

PORTLAND TOWN COUNCIL

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10th December 2014

To: MEMBERS OF THE COMMITTEE

FINANCE & RESOURCES COMMITTEE

Dear Councillor

You are hereby summoned to attend a **MEETING** of the **FINANCE & RESOURCES COMMITTEE**, to be held in the **EASTON METHODIST CHURCH HALL, PORTLAND**, on **WEDNESDAY 17TH DECEMBER 2014** commencing at 7.00 pm, when the business set out below will be transacted.

It is the Council's intention that all meetings of the Council and its Committees be recorded aurally.

Yours faithfully

Ian Looker
Town Clerk

Membership: Cllrs. Bradley, Tim Munro, Chadwick, Hughes (ex officio), Matthews, Ian Munro-Price, Nowak, Reynolds and Wild (ex officio)

AGENDA

1. **Apologies for Absence**
2. **Declarations of Interest** – to receive any declarations from Councillors or Officers of pecuniary or non-pecuniary interests regarding matters to be considered at this meeting, together with a statement on the nature of those interest
3. **Public Half-Hour** – to raise matters referring only to items on the agenda
4. **Minutes of the Meetings Held on 15th October 2014** (attached)
5. **Minute Update and Matters Arising**
6. **Financial Matters**
 - a) Payments for Authorisation (to follow)
7. **Budget & Investment Meeting, 8th October 2014** – to receive the draft minutes and minute update (attached)
8. **Human Resources & IT Group Meeting, 23rd October 2014** – to receive the draft minutes and minute update (attached)
9. **Grants Sub-Committee Meeting, 12th November 2014** – to receive the draft minutes and consider the recommendations in minutes 4(b) (two), 4(c), 4(d) and 5 (see attached)
10. **2014/15 Budget Outturn** – to receive a report from Cllr. Matthews and consider further action
11. **Council Budget, 2015/16** – to receive a report from Cllr. Matthews and consider further action
 - a) **Confidential Report** from Cllr. Matthews
 - b) Election Provision from Cllr. Matthews
12. **2015/16 Budget and Precept Consultation** – to receive a report from the consultation working group and consider making arrangements (report to follow)

13. **Risk Assessment, 2014/15** – to receive a report from Cllr. Matthews on the current situation and consider further action
 - a) Risk Assessment Update Report
 - b) Interim Risk Report 2014/15
14. **Office Administration** – to receive a report from Cllr. Hughes on the likely situation over the next few weeks and consider a response
15. **Standing Orders and Financial Regulations** – to consider a review process (see attached)
16. **Restructuring of the Sub-Committees to Working Groups** – to receive a report from Cllr. Chadwick
17. **Meeting the Election Costs out of Reserves** – to receive a report from Cllr. Chadwick
18. **Using Reserves to fund a new officer server computer system** – to receive a report from Cllr. Chadwick
19. **Exclusion of Press & Public** (discretionary)

“That pursuant to the provisions of Section 1(2) of the Public Bodies (Admission to Meetings) Act 1960, the press and public be excluded from the meeting for Agenda Item(s) ... by reason of the confidential nature of the business to be transacted.”
20. **Date of Next Meeting** – to note that the Committee’s next meeting is scheduled for Wednesday, 14th January 2015, commencing at 7.00 pm.

Finance & Resources Minute Update

General

There are several actions to be taken by the Clerk recorded in the minutes. It has to be reported that for the most part these have not yet been carried out. Members will need to consider the importance and urgency of each and whether alternative action should be taken. It is hoped that the Clerk can address those remaining on his return from sick leave.

Human Resources & IT Group Meeting, 23rd October 2014

Minute Update

Minute 32 – Budget and Precept, 2015/16

There was an action on the Clerk to review computer back-up systems. At the time we were in the throes of replacing our main desktop computer and were not carrying out the usual daily system back-up because of an incompatibility problem.

Our IT support company made the new computer compatible with the back-up system and that is operating again. Their verdict was that it is a good, robust system, which does not need to be replaced at present.

