



BLYTH TOWN COUNCIL

Minutes of the Meeting of the Finance Committee held in the Council Chamber at Arms Everytyn House on Thursday 13th March 2014 at 6.30pm.

Present:

Councillors: K Ellis (Chair), J R Potts (Vice-Chair), B W Elliott, G T Knox, K Nisbet and O Potts.

Members of the Public: 5

Also present:

Sue Noddings – Town Clerk (Corporate Services).

Alison McCabe – Office Manager.

Liam Forsyth – Committee Clerk.

051/14/01: APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor A Gibbs-Barton.

052/14/02: DISCLOSURE OF INTERESTS AND GRANT OF DISPENSATIONS

None.

053/14/03: MINUTES OF THE FINANCE COMMITTEE HELD ON THURSDAY 9TH JANUARY 2014

The Minutes of the Finance Committee held on the 9th January 2014 were **AGREED** by the Committee and signed by the Chair.

054/14/04: UPDATE OF THE FINANCIAL REPORTS

4.1 Discussion regarding the future arrangements and requirements

The Town Clerk (Corporate Services) commented that recent legislation had been passed abolishing the previous requirement for 2 signatures. It was outlined that this development had been made in order to facilitate the use of Direct Debits and BACS payments.

The Town Clerk (Corporate Services) expressed her concerns regarding the current underspends.

Discussion was then held regarding the proposals.

Councillor B W Elliott proposed that the Assets underspend be used for the Cowpen Play Park. This motion did not receive a seconder.

Councillor G T Knox proposed that a sub Committee meet next week with the Officers in order to address this issue. This proposal was **AGREED** and is to consist of the Officers and Chair and Vice Chair of the Finance Committee and a representative of the opposition.

Councillor J R Potts wished to reiterate the importance of addressing this issue, in the need to account for all over/underspends in order to meet the requirement of the external auditors.

4.2 Update of the Investment Accounts and Future Investments

(Please find a correspondence attached from the Co-operative Bank)

The Town Clerk (Corporate Services) provided an update regarding the accounts. It was noted that all of the accounts were with the Co-operative Bank that have provided the following attached update.

It was commented that it was up to the Committee to decide if the Town Council's money is best kept with the Co-operative Bank.

Councillor J R Potts commented that key to any plans for reception would be assuring that the money received via the precept is not left to remain in the current account and be transferred in order to accrue interest.

The Town Clerk (Corporate Services) commented that she had looked into the arrangements of other Town Councils and associated policies. It was commented that if the Committee agreed to allow for the investigation, a strategy document could be generated.

Subject to ratification

Councillor J R Potts commented on the need for a stringent policy in order to best represent and support the needs of Blyth Town Council.

4.3 Update of the Management Control Reports

(Please find Management Reports attached)

The Town Clerk (Corporate Services) commented that there had been little change within this item and noted that it had majorly been dealt with under the previous item.

4.4 Budgetary Update and Revisions

Councillor J R Potts expressed concern regarding the partnership agreement and associated financial concerns.

It was outlined that an updated version has been proposed.

In order to address this item, Councillor J R Potts suggested that the Town Council pays for the partnership working in monthly instalments in order to ensure that progress is being recorded as expected. This was seconded by Councillor G T Knox and **AGREED** by the Committee.

The Town Clerk (Corporate Services) commented that she was to meet Steve Bucknall from Northumberland County Council the following morning and would seek to confirm the budget and issues raised.

4.5 Arrangement for Precept

(Please find the report from the Town Clerk (Corporate Services) attached to these Minutes).

Councillor B W Elliott sought further information regarding the potential over and underspends. The Town Clerk (Corporate Services) responded that this is to be addressed whilst agreeing that the Town Council must become more efficient and diligent.

Councillor J R Potts commented that key to success in this aspect was that costed projects be proposed during the budget setting process.

Councillor G T Knox wished to note that Councillor B W Elliott's proposal was not rejected but rather no decision had been made due to the motion not receiving a seconding vote. Councillor B W Elliott accepted this and wished to retract the associated earlier statement.

055/14/05: PARTNERSHIP WORKING

Subject to ratification

Further to previous discussions an outline was provided regarding the future partnership working arrangement.

It was commented that the interviews for the extra positions had taken place and that this process had been successful.

It also noted that at the Meeting with Steve Bucknall tomorrow, the Town Clerk (Corporate Services) is to confirm the understanding previously stated highlighting that the boundaries for the partnership team are to be the parish boundaries.

