

Abbots Langley Parish Council

Council Offices
Langley Road
Abbots Langley
Herts
WD5 0EJ

22nd October 2019.

To Members of the Finance and Administration Committee

Councillors Sara Bedford, Liz Burns, Ruth Clark, Jane Lay, Owen Roe & John Swallow.

The next meeting of the Finance & Administration Committee will be held at the above address on Monday 28th October 2019 at 6:00 pm, when your presence is summoned for the purpose of transacting the business outlined below.

The press and public are welcome to attend the meeting.

Tim Perkins
Clerk to the Council

AGENDA

1. **Apologies for Absence**
To receive and accept apologies for absence.
2. **Declarations of Interest**
To receive declarations of interest in items on the agenda.
3. **Public Participation**
To note if any members of the public have requested to speak at this meeting, in accordance with the Parish Council's Public Speaking Arrangements.
4. **To confirm the Minutes of the Meeting held on 22rd July 2019 (previously circulated).**
5. **Committee Vice-Chairman**
To appoint a Committee Vice-Chairman for the 2019-2020 municipal year.
(Deferred from the July 2019 meeting of this committee min. 107)
6. **Information Governance Breach (Inbound)**
To consider the Clerk's report on the above. (Separate report)
7. **External Audit 2018-2019**
To consider the External Auditor's report, recommend approval and acceptance of the report and audit certificate to the Parish Council. (Clerk's report item 1, report and certificate sec. 3 of the enclosed annual return.)
8. **Internal Audit 2019-2020**
To consider the first interim report from the Internal Auditors. (To follow, due w/c 21st October 2019.)
9. **Budget Monitoring**
To consider spend to end Q2 2019-2020. (See budget book and tracking report enclosed.)
10. **Budget 2020-2021**
To consider the current revision of the budget. (Clerk's report item 2 and budget book.)
11. **IT Support Contract**
To consider the report from the Clerk. (Clerk's report item 3.)

Abbots Langley Parish Council

12. Cheque Signatories

To recommend to the Parish Council changes to the Parish Council's bank mandate to appoint new cheque signatories. (Clerk's report item 4.)

13. Parish Councils Funding of Churches

To consider the Clerk's report (Clerk's report item 5.)

14. Community Infrastructure Levy (CIL)

i. To consider the latest CIL Tracking Report (October 2019 update enclosed.)

ii. To approve the CIL Monitoring Report and its publication on the Parish Council's website. (Enclosed report.)

15. Clerks Report

To consider items not covered elsewhere on the agenda.

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Abbots Langley Parish Council
Clerk's Report - F&A - October 2019

1. External Audit 2018-2019

The above has been received back from PKF Littlejohn. No issues raised apart from a revisiting of the dates for public rights review which cropped up last year.

We got the dates right this year. But that was not enough!

I have copied my correspondence with the auditors in the attached appendix. I am not alone in being extremely frustrated with the auditor's performance. It is consistent theme with all the Clerks in the county.

The paperwork provided by the auditors is of poor quality, often confusing and when clarification is sought that too is often confusing. There were multiple conversations on various topics amongst Clerks and RFOs, when we tried to work out exactly what the auditors required.

They fail to get even the simple things right. Documentation is poorly formatted, using multiple fonts and the file naming structure adds a further level of confusion.

External auditors are appointed by Smaller Authorities' Audit Appointments (SAAA), set up by NALC to procure external audit services for small authorities such as Internal Drainage Boards, Parish and Town Councils. PKF Littlejohn won the contract for most of the country, which is carved up on a county by county basis. Only five counties were awarded to other auditors

BDO were our previous external auditors, we had occasional challenges with them, but this lot are exponentially worse. They are a prime example of what happens when you award a complex contract to the lowest bidder, who then fails to resource it properly.

Clerks were hugely unimpressed when PKF Littlejohn held an introduction workshop in Hertfordshire, they appeared to have not the slightest clue what they were taking on. Looks like we were right.

At a national level NALC and SLCC are taking up the performance issues with SAAA and PKF Littlejohn, but I expect that the Parish Council will be lumbered with them until the return for FY 2021-2022 when the contract ends.

The external audit costs £1,600. For which I see this Parish Council gets no value at all.

Follow up:

After writing the above NALC requested input to the "Redmond Review of Local Authority Financial Reporting and External Audit". I have submitted pretty much the above to NALC. These comments have been submitted as personal comments as a Clerk and RFO, not as the resolved view of the Parish Council.

I am not confident that NALC will properly represent these views to the review, so I will be submitting comments directly.

The reason I do not think NALC will represent these views is the following comment that appeared in last week's NALC CEO's newsletter.

