

YATTON PARISH COUNCIL

Finance, Personnel & Administration Committee, 11 October 2010

Agenda item 7: Payments by BACS and direct debit

Report of the Clerk

1. This report asks the Committee to authorise payments by BACS and direct debit in appropriate cases.
2. At present all payments by the Parish Council are made by cheque signed by two councillors (or, for small amounts, out of petty cash). Each cheque has to be handwritten. Each cheque has to be signed by two councillors. Bank statements do not identify the payee of a cheque and the only way of verifying the payee is to recover the paid cheque from the bank. In addition it is likely that the banks will abolish cheques within the next ten years.
3. This report is not about online payment. I expect that the new model financial regulations currently being prepared by the National Association of Local Councils will deal with online payment (especially their security implications) and I will bring a further report on this in due course.
4. This report is not about accounting for petty cash. Petty cash is used only for postage and for reimbursing occasional small items of expenditure.

BACS payments

5. BACS is a system whereby the bank is instructed to transfer money direct from the payer's bank account to the payee's bank account. All that is needed to set up a BACS arrangement is the sort code and account number of the payee's bank or building society account. BACS can be used only where the payee has a bank or building society account but this is nowadays also true of cheques in practice.
6. BACS is ideal for payments to the same payees which recur regularly. For the Parish Council I would recommend BACS for salaries, income tax and NIC payments to HMRC, payments to Avon Pension Fund and other monthly staff costs. Note that a payment to an employee by BACS rather than by cheque would require the employee's agreement.
7. The advantages of BACS are:
 - It is cheaper (15p per payment + 40p for each monthly payment run compared with 65p per cheque)
 - It requires a single monthly schedule rather than several individual cheques

- It is more secure since payments can only be made to payees' authorised bank accounts, and the names of payees are shown on statements
- The Parish Council has complete control over when money reaches payees' bank accounts and there is no uncertainty over clearance times for cheques
- It may be more convenient for employees since the money reaches their account without them having to take any action.

8. BACS payments are lawful for parish councils provided that:

- The original instruction setting up the BACS authority is signed by two councillors
- Each monthly payment schedule is signed by two councillors.

Direct debit

9. A direct debit is an authority to the bank which allows a third party to take money from the bank account without further action by the customer. Only organisations approved by banks are allowed to use direct debits.

10. NALC advises that direct debits are lawful for parish councils provided that:

- They are used only for service provision of a regular nature such as water, gas and electricity and not for irregular or one-off items
- They are 'variable' direct debits used only to pay actual bills sent to the Parish Council (in other words fixed monthly direct debits which members may use to pay their domestic utility bills are not lawful for parish councils)
- The direct debit authority is approved by the council or a committee and signed by two councillors
- All payments by direct debit are reported to the council.

11. The advantages of direct debits are:

- Once set up they are paperless
- They will always be paid on the due date and there is no delay while waiting for council authorisation or a councillor's signature
- They are more secure since only approved organisations can use them and the name of the organisation appears on statements
- They are protected by the Direct Debit Guarantee under which any payment made in error will be reimbursed by the bank
- They can be cancelled at any time by a letter to the bank.

12. The only word of warning on direct debits is that because they are automatic it is important that bills are checked for accuracy on receipt. Bills will usually be received ten working days before a direct debit is collected. When payment is made by cheque bills can be checked when the cheque is written. It is important that this check is maintained even though no cheque is written.

13. Some bills are currently based on estimated amounts and need to be corrected to actual amounts before payments. I should like to retain cheque payment for these bills until I am satisfied that we have a system whereby all bills are based on actual amounts.

14. The cost of a direct debit is 40p per debit compared with 65p per cheque.

15. I RECOMMEND that:

- The Committee agree that BACS should be used for salaries (subject to the agreement of the employee), income tax and NIC payments to HMRC, payments to Avon Pension Fund and other monthly staff costs.
- The Committee agree that direct debits should be used for water, electricity and gas bills (but with discretion for the Clerk to retain cheque payment where bills are currently based on estimated amounts).

