

Middleton Cheney Parish Council
Review of the Precept Setting Process for 2021/22

Review conducted by:

Cllrs Mark Harris, Susannah Smith, Toby Stevens

Independently supported and overseen by: Paul Hodson, Town Clerk, Buckingham Town Council

Reason for Review:

A precept increase of 3% was agreed by Middleton Cheney Parish Council on the 7th December 2020. A precept demand of 22.1% was made to the Billing Authority on 24th December 2020. This review was set up to examine the process followed to understand why the precept demand was not as agreed by Council.

The review also included the associated recruitment of the Maintenance and Project Manager role for which the Precept increase was designated, and the subsequent process followed and appointment of the spouse of a serving Councillor

The following employees and members were approached to ascertain the events leading up to and resulting in the Precept Demand made on 24th December 2020.

Val Furniss, Clerk

Cllr Mark Allen

Cllr Katrina Jones

Cllr Kristian Burgess

Maintenance and Project Manager

Review Process

Mr Hodson advised the Review Team on the legal process for setting the precept according to the Local Councils Financial Regulations, and the Parish Council's own policies and procedures

The Review Team undertook the initial desktop study by examining the publicly available data such as agenda's, minutes, standing orders etc.

The following documents were reviewed:

Financial Regulations

Finance Working Party minutes – August 2020 through January 2021

Council Meeting Minutes – August 2020 through March 2021

Middleton Cheney Parish Council Standing Orders

Employee Handbook

Internal Audit 2020/1

Cllr Harris requested email evidence from the Councillors on the following questions:

1. When and how was it decided that MCPC needed a full time maintenance manager and by whom
2. When, how and by whom was the salary for this role agreed.
3. When, how and who approached the individual concerned about the role?
4. When was the job description created?
5. When, how and by whom was the decision made to appoint the individual concerned
6. When was the salary added to the budget
7. When was the precept submitted to District council?
8. When was the additional cost for the new role requested from District Council?
9. When did you become aware that the precept for Middleton Cheney was 22.1%

Cllr Harris requested email evidence from the Clerk on the following questions:

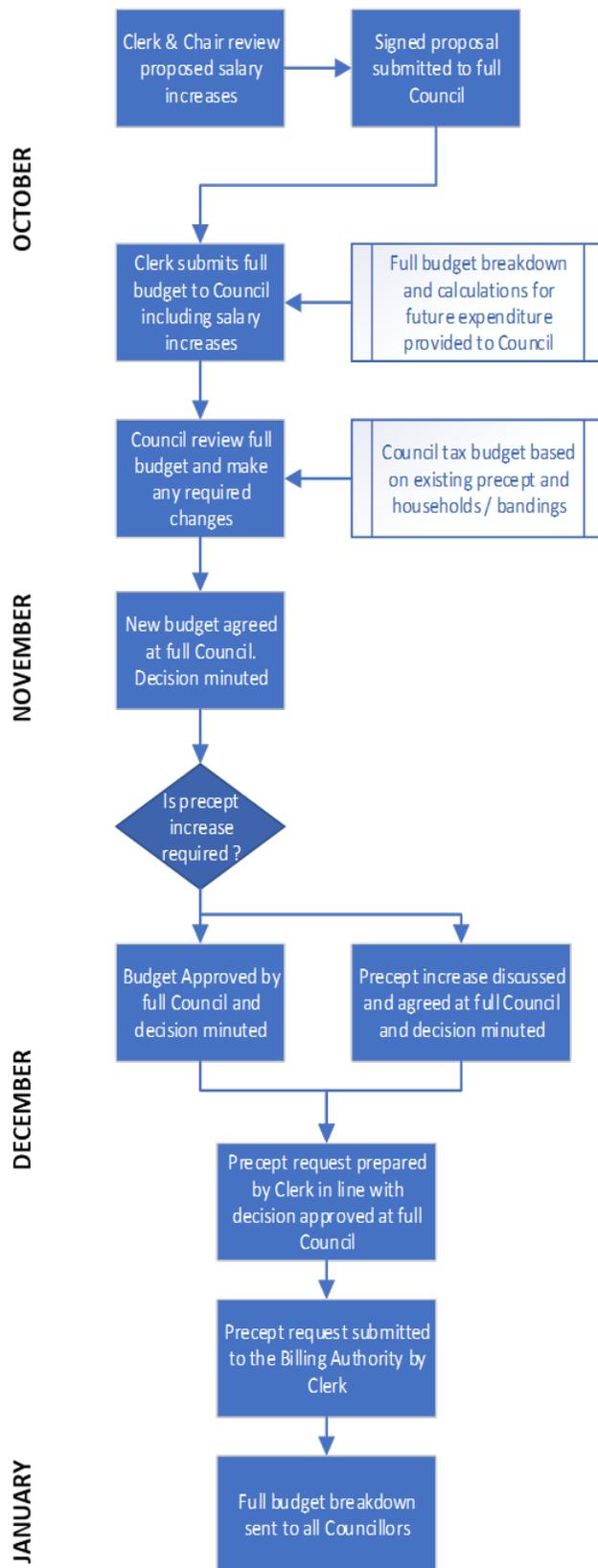
1. When and how was it decided that MCPC needed a full time maintenance manager and by whom
2. When, how and by whom was the salary for this role agreed.
3. When, how and who approached the individual concerned about the role?
4. When was the job description created?
5. When, how and by whom was the decision made to appoint the individual concerned
6. When was the salary added to the budget
7. When was the precept submitted to District council?
8. When was the additional cost for the new role requested from District Council?
9. When did you become aware that the precept for Middleton Cheney was 22.1%