"The Smaller Authorities' Audit Appointments met this week. As you know this is the body set up by NALC and other sector bodies to help local councils procure and appoint an external auditor, and which has directly saved the sector some £200,000 per year. This is the second year of the new regime and the headline I am pleased to report is it is going very well with over 97% of local councils submitting their annual audit return."

My response to NALC was:

"I was very surprised at the Chief Exec's comment in this week's newsletter.

It is not a measure that the external audit process is working well if 97% of local councils submit on time. We have an obligation to submit on time and most Clerks are professional enough to hit these deadlines.

Abbots Langley Parish Council
Clerk's Report - F&A - October 2019

A measure of success would be to see survey responses from those that actually pay for the external auditor's services and then to see how these responses could be used to drive service improvement from the external audit providers.

I have not seen any customer feedback surveys from our audit provider. Based on the general comments from Clerk's at a county SLCC meeting this week, PKF Littlejohn would not do well in any customer surveys.

I have respect for the Chief Exec, but he is very wrong on this occasion, that measure of 97% is not a measure of success."

I am awaiting a response to my email.

2. Budget 2020-2021

Members need to review the budget codes for which it is responsible.

We also need to have a general discussion on earmarked and general reserves to inform further revisions of the budget.

Guidance on the possible range of precept increase this year would be helpful.

3. IT Support Contract

Members who have served on this committee before will realise this has been an ongoing challenge. Most of the IT support falls to me and it can be time consuming and frustrating.

We have a first level support option provided by Chess ICT. We use it rarely and when we did in September, I lost three hours working with them to resolve an email problem, which eventually I solved myself!

Long story short. Over the past year or so this committee has looked at various support options. Some were expensive, others tailored to larger organisations. When I go there will be a significant gap in IT support and a major risk to operations.

Since we started working on this, I finally have a solution to recommend:

Nixuss are a local (WD25) SME that supports business and schools in the local area. They can take over IT support for our estate for an annual cost of £1,957 including online back up. This will include five onsite visits a year and an initial take over visit to sit with all users to pick up any issues.

Current cost with Chess is £1,884, but that is solely for remote support, no site visits are included.

There is a real current hidden cost in our current support arrangements. Looking at the average amount of time I spend on IT support at my fully loaded rate working 45 weeks/year this cost is not far short of £3,000.

In moving to Nixuss we will also have to bite the bullet and pay for our email infrastructure. This is currently hosted by Google on their free platform, which is becoming increasingly restricted in its capabilities, as they move customers to a paid model.

The transition will move all users to the MS Office 365 platform, this comes at an annual cost that is detailed on the enclosed summary (£1,610).

Additional benefits of the above are that all office staff will have a rolling licence to the MS Office 365 suite of programmes we use all day, every day, there will be no future software upgrade costs, new staff joining will just be added to the programme.

In addition, staff and members will have access to MS SharePoint which will make the sharing of electronic documents much easier than email and will facilitate electronic papers for members.

Transition from the Google to Office 365 platform will take place in February when I return from annual leave. Cost of transition will be £1,250.

Choices are few and far between. I recommend we go ahead on the above basis and contract with Nixuss for an initial twelve months, effective 1st January 2020.

Abbots Langley Parish Council
Clerk's Report - F&A - October 2019

We have spent a lot of committee and officer time reviewing this support in the past and I am the first to admit we failed to find a cost effective and practical solution. This is both of those, it will take the IT support burden from me and will provide IT support for operations when I am no longer around.

Budget impact - 5330 Website & IT Expenses.

Acceptance of the above costs will result in a £800 overspend this financial year and an additional budget of £1,250 in 2020-2021.

Code also includes website hosting, domain name and SSL certificate costs (Objenix) and webmaster costs for updates in my absence and techie stuff beyond my capabilities.

Contractor Comparison

Contractor 1 - £3,588/pa for IT support.

Contractor 2 - £6,600/pa for IT support.

Contractor 3 - £5,256/pa for IT support.

Infrastructure costs for Office 365 and SharePoint are broadly the same across all suppliers, as they are just resellers of Microsoft packages.

We currently have £25,000 in an earmarked reserve for IT Infrastructure & Website. As there is no imminent need for new hardware, beyond the laptop used for P&H meetings which seems poorly, members may consider taking £3,000 from this reserve to defray the set-up costs of the revised infrastructure and to purchase a new laptop for P&H.

4. Cheque Signatories

Current cheque signatories on the bank mandate are Cllrs OR, SG-M, JL & LB. The Clerk and Finance Officer have emergency signing authority. Most cheques are signed by Cllrs JL & LB as they are available during the day.

We will be moving to a more efficient payment approval process in the near future, but really for cover we need additional cheque signatories. In my mind if a cheque signatory does not serve on F&A they really do not add much to the process beyond an autograph, as they would not understand the majority of the payments they are approving.