It was also noted that Cllr Deidre Campbell is to be the representative on the Management Board for Northumberland County Council.

Councillor J R Potts enquired as to whether there was to be any difference between the Northumberland County Council employees and those paid for by Blyth Town Council. The Town Clerk (Corporate Services) commented that there was to be no difference as Northumberland County Council was responsible for the employees. It was also noted that both the Town Clerk (Corporate Services) and Assets Officer had assisted in the recruitment process.

056/14/06: ACCOUNTING PACKAGES

(Please find the report from the Chair of the Finance Committee attached).

The Chair, Councillor K Ellis provided a brief summary for his report commenting that, he hoped that this would assist Committees in appropriating its budgets, as well as providing further insights for Councillors and Officers.

The Town Clerk (Corporate Services) commented that she has been in contact with the Internal Auditor, Mr R Slater who has confirmed that the recommendation alluded to within the report is no longer applicable due to his previous assumption that such a system would be required for an increase in staffing.

Councillor J R Potts commented that he believed that this report was not a strong report, highlighting concerns regarding the lack of a clear recommendation or information.

It was commented that crucial to any such developments would be the need to set clear goals that you would like to achieve and then consider which of these are not addressed by the current working arrangements. Councillors J R Potts wished to note that it was his belief that Excel

Subject to ratification

provides the most accessible method at present for all Councillors and Officers.

It was also outlined that there are contradictory statements within the report, the fact contained within the report that 82% were using spreadsheets. It was noted that this would suggest that it is the dominant choice across the sector.

Councillor J R Potts also posted that he had been in contact with the internal auditor who warned against rushing into a new financial system and commented that it was crucial for Blyth Town Council to remain in control of its finances.

Councillor G T Knox commented that he had read the report and expressed the opinion that a justification would need to be provided in order to move away from a system which is currently working.

Councillor K Ellis, commented that he would continue to investigate and search for packages which would enhance the financial reports and information available to Blyth Town Council.

The Town Clerk (Corporate Services) enquired as to whether the Councillors would like financial training and excel training to be arranged. This was **AGREED** by the Council.

057/14/07: ITEMS FOR INFORMATION AND URGENT MATTERS

The Committee Clerk provided an update regarding off-site storage. It was commented that he had received an update and costed proposals from both Rackspace and Northumberland County Council. It was **AGREED** that the Committee Clerk is to meet with the Chair and Vice-Chair of Finance in order to address this matter.

058/14/08: DATE OF NEXT MEETING

It was **AGREED** that the next Meeting of the Finance Committee is to take place on Tuesday 6th May 2014 at 6.30pm in the Council Chamber.

MEETING CLOSED:

DATE:

Signed:

Subject to ratification

MEMBERS OF THE FINANCE COMMITTEE

Councillor K Ellis (Chair)
Councillor J R Potts (Vice Chair)
Councillor B W Elliott
Councillor A Gibbs-Barton
Councillor G T Knox
Councillor K Nisbet
Councillor O Potts
Councillor J Reid.

05/4025195/J56432

Miss S Noddings
Blyth Town Council
Arms Everytne House
Quay Road
Blyth Northumberland
NE24 2AS

329/00047



RECEIVED
10 MAR 2014

March 2014

Dear Miss Noddings

I wanted to write to you personally to thank you for standing by us during some of the most difficult times in our history. Whilst we still have some challenges ahead, I now want to update you on the progress we have made.

I am pleased to say that we have strengthened both our capital position and our management team. We have also put in place a business plan which we intend will restore us to longer-term sustainable profitability over time. This means that we are now able to look forward and begin to reshape our business around what's important to our customers.

For over 140 years the ethics and values of The Co-operative Bank have set us apart and I'm proud to say that these ideals are now enshrined in our constitution. We would like to build on this heritage and want to do this in partnership with you. As such, this spring we will be engaging with you around what's important to you going forward.

I would also like to reassure you that we remain focused on providing great customer service and meeting your day-to-day banking needs. We are committed to delivering products and services to make it easier to bank with us.

Whilst delivering our plan remains challenging, I hope I have given you a sense of some of the steps we have taken both to strengthen the business and recognise the faith you have shown us. Thank you once again for your loyalty and banking with The Co-operative Bank.

Yours sincerely

Niall Booker
Chief Executive, The Co-operative Bank

Please call 08457 212 212 if you would like to receive this information in an alternative format such as large print, audio or Braille.