The Review Team requested email evidence from the Maintenance and Project Manager on the following questions:

1. When were you first approached about the Maintenance role and by who?
2. Were you asked to apply for the role, i.e. Provide a CV/Resume?
3. Were you interviewed for the role and if so by who?
4. Were you asked for your salary expectations, if so by who and when?
5. When were you offered the role, by who and how was that offer made?
6. When did you take up the role?

The evidence collected was then mapped against the correct process as outlined by Mr Hodson, to highlight failures in the process for the precept demand for 21/22

PRECEPT SETTING PROCESS



Salary increases should follow ALCC negotiations. Those negotiations are still ongoing. A 3% increase for all staff was implemented on 1st February 2021, minuted as having been agreed when the precept was agreed (December 7th) – not explicitly minuted, rather 3% across all cost centres

Draft Budget for 21/22 was sent to all Councillors showing an increase of 3% across all cost centres, in the first week of December 2020

No evidence provided to show that the budget was reviewed or altered. No minutes relating to the budget review

No evidence provided that the budget was approved at full Council. No minutes relating to budget approval

It was identified by the Clerk, within the budget preparation, that a 3% precept increase was required.

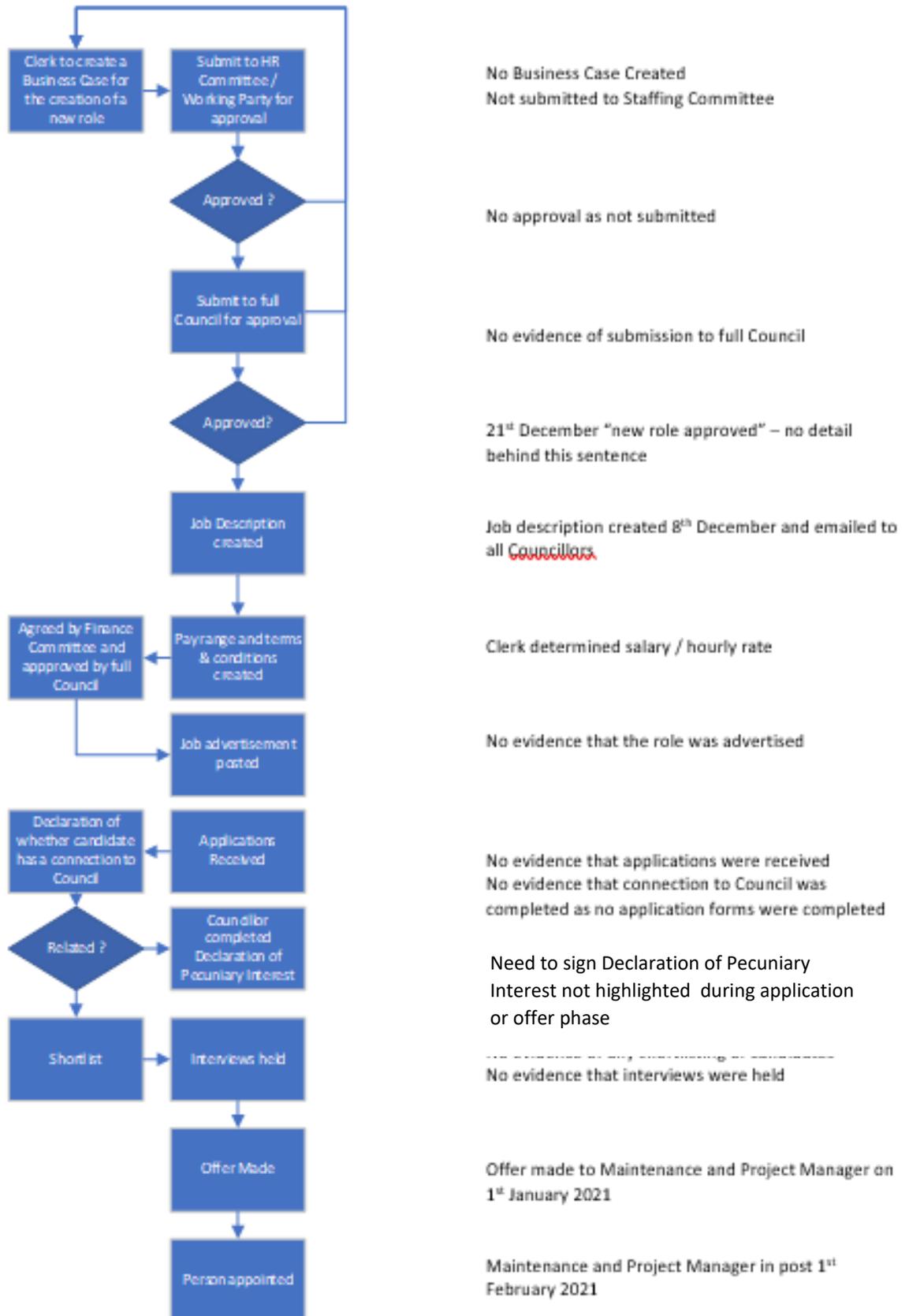
The 3% increase (not the budget £ increase) was agreed by Council on 7th December 2020 and minuted at 3%