Portland Town Council – Budget 2015/16 Working Draft Meeting Notes

	Expend. 2013/14	Budget 2014/15	Nov Projected 2014/15	Budget 2015/16		Core	Non Core	IT Review	Staff Review	Other
EXPENDITURE										
Salaries	23,112	23,287	22730		Staff Review (Check Base Figures NR report £23286) See Paper A				23287	
Advertising	449	400	330		Core £14 * 12 months	280				
Audit	521	805	1500		Internal Audit £620, External £400	1020				
Civic Expenditure	1,603	1,541	600		Keys £550, Mayor Making £450	1000				
Computer Equipment		0	640		Provision laptop+peripheral			300		
Computer Software	62	50	50		MS365 (£120) + Accountancy(£120)+Anti Virus(£60)+Provision (£60)			360		
IT Support	200	260	260		4 call outs * £50			200		
Contingency		1,241	0		Staff Pay Award full year no est from Jan 16 (paper A)				537	
Elections	738	1,500	5850		1 Additional + May 2015 Seek WPBC advice on deferred charging (RN proposed provision see paper B)	6000				
Fair Expenses		0								
Furniture and Equipment	376	378	600		Provision £100, Copier £103 per quarter+Audio/PA/Tel £100			612		0
Honorarium	100	100	100		Chaplain	100				
Insurance	1,287	1,300	1300		3 year agreement but confirm	1300				
Mayoral Allowance	700	700	700		Core or non core ?	700				
Miscellaneous	144		50		Defer rock salt purchase					144
Postage	822	600	510		Move to electronic distribution review impact/ Provision meanwhile /£400 keys			750		40
Publications	116	0	20		No provision					
Stationery	689	600	750		Accept	710				
Subscriptions	1,676	1,400	1440		Return as core element following Nov 19 2014 TC meeting	1440				0
Telephone	632	600	630		New System £25*12 months	0		300		
Training / Conferences	105	100	100		Staffing Review/Propose increase to allow for staff and new councillor provision				1000	0
Travelling & Subsistence	110	100	60		Conditions of service	100				
Room Hire					£70 a month *12 months					840
Sub-Total	33,442	34,962	38,220			12,650	0	2,522	24,824	1,024
Gifts and Donations	50	210	50			50				
Grants	1,994	3,000	1000		To match grants	0	1000			
Lengthsman / I. Caretaker	7,915	15,000	3900		Currently Project Non Core but TC desire implied to retain full allocation		15000			
Neighbourhood Plan	4,234	5,500	8266		Project Non Core		6,600			
Projects		0	980							
Town Crier	35	50	40			50				
Website	1,051	1,500	1200		IT Review o/s item			1200		
Sub-Total	15,279	25,260	15,436			100	22,600	1,200	0	0
TOTAL	48,721	60,222	53,656			12,750	22,600	3,722	24,824	1,024
INCOME										
Precept	47,910	50,222	50222		Seek Julie Strange advice	50222				
Discount Grant	4,726	4,000	4051		RN advised figure no assumption of not being paid	3390				
Fair	750	3,000	1000		To match grants		1000			
Lengthsman / I Caretaker		0			Project non core					
Neighbourhood Plan Grant	6,300	2,500	5266		Project non core		3600			
Interest	644	500	230		Provision	220				
Other	46	0	-46							
Room Hire WPBC										840
TOTAL	60,376	60,222	60,723	0		53,832	4,600	0	0	840
SURPLUS / DEFICIT (-)	11,655	0	7,067	0		41,082	-18,000	-3,722	-24,824	-184
FOR YEAR										
To be agreed										
Release of Reserves to match excess election costs (£5850-£1500)			£4,350							£1.64
Revised position			£11,417							£1.74
Caretaker (£15000-£3900)			£11,100							

41,082 -18,000 -3,722 -24,824 -184 -5,648

FOR YEAR

To be agreed

Release of Reserves to match excess election costs (£5850-£1500) £4,350 Estimated additional precept need 2015/16 £1.64

Revised position £11,417 Attributable to providing for election costs £6000 £1.74