An interim solution could be to continue with the separation of the Finance Officer raising all payments and the Clerk being one of the signatories.

Whatever members decide, we do need additional signatories in the event Cllrs JL and LB are not available.

5. Power to Fund Churches

The above is relevant as we come into the grants season.

There was a spirited discussion on the subject at the "Legal Briefing" presented by NALC to HAPTC member councils in September.

To summarise as best I can a number of conflicting, overlapping and confusing statutes.

The Local Government Act 1894 (no typo) s.6 (1) (a) *"prohibits council's involvement in property relating to the affairs of the church, including the maintenance or improvement of buildings or land or contributing to the costs."*

That seems fairly clear. However:

Section 137 of the Local Government Act 1972 *"permits a Local Authority (whether at county, district or parish council level) to contribute towards the maintenance, repair or adaptation of churches on the basis that the expenditure would be in the interests of, and bring benefits to, some or all of the inhabitants of the area."*

Further:

The Localism Act 2011 s.1 introduced "The General Power of Competence", to which this council is entitled. This power enables the Parish Council to do anything a normal person could do, if not proscribed in law.

Abbots Langley Parish Council
Clerk's Report - F&A - October 2019

The following is extracted from Parliamentary Briefing Paper 04827, 25th February 2019 (para. 6.2).

"An issue arose in the late 2010s regarding the legal power of parish councils to fund repairs to local churches. This is a grey area in the law, with two statutory provisions pointing in opposite directions."

"Evidence submitted to the Review suggested that there is considerable confusion as to whether the 1972 Act supersedes the Local Government Act 1894, and that the 1894 Act is still perceived as a barrier, preventing investment in church buildings by local authorities."

Clarification on this point should be given, whether by repealing section 8 of the 1894 Act, or by the issue of guidance. This should clarify that local authorities can invest in church buildings in accordance with Section 137 of the Local Government Act 1972.

Additionally, repeal or the issue of guidance should clarify that certain parish councils are also able to fund church buildings using powers contained in the Localism Act 2011."

Summary. The situation needs clarity, but that is either going to be by a Legislative Reform Order, a change in the legislation by parliament, or a precedent being set in the courts.

The chances of this getting any attention in the current political climate is pretty low and given the amounts of grant funding involved, a challenge through the courts seems unlikely.

I bring this to members attention without any clear recommendation, but I thought you should be aware as this may crop up again in the future.

I will have all relevant papers to hand if members want to discuss at this meeting.

6. Abbots Langley Local History Society

The committee awarded a £1,000 grant to the above to fund the publication of three volumes of local history essays.

The books have been produced and well received. A copy of each volume has been passed on to the Parish Council and will be held for reference.

Tim Perkins

Clerk to the Council
22nd October 2019

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Appendix 1

1. External Audit 2018-2019 Comment from PKF Littlejohn

The smaller authority has disclosed that it made proper provision during the year 2018/19 for the exercise of public rights, by answering 'Yes' to Section 1, Assertion 4. However, as was reported last year, we are aware that it failed to do this and therefore should have answered 'No' to this assertion. It has also disclosed that it took appropriate action on all matters raised in reports from internal and external audit, by answering 'Yes' to Section 1, Assertion 7, which, on the basis of the above, is not correct.

2. Clerk's Email to PKF Littlejohn (10/09/2019)

Hello SBA Team, I'm sorry I am really struggling to understand the comment from this year's AGAR S3.

We worked hard to get the public rights correct in 2018-2019. It was double checked by staff here and external colleagues.

You have to be specific how we got the dates wrong.

- 1. We got the dates wrong on the 2017-2018 notice for public rights. Agreed.*
- 2. We got the dates right for 2018-2019, so this comment is very confusing. What has the 2017-2018 error got to do with the 2018-2019 public notice?*
- 3. We also took steps to ensure that error in 2017-2018 was corrected in the 2018-2019 return so why is the A7 comment "not correct".*

I have to explain your comments to my members and I am afraid at the moment I have not got the first idea where I should start.

Any further advice by email or a brief phone call would really be appreciated.

3. PKF Littlejohn's Response (10/09/2019)

Dear Mr Perkins

Thank you for your email. This assertion causes confusion as it is 'backward looking' and refers to events that occurred during 2018-19 and not after the year end. We draw attention to this fact in a number of places in our instructions and in last year's report (attached) we noted that the Council MUST tick no to Assertion 4 on the 2018-19 AGAR as a result of the error made during the year. As this was not done, we have to qualify for the fact that assertion 4 was completed incorrectly and that the external auditor report was not actioned (assertion 7).

We hope that this is clear now.