Precept increase request was prepared by the Clerk but no evidence that the actual request was discussed at Council.

Precept request submitted to Billing Authority at 22.1% on 24th December 2020. The evidence showing the actual precept request has not been provided

The revised budget (including the 22.1%) was shared with Councillors in April 2021 upon request after receipt of Council Tax Bills.

RECRUITMENT PROCESS



Conclusions

For the avoidance of doubt the term “not lawful” in this report indicates that the law was not complied with rather than the law was broken.

In the considered opinion of the full Review Team the Council failed in its duties in the following ways:

Precept Setting

1. The staff salary increases of 3% did not follow NCALC or ALCC guidelines and should have been negotiated nationally
2. The budget process was not adhered to or correctly approved and was therefore technically not lawful.
3. The budget increase was agreed by Council as a percentage increase not a monetary value and is therefore technically not lawful
4. The precept demand submitted was not the demand approved by Council and was therefore not lawful

Recruitment

1. No business case or budgetary analysis for the creation of the Maintenance and Project Manager role was carried out
2. The recruitment process followed in the appointment of the individual to the role breached Middleton Cheney Parish Council Equal Opportunities policies.
3. The Declaration of Pecuniary Interest was completed at an incorrect point in the process due to the failures in the following of the Equal Opportunities policy.