Caretaker (£15000-£3900) £11,100

AGENDA ITEM 11B

- Paper B Election Provision

Budget Head	2014/15	2015/16	2016/17	2017/18	2018/19
Election cost(one off)	5850			6000	
Election Cost (All out) 2625 26		2625	2625	2625	2625
Election Provision to reserves		3375	3375	3375	3375
	5850	6000	6000	12000	6000
Reserve Release One Off	4350			6000	
Net Cost	1500	6000	6000	6000	6000
Election Cost Reserves		3375	6750	4125	7500

Risk Assessment Update Report – FR Agenda Item 13 Paper 13A

Please also refer to the attached full report Paper 13B

Risk Assessment Control Sheets

All risks identified including those from the Internal and External Audit Reports have been brought in 'Control Sheets' for 2014/15.

A colour coding system (traffic lights) suggested at FR meeting in Oct has been introduced this assists with monitoring the management of risk. The system is

- Red - Risk of an urgent nature as could lead to personal injury, financial liability
- Orange – Risk of a less urgent nature but should be dealt with within an agreed timeframe
- Green – Risk has been eliminated/resolved and is awaiting approval to remove from the control list.

The Council owns software which identifies risk areas and uses a risk matrix calculated from frequency* impact with all risks assessed at above a certain value being reported. This still can be a useful process but the 'traffic light system' in conjunction with a full risk control sheet can be more helpful to follow.

Procedural Guidance

The control sheet schedule will also refer to the following

- OP – operational manual which covers all financial and admin procedures and which can be used for monitoring and facilitate staff cover.
- SH- Staff Handbook to cover H&S, DP, Training issues as well as appraisal process. □ SR – Current Staff Review

I have indicated to The Clerk that as well as looking at the Financial Regulations and Standing Orders I would be happy to help with drafting up the Operations Manual and Staff Handbook however it may be better to await the outcome of the Staff Review before proceeding.

A Matthews

Originally 6 Oct 2014 (Updated 10 December 2014)

Portland Town Council

Paper 13B -Interim Risk Report 2014/15 – Update Dec 2014

Purpose

The purpose of the risk assessment is to ensure all potential risks are identified and appropriate measures are put in place to mitigate these. These might include regular review, adoption of policy or changes to standing orders or changes to insurance cover or limits.

Process

Identification of risks

The Council owns Risk Assessment Software LCRS (Local Council Risk System) produced in 2007. This schedules a series of relevant Council Risks and a relative value of likelihood of occurrence and impact on council produces a risk value score. Currently this software is not functioning due to issues with the underlying database therefore a review of the risks report produced for 2012/13. The information produced for 2013/14 has now been fully transferred to the Control sheet for 2014/15 as shown on the following schedules.

Risks identified

All risks which had a risk value in excess of 3 should be drawn to the Council's attention. For 2012/13 these were

Risk Area	Controls proposed 2012/13	Risk Value	2013/14 Review
Car Parks:Fly Tipping	Proposals around installation of litter bin and regular litter picking on a service charge basis	4	Produce check list for regular reporting through caretaker. Install appropriate signage to cover absence of litter bins (Sheet 1 2014/15)
Car Parks:Insurance Limits	Cheyne Weares is covered but West Weares and land sculpture is less clear due to multiple ownership	4	Ensure signage includes disclaimer for Cheyne Weares. Install appropriate wording for West Weares (Sheet 1 2014/15)
Computing: Loss arising from Theft/ Misappropriation	Main risk identified was during meetings when office is left unlocked proposal to move to a more secure location	6	Install chain system whilst office is open to secure units (Sheet 5 2014/15)
Computing:Crash of IT Systems	Data backed up regularly	4	System review (Sheet 5 2014/15)

Risk Area	Controls proposed 2012/13	Risk Value	2013/14 Review

AGENDA ITEM 13B

Others not shown			
Loss of key staff		4	See sheet 9 2014/15
Lack of employee motivation		4	See Sheet 9 2014/15
Failure to Review Interest Rates		4	Interest rates remain low so low risk. Reserve policy may provide opportunities (See sheet 12 2014/15)
Provision of Office Accommodation/ Equipment and Furniture : Inadequate Budget provision		4	Agree inventory and replacement programme (See sheets 7/ 11/ 19 2014/15)
Poor Office Conditions		4	Minimum interventions whilst disposal of property remains. WPBC issue (See sheet 19 2014/15)
Poor/Faulty Furniture		4	Review undertaken disposal and repairs scheduled(See sheet 19 2014/15)
Website:Lack of motivation to maintain		4	Review being conducted (Sheets 20,27,28,29,30 – brought together as Website Review report)
Website:Dependency		4	As above

