

Summary – Appendix 1

REPORT TO PENZANCE TOWN COUNCIL

IN RESPECT OF THE OVERSPEND OF THE PENZANCE 400 ORGANISING COMMITTEE (PZ400)

LGRC Associates Ltd.
Redwood House, Templars Way, Royal Wootton Bassett, SN4 7SR
Phone: 07783 888943 E-Mail: info@lgrc.uk Web: www.lgrc.uk

**John Furze, Fellow ILCM
LGRC Associate – Governance
Local Government Resource Centre**

4th July 2015

CONTENTS AND INDEX

Section Heading	Page
Terms of Reference	3
Methodology	4
Preliminary Matters	10
Penzance Town Council	14
Summary of Events Leading To the Overspend	16
Impact upon Penzance Town Council	19
Actions That Could and Should Have Been Taken To Prevent the Overspend	20
Actions of Individuals	23
Conclusions	33
Recommendations	34

TERMS OF REFERENCE

General Terms

LGRC has been appointed to conduct an investigation into the events and circumstances leading to the Penzance 400 Organising Committee (PZ400) overspending their agreed budget. This being a Working Party (WP) established by Penzance Town Council to organise events concerned with the 400th anniversary of the Penzance Charter.

To understand the chronology of events associated with the issues.

To examine the processes employed by Penzance Town Council used for their finances.

Examine the actions of individuals within the Town Council who were involved with the organisation and running of the Penzance 400 Organising Committee and draw conclusions as to whether their actions were:

- Appropriate
- Reasonable
- Proportionate

and having regard to the Council's Standing Orders and Financial Regulations together with any delegations, other processes and procedures which may apply.

To draw conclusions based on my findings and make recommendations to Penzance Town Council for subsequent improvements which the Council could make to prevent occurrences, such as this, happening in the future.

The Local Government Resource Centre is a specialist consultancy, outsourcing and training organisation serving the Town, Parish and Community Council sector in England and Wales. Its national network of practitioner associates and experts in different subject areas provide value added services to councils in all strategic and operational management areas.

I am John Furze, a Fellow of the Institute of Local Council Management (FILCM), and investigator and an Associate of LGRC, and was appointed by them to undertake this task.

I made it clear to all those interviewed that they did not have to answer any of my questions unless they wished to do so. I further explained to each person interviewed that any answers they gave would be taken down in writing and might be used in my subsequent report to the Council. Some, but not all those interviewed chose to be accompanied by a friend or relative. Cllr P C H Rendle also indicated he would record the interview on his mobile phone.

Throughout my investigation I have taken account of and due cognisance of the exhibits listed in pages 4 – 8; and will not reiterate them throughout the report other than briefly.

METHODOLOGY

Documentation

I have examined in detail the following documents:

Exhibit No.	Description
PZ/1	6th December 2012 --- Extract Finance & Property Committee meeting – setting budget
PZ/2	5th February 2013 – Copy document ‘Penzance Town Council Precept Meeting Summary Briefing Note and Budgets FY13/14’. Confirms Budget set at £4,000 for FY13/14 and £4,000 for FY14/15. Copy Report to Town Council – 3 rd June 2013 recommendation to form a Working Party (WP). Report specifically mentions total budget of £8,000.
PZ/3	3rd June 2013 – Town Council meeting – shows resolution to form WP with delegated authority to incur expenditure from FY13/14 (£4k) and FY14/15 (£4k) budgets, together with Report to Council.
PZ/4	15th July 2013 --- Extract Minute from Town Council meeting showing initial meeting of Penzance 400 Organising Committee would be held on 25 th July 2013.
PZ/5	25th July 2013 --- Notes of initial meeting of Penzance 400 Organising Committee – no mention of budget.
PZ/6	12th September 2013 – Notes of meeting of Penzance 400 Organising Committee mentions budget of £8k and ‘offer’ of £12k from Raymond Amusements.
PZ/7	23rd September 2013 --- Extract from Minutes of Town Council meeting showing Notes of the two meetings of the Organising Committee were ‘circulated to all members’. No questions rose.
PZ/8	23rd September 2013 --- Copy Report – Council meeting contains details of offer from Raymond Amusements of £12k towards event in return for listing as main sponsor.
PZ/9	23rd September 2013 Extract from Minutes of Town Council meeting showing resolution to accept £12k from Raymond Amusements.
PZ/10	9th October 2013 --- Notes of meeting of Penzance 400 Organising Committee confirming Budget was now £20,000 with Cllr Axford working on a Heritage Lottery Fund (HLF) Bid.