The Co-operative Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority, subscribes to the Lending Code and the Financial Ombudsman Service.

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BLYTH TOWN COUNCIL

Finance Committee Meeting Thursday 13 March 2014

Agenda Item 4.5 Arrangements for Precept 2014-15

RECOMMENDATION:

It is recommended that the Finance Committee consider the following information regarding the: -

1. 2014-15 Precept
2. The anticipated surplus for 2013-14
3. Investment Accounts
4. Forecast Expenditure

This is with a view to advising the full Council of the best way in which to ensure effective use of all available Blyth Town Council monies including:

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5. Recommendation regarding Payment of Partnership Agreement contribution
6. Recommendation regarding Investment of reserves and cash surplus

REPORT:

1. The Council has agreed a Precept totalling £993,745.00.
 - This figure reflects the agreed utilisation of £87,000.00 of reserved funds.
 - Northumberland County Council transfer funds to Blyth Town Council in two instalments – early April and October annually.
 - These payments will equate to £496,872.50 each.
2. It is anticipated that there will be a surplus at the end of 2013-14 financial year of approximately £140,000.00. An underspend is forecast against the budget in a number of key areas such as: -
 - Allotments £14,702.76
 - Assets £71,680.55
 - Events £11,366.91
 - Members Expenses £12,900.09

(See Revised Management Accounts for Finance Committee)

Subject to ratification

3. Investment Accounts are as follows: -

- Fixed Rate Deposit Account (1) = £100,377.08
- Fixed Rate Deposit Account (2) = £ 25,000.00
- Fixed Rate Deposit Account (3) = £ 25,000.00
- 95 Day Deposit Account = £151,424.98
£301,802.06

4. Forecast expenditure for 2014-15 has been set at £1,080,745.00.

- A detailed cash flow forecast will be worked up once the Councillors have discussed and agreed their preferred method/frequency of payments and investments.
- A major part of this increase relates to the Partnership Agreement being set up between Blyth Town Council and Northumberland County Council for the delivery of a programme of services in Blyth. This partnership agreement will cost £224,500 for the year plus expenditure by the Assets Committee for additional work on planting, etc.
- This contribution can be paid in a number of ways and my preference would be to make two payments each of £112,250.00 on receipt of the Precept payments from NCC.
- Alternatively Version 6 of the draft partnership agreement states that Blyth Town Council will make monthly payment of £18,708.33.

5. Payment in two instalments would ensure that the current account was better managed and, at the current rate of interest, there would be little or no financial benefit from investing this money.

6. Investment of the remaining Precept is recommended. This could take the form of: -

- Investing in the two types of accounts we are currently investing in at the Co-operative Bank
- Short/medium term investments in other organisations/institutions with Average Equivalent Rate (AER) of between 1.25 and 3%.
- Investing in Local Government
- Investing in the Stock Market
- Investing in community organisations such as the Credit Union

Blyth Town Council should adopt a formal Investment Policy as a matter of some urgency and if investments in Local Government, Stock Market or

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Community led organisations are desired professional advice should sought to ensure the efficacy and legality of such activities.

SUE NODDINGS
TOWN CLERK (CORPORATE SERVICES)

10 March 2014

**BLYTH TOWN COUNCIL
MANAGEMENT ACCOUNTS FOR COUNCIL/COMMITTEE DATED: 7 MARCH 2014**

Code	Budget Heading	Forecast Income and Expenditure	Actual Expenditure	Variance (+) or (-)	Committed Expenditure	Revised Balance	Notes/Agreed Actions
100	Income	£ 686,664.28	£ 828,515.03				
110	Employee Costs	-£ 79,000.00	-£ 83,902.06	-£ 4,902.06	-£575.00	-£5,477.06	Precept paid in April and October Resilience Toolkit Training
200	Office Costs	-£ 93,500.00	-£ 83,013.17	£ 10,486.83	-£1,500.00	£8,986.83	Water Cooler/Dishwasher/etc
300	Fees and Charges	-£ 23,300.00	-£ 15,216.68	£ 8,083.32	No Additional Expense	£8,083.32	No Additional Expense
400	Members Expenses	-£ 17,100.00	-£ 4,199.91	£ 12,900.09	No Additional Expense	£12,900.09	No Additional Expense
500	Civic Events	-£ 4,550.00	-£ 3,113.98	£ 1,436.02	No Additional Expense	£1,436.02	No Additional Expense
600	Allotment Committee	-£ 65,000.00	-£ 39,939.24	£ 25,060.76	-£10,358.00	£14,702.76	Water Supplies/Borehole/Surveyor
750	Assets Committee	-£ 156,000.00	-£ 60,229.47	£ 95,770.53	-£24,089.98	£71,680.55	Underspend due to change of plans
900	Planning & Development	-£ 5,000.00	-£ 2,564.10	£ 2,435.90	No Additional Expense	£2,435.90	No Additional Expense
1000	Events Committee	-£ 157,000.00	-£ 140,633.09	£ 16,366.91	-£5,000.00	£11,366.91	Olympic Legacy - Rowing Boat
1100	Finance Committee/Grants	-£ 198,000.00	-£ 164,924.65	£ 33,075.35	-£12,614.00	£20,461.35	Councillors Allowances to be confirmed
	TOTALS	-£ 798,450.00	-£ 597,736.35	£ 200,713.65	-£54,136.98	£146,576.67	