New Areas

In addition the following change areas have occurred

New Area	Risk/Benefits	F	I	RF	reason
Engagement of Caretaker	Greater opportunity for monitoring of owned sites and management of these. Verification of tax status (see separate report) Payment method Outline duty of care to act on any potential or identified risks	m	m	N/A	Sheet 11 2014/15
Issues with Motions introduced, Recording of meetings and Standing Orders	Issues arising from the Town Council December 2013 meeting concerning the budget and proposed precept and matters arising therefrom	l	h		Sheet 12 2014/15
New Website Management	The Council approved a new website arrangement and a risk review is needed	m	h		to website report
Workloads effecting management of statutory returns and financial control elements	The Clerk has identified a number of work areas where he is behind this includes potentially statutory returns and financial control elements	h	h		Sheets 9 and 11 2014/15

AGENDA ITEM 13B

New Grit Bins	Additional items in public domain	I	I		Insurance check (Sheet 1 2014/15)
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2014/15 Control Sheets

Immediate risks are shown in red, amber for pending and green dealt with.

The schedule also refers to the following which need to be produced

- OP – operational manual which covers all financial and admin procedures and which can be used for monitoring and facilitate staff cover.
- SH- Staff Handbook to cover H&S, DP, Training issues as well as appraisal process.
- MH – Members Handbook
- SR – Current Staff Review

Sheet No	Risk Identified and indicated level	f	i	rf	Review undertaken	Action and mitigated risk
1	Car Parking: – Are there any regulations etc on display/ Inspection form required ?	m	m		Visible inspection	Signage recommended. Decision on control barrier
1	Car Parks:Fly Tipping	l	l		Weekly inspection	Caretaker role ?
1	Car Parks:Insurance Limits	m	h		Install disclaimer sign. Infill potholes	Remedial action recommended requires removal of top of control structure
4	Code of Conduct : Awareness and Register up to date	m	m		Some members have yet to complete.	Introduce report to council requirement if not completed within certain time. Show on website. (MH)
5	Computing :Password control changes – to quarterly as against annually	m	m		Discuss with Internal Auditor	(OP)
5	Computing: Loss arising from Theft/ Misappropriation	l	h		Install laptop chain.	Implement chain (OP)
5	Computing:Crash of IT Systems	h	h		Ensure backup procedures	Check procedure (handbook) (OP)
5	Computing: Currency of current software and virus software	m	h		Review of Sage and Quickbooks. Need to determine most effective option	Move to consistent operating system platform; review accounting software; build into replacement programme

AGENDA ITEM 13B

6	Council Meetings: Access compliant w DDA Also Sheet 17 Regular review	h	h			DDA constraints due to status of building; Notice required.
6	Council Meetings: Failure to meet statutory requirements : Ensure that all public notices are posted as prescribed also Sheet 17 3 days notice	h	h		Review legal requirements and implement procedures	Website and notices in public places.
6	Council Meetings: Arrange signing by chairman and maintain file.	l	l		Introduce as part of controls review	Audit B.1 New B.2 promptness of reporting of Annual Meeting. Audit Report B.4 (OP)
Sheet No	Risk Identified and indicated level	f	i	r/f	Review undertaken	Action and mitigated risk
6	Council Meetings: Personal Injury	l	h		Check need given building status	
6	Council Meetings: Define policy for security of staff, members, premises and equipment	l	h			Laptop chain (OP)
7	Physical: Maintain Register of Assets and adequate insurance against damage and theft (2)	l	m		Equipment inventory to be compiled above certain value	Audit report 8.1 Fixed assets (OP)
8	Administration : Breach of Confidentiality	m	h		Data protection policy as a working draft. Staff to be aware of protocols	(OP)
9	Admin: Failure to comply with Employment Law : Annual review of staff contracts and arrange necessary training to fulfil requirements	h	h		To be undertaken. Reviewing JDs	Audit Report Sheet 7.2- staff contracts (SR) (SH)
9	Professional: Loss of Key Staff: Ensure procedures for key functions are documented	h	h		Being undertaken by mapping Job Descriptions. Financial and other handbooks	Audit Report 9.1 – Bank Rec (SR) (OP)
9	Professional: Inability to retain staff: Regular staff appraisals	h	h		Clerk's appraisal to be undertaken. Appropriate forms to be used	(SH and SR)
9	Professional: Determine policy for training	m	h		Obtain relevant material from WPBC	(SH)
9	Professional: Attacks on Personnel	l	h		Lone working policy to be written	(SH)

