

CROWBOROUGH TOWN COUNCIL

To all Members of the **FINANCE and GENERAL PURPOSES** Committee (with copies to all other Members for information).

You are summoned to attend a meeting of the **FINANCE and GENERAL PURPOSES** Committee to be held at the Town Hall, The Broadway, Crowborough on Tuesday 5th May 2009 at 7.30 pm when it is proposed to transact the following business:-

ALL MEETINGS ARE OPEN TO THE PUBLIC

1. APOLOGIES

2. DECLARATIONS OF INTEREST

3. FINANCE

3.1. Reserves

Colin Owen, PKF and Stuart Wilbur, RBS will be attending the meeting. The details of Cllr Edwards's queries are attached.

3.2. Audit Recommendations (sent to all Councillors for the meeting on the 17th March 2009)

3.3. Audit for the year ending 31st March 2009 (sent to all Councillors 23.04.09.)

3.4. Zero based budgeting (a CIPFA paper is attached)

3.5. Borrowing Approval

Chairman's Report : I have been looking frequently at the PWLB rates and in April alone the rate has gone up by 33 base points to 4.18% yesterday. If we are to take loans we should get them agreed asap or I fear rates will go up soon even more.

Officer's Report : With regard to borrowing, although the F and G.P. committee can discuss and make a recommendation, it is Full Council that needs to make the decision.

4. ADMINISTRATION

4.1. Review of the Finance and General Purposes committee purpose/policy (current policy attached although some of the items are now covered by other committees, e.g. civic receptions = C and E committee)

4.2. Five Year Plan Review : discussion on how and when (see above)

5. URGENT MATTERS AT THE DISCRETION OF THE CHAIRMAN FOR NOTING

Town Clerk
28.04.09.

Agenda item 3.1. Copy of e-mail from Cllr Tony Edwards

Cllr Jonathan Bryant has asked me to put in writing the outstanding points to be discussed at our meeting on 5th May 2009.

The specific issue is what items should be included in Earmarked Reserves as at 31st March 2008. This brings in general issues of Corporate Governance and Value for Money.

Background

Two years ago, when the present Council was elected it faced two significant problems

1. The May 2007 "Report in the Public Interest under Section 8 Audit Commission Act 1998" prepared by Mazars.

2. "Earmarked Reserves", excluding the Community Project, totalling £ 464,087.

1. The Mazars' Report said that there were two versions of the financial regulations in circulation and recommended that the Council "reviews its financial regulations and adopts an updated version as a matter of urgency"

The Council accepted this recommendation and approved new Financial Regulations in November 2007 which were substantially in line with those recommended by NALC.

Paragraph 3.6 of these adopted Regulations states " Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the appropriate Committee"

In view of recent past history , it would seem a matter of sound Corporate Governance that the Council's accounts should be prepared in accordance with its own Financial Regulations unless these Regulations are in breach of Statutory Requirements.

Do PKF consider paragraph 3.6 to be in breach of any Statutory Requirements?

The Revenue Budgets Carried Forward comprised 7 items totalling £127,538. Of these 5 items totalling £115,547 **were also included in the 2008/9 Budget**. According to the March 2009 Management Accounts only £12,846 of this was spent in 2008/9.

2. The £ 464,087 was comprised of 35 Earmarked Reserves mostly dating prior to March 2005. There was no information available of how the amounts were calculated, what the expenditure would achieve specifically and when the work would be done.

9 of the Reserves , totalling £234,166 **had been double counted** by inclusion in the 2007/8 Budget - more than 20% of the Budget.

In having such large Earmarked Reserves and in double counting within the Budget, it is to be questioned whether the Council was providing the Council Tax Payers with Value for Money. It is suggested that the Council has a duty to bring the Earmarked Reserves under proper control.

At an Extraordinary Meeting of the Council in August 2008, Members were told that PKF had indicated that the Accounts to 31/3/09 could be "qualified" unless the Earmarked Reserves previously transferred to General Reserves were transferred back to Earmarked

Reserves. Members were also told that there was not sufficient time for Members to meet PKF to discuss the matter, and that the Council's status as a Quality Council was at stake.

Can PKF please explain why the transfer for surplus Earmarked Reserves to General Reserves could lead to a qualified audit report.

Agenda item 4.1.

FINANCE and GENERAL PURPOSES

1. At each meeting the committee shall monitor the progress of the Five Year Business Plan.
2. The Chairman of committee will be required to give a progress report to each Council meeting.
3. To recommend to the March Council meeting revisions to the Five Year Business Plan.
4. To be responsible for the corporate management of the Council including the provision of accommodation, equipment, furniture, audit, accounting service, architects fees.
5. To be responsible for the democratic representation including election, hospitality and civic functions, Members Allowances and Expenses and the Mayor's Fund.
6. To be responsible for the central support service including administrative salaries, N.I. and Superannuation, staff training, insurance, legal expenses and the servicing of loans.
7. To provide grants to community organisations.

This committee will also oversee the following activities:-

- (i) To co-operate with the Beacon Community College with its involvement in the work Experience Scheme.
- (ii) To maintain a suitable library for Members
- (iii) To promote economic development including a strategy for Crowborough and tourism initiatives.

Minute 3719 CTC.05.05.05

Minutes 4742, 4743, 4744

July 2006