Chairman's Report regarding Accounting Packages

PARISH COUNCILS and LG FINANCE 2014/2015

1. As budgets grow, minor local authority finance teams need to be sure that they have quick access to vital budget information. Too many depend on spreadsheets for this. **There is a need for using a well established/robust system to ensure clarity and openness.**
2. So how can Town and Parish Councils ensure security of finance and budget forecasting never mind project management without compromising security through spreadsheet formula or key-type errors.
3. A recent survey by CIPTFA showed that 82% of minor authority finance professionals or clerks used spreadsheets for budget preparation, monitoring and forecasting. A high proportion (78%) depended on them, with 43% saying they were very reliant and 35% quite reliant.
4. Reducing the reliance on spreadsheets to remove weaknesses in the reporting and planning systems was the second most important improvement respondents to the survey sought, with 46% selecting this. The top priority (57%) was an increased emphasis on user-driven reports. Of that 57% nearly all said that it took 24 hours or more to produce accurate financial reports. **This is a most important bullet point we need to address.**
5. Why are minor local authority finance professionals and clerks so dependent on spreadsheets when they don't provide instant budgetary insight? The simple answer is that they are popular, low cost and seen as easy to use and to understand.
6. However, the truth is that finance teams and budget holders often find themselves spending more time managing and consolidating unwieldy spreadsheets than using them for decision-making. **This will increase the productivity, save time and cause less stress in the long run.**
7. Manually entering data into spreadsheets can lead to inaccuracies, raising questions over the integrity of the financial information, and with a number of budgeting spreadsheets often in existence at any one time; version control can prove an ongoing challenge.
8. On the other hand, budgeting and forecasting software can ensure a real-time and accurate view of spending.

Subject to ratification

9. In Northumberland minor authorities can access low cost financial management through a partnership with the Unitary Council. **This will only endorse and promote our partnership with Northumberland County Council**
10. The partnership uses Oracle financial software, is set up by the major authority to suit the skills base of the minor one. As budgets grow towards £1000,000 and the need to manage multiple events and projects increases this option is being chosen as being viable to the extreme. Cramlington Council chose to join and has agreed eight correction periods where accountants assist the Clerk to resolve any minor issues that may have occurred or new headings required by the Town Council. **The management of this will be supported by NCC and help us through the transition period.**
11. The Clerk can **access reports instantly and present financial figures and the state of budgets for Town Council meetings.**
12. Other small business systems can also be bought by minor councils but do tend to be time consuming to decide on the customer base and account headings may be difficult to resolve. Systems such as Sage 50 once set up does most of the reporting and planning matters required by a Town Council and will also give instant reports but does not have the benefit of assistance as with the Unitary Councils partnership through Oracle.
13. Intuit two packages to cover wages and Accounts can be run together, its and aging product but has stood the test of time. Project Management is slow on this system.
14. Mint is a very good project system that can track expenditure on projects if Inuit is chosen.
15. Microsoft Dynamics can be used to replace spreadsheets and users may find them just as simple to use but managing multiple diary entries for a growing workforce may prove unpopular with staff and it has similar input problems faced by excel drivers.
16. Peachtree Pro a part of the Sage Group is easier to operate and costs less than £300 to buy. It is great for accounts and has over 100 built in reports but a separate project management system would be required and is difficult to use to manage customer relations reports, how many contacts, what was the most popular contact etc was it by phone, e, or face to face as the Council grows this information is vital to manage the aspirations of council tax payers.