AGENDA ITEM 13B

11	Admin/Legal: Failure to comply with Inland Revenue Regulations	m	m		Issues with software but need to ensure treated as a priority. Staff training	Software corrected records brought up to date. Check Caretaker status (Audit report 7.1) (OP). IR Checklist
11	Admin Legal: Periodic inventory checks	l	l		Cross Check to Sheet 7 Asset Register	(OP)
11	Admin Legal: Complete VAT returns and claims and reconcile to cashbook	m	m		Introduce some form of risk review. Ask Internal Audit to comment on current position of accounting software and home use of spreadsheets	Audit Report 2.4 –VAT reclaim. Audit Report 9.1 Ban Rec (OP)

Sheet No	Risk Identified and indicated level	f	i	r/f	Review undertaken	Action and mitigated risk
11	Financial: Risk to third party as a consequence of providing a service	m	h		Review services provided. Introduce new service review protocol	Audit Report 7.1 (OP)
12	Financial: Failure to set a precept within sound budgeting arrangements : Ensure that precept is set as a result of a full report detailing requirements for forthcoming year for all heads of income and expenditure	m	h		Precept Issues 2014/15	Introduction of new committee structure (OP)
12	Financial: Review adequacy of all balances and reserves	l	m		Reserve policy needed to be drawn up.	(OP). Advice that between 3-12 months depending on activities. Recommend 6 months but assess cashflow needs
12	Financial: Expenditure process and limits	l	m		Internal Audit review	delegation limits ? Add Audit Report B.3 payment lists. Audit Report B.6 Holding signed cheque. Audit Report 2.2 Reimbursement of expenses. Audit Report 6.1 Petty Cash (OP)
13	Financial : Loss of money: Ensure regular bank reconciliation	m	m		Regular independent review of risk areas	(OP) (SR)

AGENDA ITEM 13B

13	Financial:Loss of money: Ensure council holds fidelity insurance	l	m		Check position	(OP)
13	Financial:Maintain and Review Standing Orders/Financial Regulations	m	h		To be undertaken against NALC model and making them easy to read. Some identified inconsistencies	Audit Report 2.1 (OP) SO/FR
13	Financial :Maintain and effective internal audit	m	h		Late appointment for 13/14 looking to appoint ideally on multi year basis at some point	(OP)
13	Financial:Failure to keep proper records: Introduce periodical checks by Chairman/other appointed members	m	m		Area of review and consideration how best to introduce	Audit Report B.3 Audit Report B.5 Budget Monitoring.Audit Report 2.3-review of expenditure Audit Report 4.1 Budgetary Control (OP)
17	Admin:Meetings of Council:Failure to comply with new regulations/legislation: Ensure proper training policy in place	m	h		Training issue	(OP and SH)

Sheet No	Risk Identified and indicated level	f	i	r/f	Review undertaken	Action and mitigated risk
17	Admin:Failure to respond to the elector's wish to exercise its rights:Ensure members and staff are aware of Elector's rights	m	h		Training issue	SO and SH
19	Provision of Office Accommodation:Financial:Inadequate budget provision:	m	m		Introduce capital replacement programme	(OP)
19	Provision of Office Accommodation: Ensure Health and Safety Training complete	m	h		Part of Training review	(SH)
19	Provision of Office Accommodation:Poor Office Conditions: Regular inspection and reports to landlords	m	h		On going discussion with WPBC and council	(SR)