- PZ/11** **7th November 2013** --- Notes of meeting of Penzance 400 Organising Committee showing HLF Bid progressing. Future Director of Pirate Weekend present.
- PZ/12** **18th November 2013** --- Copy letter from Town Clerk to Director of the Pirate weekend appointing him to organise 'Pirate Weekend' for a fee of £5,000.
- PZ/13** **16th January 2014** --- Extract Minutes of Finance & Property Committee meeting recommending proposed budget (for Town Council) be taken forward to next meeting of Town Council on 27th January 2014.
- PZ/14** **20th January 2014** --- Notes of meeting of Penzance 400 Organising Committee. Item 6, HLF bid hoping to go off end of week – considered urgent. Item 4 mentions 'Sponsorship and Partners' but no figures given.
- PZ/15** **27th January 2014** --- Extract from minutes of Town Council meeting. Notes of the Organising Committee circulated to members with 'No Questions Raised'.
- PZ/16** **27th January 2014** – Document, 'Budget Note for Town Clerk following Informal Meeting'. Page 4 mentions Income code 2570/2 to include sponsorship of Penzance 400 from Raymond Amusements. Financial Comparison attachment under Finance & Property Committee shows Income/Expenditure under code 6810.
- PZ/17** **29th January 2014** – Final version Heritage Lottery Fund bid form shows amount requested £31,750. Document shows Town Council Grant of £16,000 --- double the amount set by Town Council. Sponsorship is shown separately.
- PZ/18** **17th February 2014** – Document shows Town Council became aware of a clash of bids to HLF from Penzance 400 and Penlee House.
- PZ/19** **27th February 2014** --- Notes of meeting of Penzance 400 show members made aware of conflicting bids and HLF bid for Penzance 400 would not be submitted.
- PZ/20** **27th February 2014** --- Extract from meeting of Finance & Property Committee where it was resolved to vire £2,850 from Grant Budget to Penzance 400 budget.
- PZ/21** **10th March 2014** --- Minutes of Town Council meeting mentions members being asked to note dates of the events in Penzance 400. Budget for event not declared.
- PZ/22** **30th June 2014** – Extract from Minutes shows Annual Return and Statement of Accounts for FY13/14 signed by Mayor and Town Clerk.

- PZ/23** **30th June 2014** – Copy of Annual Return and Statement of Accounts for FY13/14. No supporting documents were made available, in particular an explanation, (see Page 6 – point 6) as a number of entries in Page 2, in particular point 6 ‘*All other payments*’ were considerably higher than the previous year.
- PZ/23a** **15th July 2013** – Copy of Annual Return and Statement of Accounts for FY12/13. Again, no supporting documents.
- PZ/24** **11th September 2014** --- Extract from Minutes of Finance & Property Committee meeting Item 21 says ‘Payments and Financial Comparison notes 31st July’ were considered and noted. The notes show a deficit of £55,846.81.
- PZ/25** **23rd October 2014** --- Extract from Minutes of Finance & Property Committee, Item 29: ‘Payments and Financial Comparison to 30th September 2014’ were considered and noted. Deficit now £56,935.96.
- PZ/26** **4th December 2014** --- Extract from Minutes of Finance & Property Committee meeting, Item 37 Budget Review 2014/15 were reviewed by members. Shows deficit of £56,935.96 for Penzance 400.
- PZ/27** **15th January 2015** --- Copy Minutes of meeting of Finance & Property Committee contains no mention of Penzance 400 or deficit. (Mayor – Cllr Nebesnuick not present)
- PZ/28** **26th January 2015** --- Extract from Minutes of Town Council resolves to increase Precept by 35.53% to £758,770 without any reference to the Penzance 400 deficit.
- PZ/29** **26th February 2015** --- Copy of Minutes of Finance & Property Committee meeting.
- PZ/29a** **26th February 2015** --- Extract from minutes of Finance & Property Committee, Item 55c ‘Financial Comparison and Payments 1st October --- 31st December 2014’ was ‘presented and noted’. The deficit figure in this document for Penzance 400 remains the same as at meetings of 23rd October and 4th December 2014.
- PZ/30** Copy of Town Clerk/Responsible Finance Officer’s Job Description
- PZ/31** Copy of Assistant Responsible Finance Officer’s Job Description
- PZ/32** Copy of Principal Administrator’s Job Description
- PZ/33** Council Standing Orders