Middleton Cheney Parish Council consulted Northants CALC (the advisory body for parish councils in Northamptonshire) regarding the findings and the advice is that the Council takes the 2021/22 unapproved element into account in the 2022/23 budgeting process. The difference between a 3% increase and a 22% increase in precept in Middleton Cheney was £16.86 per Band D property per year

Whilst we recognize there are procedural irregularities in the setting of the precept the Parish Council are bound to operate within and report against the budget allocated in the precept demand for 21/22

Recommendations

The Financial Regulations pertaining to the setting of the budget and the resultant precept demand are robust and in our opinion do not require updating.

The Equal Opportunities policy pertaining to open and transparent recruitment processes is robust and in our opinion do not require updating.

The Governance around adherence to the above policies has been demonstrated to be poor and requires improvement.

The review team recommends, in light of the Council's failings, the following recommendations:

Precept Setting

1. The Responsible Financial Officer is to undertake additional training to insure they are able to carry out the responsibilities of the Responsible Financial Officer role in a legal and correct manner
2. New Councillor Training and Refresher Training
 - a. There has been very little training of Councillors since 2017 and Councillors are therefore not sufficiently educated to challenge the processes followed or question whether the Council is adhering to the correct processes
 - b. For those Councillors who have previously had training, refresher training is recommended to ensure they are up to date with current guidelines
3. The process flows contained herein to be published on the Parish Council Website
4. Each October, prior to the budget setting and precept demand, the Finance Working party to review the process flow contained herein (published on the website) to ensure it adheres to current guidelines
5. Each October, prior to the budget setting, a member of the Finance Working Party to have a standing agenda item to take full Council through the process flow so all members and officers are reminded the process for setting the budget and requesting the precept.
6. The Chair and the Clerk will at each Council meeting from October to the final issue of the precept confirmation from the Billing Authority, review completion to date in line with the process. There will be a standing agenda item at each meeting to update Council on the progress of the budget setting and precept demand
7. The Clerk will submit the precept increase to the Council as a value. It may be shown as a percentage for Band D demonstration processes, but the discussion and minutes will document the £ value.
8. The Final Budget including the precept increase will be issued to full Council prior to the precept demand being set to the Billing Authority.
9. The precept demand sent to the Billing Authority will be cc'd to the Chair and the Vice Chair and will reference the date of the Council meeting and the agenda reference number where the precept increase was approved.
10. The Policies and Procedures working group to create a precept setting process if it is felt the flow above is not sufficient

Recruitment

1. The HR Committee, and no employee of the Council, will be responsible for proposing and agreeing salary increases for employees
2. The HR Committee will have full responsibility for the creation of business cases to justify the creation of new roles. This responsibility cannot be delegated to any employee / officer of the Council although their input can be sought in the creation of the business case.
3. The HR Committee has sole authorisation to submit the business case for approval at full Council. The agenda item will include the Job Description, Person Specification, proposed salary, hours and Terms and Condition of Employment as agreed by the HR Committee
4. The HR Committee will have full responsibility for all matters of recruitment. This responsibility cannot be delegated to any employee / officer of the Council although their input can be taken into consideration
4. The HR Committee will have full responsibility for any changes to day to day responsibilities of staff. This responsibility cannot be delegated to any employee / officer of the Council although their input can be taken into consideration.
5. All vacancies will be advertised on the Middleton Cheney Parish Council website, the Parish Council Noticeboards and on the Middleton Cheney Parish Council Facebook page at a minimum
6. Applications will be processed by the HR Committee only. This responsibility cannot be delegated to any employee / officer of the Council
7. Interviews will be conducted by the HR Committee only. This responsibility cannot be delegated to any employee / officer of the Council
8. Prior to an offer of employment the Chair of the HR Committee will submit the identity of the successful candidate to full Council for approval.
9. The HR Committee will create a Recruitment Process for Middleton Cheney Parish Council containing the recommendations herein.

Referral to the HR Committee

1. This report will be submitted to the HR Committee

Submission of report to the external auditors

1. This recommendations contained within this report will be submitted to the external auditors PKF Littlejohn who are currently undertaking the annual external audit of MCPC, as the issue surrounding the lawfulness of the precept demand has already been identified in the Internal Audit.