AGENDA ITEM 13B

20/27/28/29/30	Website: Review of New website provision against risk controls	m	m		Check with Ian on current expenditure for build have moved to managed site cost	See separate report (OP)
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Website Review

Control Area	Sheet Ref	Review	Action
Website Management			
Backup and Copies	20/27		
Provision of Stats			
Disclaimer clause on 3 rd party sites			
Ownership of URL	27		
Ensure site constructed from licensed software	29		
All content approved by Council	29	Control over RSS feeds ? Check position	
Links to Search engines	29	Changing content required	
Adequacy of existing service agreement	30	Review existing arrangements against areas identified under risk review	
Internal Controls			
Budget and charges	20	Charging schedule review	
Ownership of materials on site	27		
Monitoring of site stats/info/feedback from users	27/29	Data received seeking further information and interpretation. HR and IT committee established and will include monitoring	Establish standard report format
Ensure permission sought from linked sites	27		
Training on legal aspects of website			
Non dependency on an individual	28	Asst Clerk JD includes coverage responsibility	Check training
Insurance	28	Covers risk from managed site	Check
Contingent arrangements in case of supplier failure	28		

AGENDA ITEM 13B

Policy Development			
Freedom of Information	27	Holding Text Constructed and on website	FOI policy to be drafted and approved on site and to be included in staff training
Data Protection Act Compliance	28	Holding Text on website	DP Policy working draft produced. To be agreed by Council and to be included in staff training
Local policies drawn from internal control requirements			
Facebook		Check best practice	

Caretaker (example sheet) (include in Operating Manual)

Employed or self-employed?

In order to answer this question it is necessary to determine whether the person works under a contract of service (employees) or under a contract for services (self-employed, independent contractor). For tax and NICs purposes, there is no statutory definition of a contract of service or of a contract for services. What the parties call their relationship, or what they consider it to be, is not conclusive. It is the reality of the relationship that matters.

In order to determine the nature of a contract, it is necessary to apply common law principles. The courts have, over the years, laid down some factors and tests that are relevant, which is included in the overview below

Control Area	Review	Action
<p>As a general guide as to whether a worker is an employee or self-employed; if the answer is 'Yes' to all of the following questions, then the worker is probably an employee:</p> <ol style="list-style-type: none"> 1. Do they have to do the work themselves? 2. Can someone tell them at any time what to do, where to carry out the work or when and how to do it? 3. Can they work a set amount of hours? 4. Can someone move them from task to task? 5. Are they paid by the hour, week, or month? 6. Can they get overtime pay or bonus payment? <p>If the answer is 'Yes' to all of the following questions, it will usually mean that the worker is self-employed:</p> <ol style="list-style-type: none"> 1. Can they hire someone to do the work or engage helpers at their own expense? 2. Do they risk their own money? 3. Do they provide the main items of equipment they need to do their job, not just the small tools that many employees provide for themselves? 4. Do they agree to do a job for a fixed price regardless of how long the job may take? 5. Can they decide what work to do, how and when to do the work and where to provide the services? 6. Do they regularly work for a number of different people? 7. Do they have to correct unsatisfactory work in their own time and at their own expense? 	<ol style="list-style-type: none"> 1) No the contractor could engage someone to help at his own expense 2) Works within an overall project plan based on requests . His determination on what to do next 3) Contract is based on a set amount of hours per week . Contractor is self employed to other contractors on separate work 4) Suggest not direct 5) Week 6) No <ol style="list-style-type: none"> 1) Yes 2) Yes 3) Yes 4) Check 5) Within project plan normally although mainly self determined 6) Yes self employed on other work 7) Check normally on voluntary basis 	<p>Flex ?</p>

STANDING ORDERS / FINANCIAL REGULATIONS

A review of the Council's Standing Orders was started several years ago, but suspended while NALC carried out a national review. A second national review has since been completed. NALC has also recently revised its model Financial Regulations. Though we have updated our Standing Orders from time to time a wholesale review of both documents is necessary to take account of legislative changes in the intervening years.

Guidance is sought from Council on how the review should be carried out.