[DRAFT] GRANT-AWARDING POLICY

**For submission to Finance, Personnel & Administration Committee,
11 October 2010**

1. Yatton Parish Council makes grants to organisations working for the benefit of the community in Yatton and Claverham.
2. Grants are made out of money provided by the council tax payers of Yatton and Claverham and accordingly the Parish Council has a responsibility to satisfy itself that grants will provide benefit to the local community.
3. Grants will not be made to individuals or commercial organisations.
4. Grants will normally be made at a meeting in June and a meeting in November. Applications for the June meeting must be received by 31 May and applications for the November meeting by 31 October. Organisations which wish an application to be considered any other time of year must explain the reason why the application cannot be considered at the June or November meeting.
5. Grant applications must be made on the official application form. Applicants must set out how the community in Yatton and Claverham will benefit from the work funded by any grant. This is particularly important where an application is made by an organisation working regionally or nationally.
6. Applicants must set out any other funding they have been awarded or have applied for. Where the Parish Council is being asked to be the sole funder the applicant must explain the reason for this. Applicants are encouraged to submit applications to neighbouring parish councils.
7. Applications must be accompanied by a copy of the organisation's most recent accounts, and of its latest bank statement.
8. An organisation which has not previously applied to the Parish Council must submit a copy of its constitution.
9. Grant recipients should submit a report after 31 March showing how the funding has been used. Grant recipients are encouraged to attend the Annual Parish Meeting (normally March or April) and mount a display or make a presentation.

[DRAFT] STATEMENT OF INTENT ON TRAINING

**For submission to Finance, Personnel & Administration Committee,
11 October 2010**

1. Yatton Parish Council is committed to appropriate and effective training for its members and its staff. The Parish Council believes that proper training for councillors and staff enables the Council to understand the needs of the community, deliver services and engage in partnerships more effectively.
2. 'Training' includes not only attendance at formal courses and conferences, but also informal networking, being mentored (and mentoring), reading and private study. Councillors and staff should be aware of current issues facing the local government sector and the local community.
3. The clerk is the principal adviser to the Council. A clerk who does not have the Certificate in Local Council Administration (CiLCA), the recognised qualification for local council clerks, should seek to obtain it, as required by their job description. This qualification is required for the Parish Council to be accredited as a Quality council, and for eligibility to use the power of well-being. The clerk should seek to obtain CiLCA within two years of appointment. In preparation for CiLCA the clerk is encouraged to work through the Working With Your Council (WWYC) distance learning package and attend CiLCA courses organised by Somerset & Avon County Training Partnership. The Parish Council will fund registration and training for WWYC and CiLCA.
4. A clerk who has CiLCA should undertake Continuous Professional Development (CPD) in line with the National Training Strategy for Town & Parish Councils. Appropriate CPD can be identified during discussion of the clerk's annual appraisal.
5. The clerk is encouraged to join the Society of Local Council Clerks (SLCC) and to attend branch meetings and conferences. Attendance at such meetings forms part of CPD. There is also the opportunity for informal networking through the SLCC national e-forum. The Parish Council will pay the clerk's subscription to the SLCC and will consider contributing to the cost of attending conferences. The Parish Council will allow time off with pay for branch meetings, SLCC conferences and other training events.
6. Other staff should undertake training appropriate to their current and potential future responsibilities. Appropriate training can be identified during discussion of their annual appraisal. Training aimed at local council clerks may be appropriate for other staff. The Parish Council will fund appropriate training for staff and will allow time off with pay.

7. Councillors are encouraged to undertake training. Trained councillors are better able to understand their roles and responsibilities and to play an effective part in the work of the Parish Council. New councillors should undertake induction training but experienced councillors also need to ensure their knowledge and skills are up to date.

8. As a minimum councillors should be adequately trained in:

- roles and responsibilities of individual members, the council as a corporate body, the chairman and the clerk
- the law applicable to local councils
- procedures of local councils
- financial rules and procedures
- the planning system and local councils' role in the planning system
- community engagement

9. All councillors should receive training in the power of well-being, so that the Parish Council can be eligible to use the power.

10. Formal training for councillors is provided by Somerset & Avon County Training Partnership and other providers. The clerk is expected to keep councillors briefed on current issues and may deliver training sessions to councillors.

11. All councillors have a copy of the Good Councillor's Guide, published as part of the National Training Strategy. Councillors also have access to the Avon Local Councils Association website which contains briefing material from the National Association of Local Councils.

12. The chairman, and councillors who might in the future be chairman or who chair committees, are encouraged to undertake training in chairmanship. Such training is provided by Somerset and Avon County Training Partnership.

13. Councillors or staff who undertake training are encouraged to give feedback on it to the Council. The clerk will keep a record of all formal training undertaken by councillors or staff. The clerk will report annually on training undertaken during the year.

14. As part of the annual budget process the Parish Council will ensure that adequate funds are made available for training councillors and staff.