purchase and renovation of 11 Corn Square.	500,000
Income from the Tourist Information Centre	39,103
(e) TOTAL AMOUNT £ EXPLAINED (total of reasons above)	539,103
(f) Unexplained amount £ of total variance at (d - e)	7,274
Unexplained as % of 2016 figure ($f / a * 100$) (must be below 15%)	1.35%
Confirm unexplained amount is less than 15% of 2016 figure YES – satisfactorily explained NO – provide further explanations	Yes

AGENDA ITEM: 4(a)

Authority name and reference	Leominster Town Council HRF073	
BOX NO	4	£
(b) Figure in 2017 column		173,470
(a) Figure in 2016 column		89,516
(d) Total variance: 2017 figure less 2016 figure: (b - a) A positive figure is an increase (+) a negative figure is a decrease (-)		83,954

Reasons (as many as are applicable)	Amount £
Additional Full year cost of newly formed Environmental Team created part way through 2015/16	18,595
Additional salaries due to acquisition of Tourist Information Centre.	33,616
Additions to administrative staff required to deliver service expansion of council activities.	31,743
(e) TOTAL AMOUNT £ EXPLAINED (total of reasons above)	83,954
(f) Unexplained amount £ of total variance at (d - e)	0
Unexplained as % of 2016 figure (f / a *100) (must be below 15%)	0%
Confirm unexplained amount is less than 15% of 2016 figure YES – satisfactorily explained NO – provide further explanations	Yes

Schedules for submission to external auditor

Authority name and reference	Leominster Town Council HRF073	
BOX NO	5	£
(b) Figure in 2017 column		21,596
(a) Figure in 2016 column		8,206
(d) Total variance: 2017 figure less 2016 figure: (b - a) A positive figure is an increase (+) a negative figure is a decrease (-)		13,390

Reasons (as many as are applicable)	Amount £
Additional Loan Repayment for new PWLB loan	13,390
(e) TOTAL AMOUNT £ EXPLAINED (total of reasons above)	13,390
(f) Unexplained amount £ of total variance at (d - e)	0
Unexplained as % of 2016 figure ($f / a * 100$) (must be below 15%)	0%
Confirm unexplained amount is less than 15% of 2016 figure YES – satisfactorily explained NO – provide further explanations	Yes

Schedules for submission to external auditor

Authority name and reference	Leominster Town Council HRF073	
BOX NO	6	£
(b) Figure in 2017 column		747,739
(a) Figure in 2016 column		251,518
(d) Total variance: 2017 figure less 2016 figure: (b - a) A positive figure is an increase (+) a negative figure is a decrease (-)		496,221

Reasons (as many as are applicable)	Amount £
Cost of purchase and renovation of 11 Corn Square, Leominster HR6 8YP	503,488
Net decrease in the running costs of Devolved Services	-7,267
(e) TOTAL AMOUNT £ EXPLAINED (total of reasons above)	496,221
(f) Unexplained amount £ of total variance at (d - e)	0
Unexplained as % of 2016 figure ($f / a * 100$) (must be below 15%)	0%
Confirm unexplained amount is less than 15% of 2016 figure YES – satisfactorily explained NO – provide further explanations	Yes

Schedules for submission to external auditor

Authority name and reference	Leominster Town Council HRF073	
BOX NO	9	£
(b) Figure in 2017 column		899,863
(a) Figure in 2016 column		388,505
(d) Total variance: 2017 figure less 2016 figure: (b - a) A positive figure is an increase (+) a negative figure is a decrease (-)		511,358

Reasons (as many as are applicable)	Amount £
Cost of purchase and the renovation of the Corn Square premises	503,488
Other equipment and vehicle purchases	7,870
(e) TOTAL AMOUNT £ EXPLAINED (total of reasons above)	511,358
(f) Unexplained amount £ of total variance at (d - e)	0
Unexplained as % of 2016 figure ($f / a * 100$) (must be below 15%)	0%
Confirm unexplained amount is less than 15% of 2016 figure YES – satisfactorily explained NO – provide further explanations	Yes

Authority name and reference	Leominster Town Council HRF073	
BOX NO	10	£
(b) Figure in 2017 column		499,594
(a) Figure in 2016 column		15,498
(d) Total variance: 2017 figure less 2016 figure: (b - a) A positive figure is an increase (+) a negative figure is a decrease (-)		484,096

Reasons (as many as are applicable)	Amount £
Additional Public Works Loan Board loan taken out during 2016/17. One loan of £350,000 and a further £150,000.	500,000
(e) TOTAL AMOUNT £ EXPLAINED (total of reasons above)	500,000
(f) Unexplained amount £ of total variance at (d - e)	15,904
Unexplained as % of 2016 figure ($f / a * 100$) (must be below 15%)	2.62%
Confirm unexplained amount is less than 15% of 2016 figure YES – satisfactorily explained NO – provide further explanations	Yes

Schedule D

Reconciliation between boxes 7 and 8 on the Annual Return

This should only be applicable if accounting on an income and expenditure basis

Authority name and reference		Leominster Town Council HRF073
		£
A	Figure in Box 8 of 2017 column of the Annual Return	247,050
B	Less Creditors at 31 March 2017 – owed by the Authority (please supply a detailed list of creditors – see below) Also subtract any receipts in advance	34,343 <u>62,092</u> 96,435
C	Plus Debtors at 31 March 2017 – owed to the Authority (please supply a detailed list of debtors – see below) Also add any payments made in advance (prepayments)	8,163 <u>40,095</u> 48,258
D	TOTAL	198,873

	Figure in Box 7 of 2017 column of the Annual Return (must equal line D above)	198,873
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Creditors/receipts in advance list

Name	Invoice/receipt in advance reference	Date	£ amount
Receipts in Advance	2017/18 Allotment Fees	31/03/2017	1,485
Creditors		31/03/2017	62,092
Accruals		31/03/2017	32,503
Events Control		31/03/2017	280
Membership control		31/03/2017	75
Total – agreed to B			96,435

Debtor list/prepayments list

Name	Debtor/prepayment reference	Date	£ amount
None			
HMRC	Jan-Mar VAT	31/03/2017	37,541
TIC	Stock	31/03/2017	8,163
Prepayments	Jnl 44	31/03/2017	2,554
Total – agreed to C			48,258

Schedule E

Analysis of earmarked reserves

Authority name and reference	Leominster Town Council HRF073
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Purpose and nature of reserve	Held as short-term or long-term investment?*	Amount £
Elections	N/A	9,500
CCTV	N/A	4,500
Town Centre Enhancements	N/A	20,000
Equipment Rolling Programme	N/A	8,775
Play Equipment	N/A	16,000
Public Conveniences	N/A	51,800
(a) TOTAL		110,575

Note: * short-term investments would be included in Box 8 of the Accounting Statements in the Annual return; long-term investments would be in Box 9.

Please provide an explanation for any high level of general reserves if over 3 times (or less than 0.1) of the precept/rates and levies.

	£
(b) Precept/rates and levies (Accounting Statements Box 2)	386,070
(c) Balance carried forward (Accounting Statements Box 7)	198,873
(d) Amount of balances less total earmarked reserves (c – a)	88,298
Ratio of balances less earmarked reserves to Precept/rates and levies (d / b)	0.22
Reason if over 3 times or less than 0.1	

Schedule F1

Notification of the date for the commencement of public rights

Authority name and reference	Leominster Town Council HRF073
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I confirm that the dates set for the period of exercise of public rights are as follows:

	Date
Announcement	16th June 2017
Commencement	19th June 2017
Ending on	28th July 2017

Signed by Clerk/RFO	
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