

TOWN CLERK'S REPORT TO A MEETING OF FAVERSHAM TOWN COUNCIL held on 10th June 2019

To report on correspondence received or forwarded.

1. NATIONAL FLOOD AND COASTAL EROSION RISK MANAGEMENT STRATEGY

The Environment Agency launched a consultation on its draft National Flood and Coastal Erosion Risk Management Strategy for England (see <https://consult.environment-agency.gov.uk/fcrm/national-strategy-public/>).

The consultation document explains that:

The draft strategy vision is: for a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100.

The draft strategy has been split into 3 high level ambitions:

- climate resilient places,*
- today's growth and infrastructure – resilient to tomorrow's climate;*
- and*
- a nation of climate champions, able to adapt to flooding and coastal change through innovation.*

The delivery of these ambitions is achieved through a series of strategic, longer term objectives and shorter term measures. Alongside the final strategy the Environment Agency will publish an action plan detailing how it will work with partners to deliver the ambitions, strategic objectives and measures included in the strategy.

Should Members wish to comment the deadline for responding to the consultation directly to the Environment Agency is 4 July 2019

2. FAVERSHAM ASSISTANCE (FACE)

An invitation has been received for the Town Council to put forward one or two representatives for FACE.

3. FAVERSHAM SCOUTS

A request has been received for a new representative from the Town Council.

Motion proposed by Cllr Chris Williams

For decision - Faversham Town Council to declare an Environmental, Climate Change and Biodiversity Emergency including policy and an action plan and sign up to Covenant of Mayors.

Summary:

It is now clear that the world has less than 12 years to switch away from fossil fuels to avoid the worst impacts of climate change. Reducing energy use and switching to clean energy will also increase energy security, improve air quality, minimise fuel poverty, safeguard natural flora and fauna, boost the local economy and provide jobs and training. This is all achievable.

It is proposed that Faversham Town Council declares an Environmental, Climate Change and Biodiversity Emergency and commits to the council being carbon neutral by 2030. This will help to raise the profile of this vital issue and secure external support and funding. It is also proposed that Faversham Town Council also signs up to the Covenant of Mayors to track our progress and link with towns around the world who are cutting emissions.

The policy and action plan for this declaration would be implemented by the Climate and Biodiversity Emergency Task and Finish group.

Taking action in Faversham:

I therefore propose that Faversham Town Council:-

- 1) Supports the Declaration of an Environmental, Climate change and Biodiversity Emergency
- 2) Pledges to make the Council carbon neutral by 2030
- 3) Seeks locations and implements native species tree planting on both Council and private land within Faversham.
- 4) Encouraging hedge planting for increased biodiversity
- 5) Require all developments to achieve:
 - An improvement of biodiversity on each development sites.
 - Significant improvements on building with better insulation and renewable energy sources
- 6) Work with Faversham residents to increase biodiversity in their own gardens and surrounding spaces.
- 7) Signs up to the Covenant of Mayors
- 8) Requests that the Climate and Biodiversity Emergency Task and Finish group commit to creating policy and an action plan.
- 9) Actively work with current groups, organisations and individuals already working in Faversham to assist and create a method of networking/support.
- 10) Continue the commitment to the council to be single use plastic free
- 11) Work with renewable energy companies and sustainability groups to maximise uptake in the town.
- 12) Promoting and provide charge points for electric vehicles

- 13) Working with schools, businesses and other organisations to reduce their energy costs and carbon emissions.

The Covenant of Mayors To further support the work of the Council, it is proposed that we join the “Covenant of Mayors”. This is a free network of towns and cities around the globe who have committed to reducing carbon emissions by 40% by 2030. The network enables members to share best practice, ideas and funding. It also entails submitting a Sustainable Energy and Climate Action Plan (SECAP) every two years which enables towns to track progress towards meeting the zero carbon targets.

Overall science/context:

The International Panel on Climate Change(i) published a new report in October which concludes that we have less than 12 years to act to avoid the worst impacts of climate change. The report describes the enormous harm that a 2°C rise in global temperatures is likely to cause compared to a 1.5°C rise. It told us that limiting global warming to 1.5°C may still be possible with ambitious action from national and sub-national authorities, civil society, the private sector, indigenous peoples and local communities.

As well as increasing temperatures and more extreme weather, human activities are also having a massive impact on nature. The worldwide population of mammals, birds, fish and aquatic creatures, amphibians, insects and reptiles have plunged by almost 60 percent, since 1970. Current rates of species extinction are 100- to 1,000-times higher than the ‘standard rate’ of extinction(ii). There are also huge health impacts associated with fossil fuels, for example, air pollution causes 40,000 excess deaths every year in the UK and reduces average life span globally by 2 years(iii).

To reduce the chance of runaway global warming and limit the effects of climate breakdown, it is imperative that, as a species, we reduce our CO₂eq (carbon equivalent) emissions from their current 6.5 tonnes per person per year to less than 2 tonnes as soon as possible.(iv) Individuals cannot be expected to make this reduction on their own. Society needs to change its laws, taxation, infrastructure etc., to make low carbon living easier and the new norm. The good news is there are many social, environmental and economic benefits in doing so.

Unfortunately given the new data from the IPCC, our current plans and actions are now not enough. The world is on track to overshoot the Paris Agreement’s 1.5°C limit before 2050(v,vi). Councils around the world are responding by declaring a ‘climate emergency’ and committing resources to address this crucial issue.(vii) Declaring an emergency will help to raise the profile of the issue and leverage in the extra support we need to achieve the necessary carbon reductions.

- (i) www.ipcc.ch The Intergovernmental Panel on Climate Change (IPCC) is the leading international body for the assessment of climate change. Set up by the UN and World Meteorological Society with 195 countries as members.
- (ii) <https://www.theguardian.com/environment/2018/oct/30/humanity-wiped-out-animals-since-1970-majorreport-finds>
- (iii) <https://www.theguardian.com/environment/2018/nov/20/air-pollution-cuts-global-average-lifespan-bynearly-two-years-study>
- (iv) Fossil CO₂ & GHG emissions of all world countries, 2017:
<http://edgar.jrc.ec.europa.eu/overview.php?v=CO2andGHG1970-2016&dst=GHGpc>
- (v) World Resources Institute: <https://www.wri.org/blog/2018/10/8-things-you-need-know-about-ipcc-15-creport>
- (vi) The IPCC's Special Report on Global Warming of 1.5°C:
<https://www.ipcc.ch/report/sr15/>
- (vii) Including Bristol City Council and Berkeley:
<https://www.theclimatemobilization.org/blog/2018/6/13/berkeley-unanimously-declares-climate-emergency,> and the C40 cities:
<https://www.c40.org/other/deadline-2020>

Annual Governance and Accountability Return 2018/19 Part 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practices.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **annual internal audit report** is completed by the authority's internal auditor.
 - **Sections 1 and 2** are to be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published **before 1 July 2019**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both):
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2019
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2018/19

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the review and is able to give an opinion on the limited assurance review, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on a publicly accessible website:

Before 1 July 2019 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2018/19**, approved and signed, page 4
- **Section 2 - Accounting Statements 2018/19**, approved and signed, page 5

Not later than 30 September 2019 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 & 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Where amendments are made by the authority to the AGAR after it has been approved by the authority and before it has been reviewed by the external auditor, the Chairman and RFO should initial the amendments and if necessary republish the amended AGAR and recommence the period for the exercise of public rights. If the Annual Governance and Accountability Return contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the annual internal audit report if possible prior to approving the annual governance statement and before approving the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before returning it to the external auditor by email or post (not both).
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2018) equals the balance brought forward in the current year (Box 1 of 2019).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the period for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the approved accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2019**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', is an explanation provided?		
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Has an explanation of significant variations from last year to this year been provided?		
	Has the bank reconciliation as at 31 March 2019 been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.		

***Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices,** can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2018/19

FAVERSHAM TOWN COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2019.

The internal audit for 2018/19 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. (<i>"Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i>)			✓
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable ✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

22/11/2018

24/05/2019

DD/MM/YY

Name of person who carried out the internal audit

DAVID J BUCKETT INTERNAL AUDITOR

Signature of person who carried out the internal audit

D. J. Buckett

Date

24/05/2019

*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

FAVERSHAM TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2019, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.			<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.			<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.			<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.			<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.			<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.			<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.			<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.			<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A <i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets should be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

Other information required by the Transparency Codes (not part of Annual Governance Statement)
Authority web address

AUTHORITY WEBSITE ADDRESS

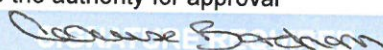
Section 2 – Accounting Statements 2018/19 for

FAVERSHAM TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	769,072	682,689	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	328,638	364,160	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	32,262	27,680	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	110,393	145,887	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	39,426	43,493	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	297,464	594,954	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	682,689	290,195	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	661,444	277,723	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	2,965,520	2,985,520	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	1,087,458	1,077,667	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.
		✓	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval



Date

24/05/2019

I confirm that these Accounting Statements were approved by this authority on this date:

DD/MM/YY

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED

Section 3 – External Auditor Report and Certificate 2018/19

In respect of

FAVERSHAM TOWN COUNCIL

1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2019; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

2 External auditor report 2018/19

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with *Proper Practices* and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2018/19

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2019.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)