PZ/33a	Appendix A of Council Standing Orders refers to Constitution and Functions of Standing Committees – Finance/Property Committee
PZ/33b	Members of Finance/Property Committee for FY13/14, FY14/15 and FY15/16
PZ/34	Council Financial Regulations (FINREGS)
PZ/35	Penzance 400 Organisational Structure
PZ/35a	Members of Penzance 400 Organising Committee
PZ/36	Penzance 400 – Biographies of Organising Committee Members (from HLF bid)
PZ/37	Notes for Internal Audit 2013/14
PZ/38	Office Holders and Officers of Penzance Town Council for FY13/14, FY14/15 & FY15/16
PZ/39	Members of three Committees FY13/14 – Finance & Property, Penlee House & Penzance 400 Organising Committee showing double and triple hatted members.
PZ/39a	Members of three Committees FY14/15 – Finance & Property, Penlee House & Penzance 400 Organising Committee showing double and triple hatted members.
PZ/40	Document marked 'Penzance Town Council – Introduction', cites the Finance /Property Committee and an extract says, "To Control the finances of the Council"
PZ/42	Accounts and Audit (England) Regulations 2011 (SI2011 No.817)
PZ/43	Contract for 'PYRATES' to the value of £1,000 + B&B + food' signed by Director, Pirate Event 'for Penzance Town Council'
PZ/44	List of cheques for Penzance 400 Celebrations showing expenditure items in excess of £5,000
PZ/45	Invoice from Blue Sky Events for £10,572.58. Appears drawn against cheque #715566 – not signed or certified for payment.

- PZ/46** Copy of ACAS Code of Practice on Disciplinary and Grievance Procedures dated March 2015
- PZ/47** Notes from Assistant RFO --- Major Items of Expenditure FY13/14.
- PZ/48** **30th June 2015** --- Note received from Director, Pirate Event obtained from Penzance Future Business website commenting on the value of Penzance 400 celebrations.
- PZ/49** Copy of Letter dated 26th February 2009 of appointment of the Town Clerk.
- PZ/50** Copy of Contract of Employment for Town Clerk.
- PZ/51** Copy of Person Specification for Town Clerk in 2009.
- PZ/52** Copy of Council's Bank Mandate from Barclays Bank plc for the period 2011/15 and from 13th May 2015
- PZ/53** Summary of Income and Expenditure for Penzance Town Council for year ending 31st March 2014 (prepared by Asst RFO, for the Annual Return FY13/14).
- PZ/54** **29th June 2015** – Letter from GP informing Council that an employee is currently unfit for work.

Interviews

After reading the original brief and receiving most of the above requested documents I carried out initial research and decided to interview significant people involved in this matter, with their agreement. I interviewed the following:

Cllr P C H Rendle – Mayor & Chairman of Penzance Town Council FY12/13 and FY13/14 and Chair of Penzance 400 Organising Committee from its inception.

Cllr D J Nebesnuick, Deputy Mayor & Vice-Chairman of Penzance Town Council FY13/14, Mayor & Chairman of the Council FY14/15 and FY15/16 and member of Penzance 400 Organising Committee.

Cllr R Mann, Chairman of Finance & Property Committee FY13/14 and an appointed cheque signatory from 2011 to date.

Cllr R B Cliffe, Vice-Chairman of Finance & Property Committee FY13/14, Chairman of Finance & Property Committee FY14/15 & FY15/16 and an appointed cheque signatory from 13th May 2015.

Cllr J H Dixon, Member of Finance & Property Committee FY13/14 and an appointed cheque signatory from 2011 to date.

Cllr N G Pengelly, Vice-Chairman of Finance & Property Committee FY14/15 and FY15/16.

Cllr D J Axford, Member of Penlee House Committee and member Penzance 400 Organising Committee charged with completing an application on behalf of Penzance 400 Organising Committee to the Heritage Lottery Fund (HLF).

The Town Clerk and Responsible Finance Officer (RFO) from 1st April 2009 to date.

The Assistant Responsible Finance Officer for the last 20 years.

The Internal Auditor appointed by Council for the last '12 -13years'.

The Director Penlee House Art Gallery & Museum – an employee of the Council.

Director of Pirate Weekend and Member of Penzance 400 Organising Committee

I asked to interview The Principal Administrator who is certified sick. She declined the invitation to be interviewed. Her account of the events is important in that she accompanied The Town Clerk to every meeting and was party to the numerous meetings The Director of the Pirate Weekend had with 'the office'. Her part in this matter is therefore not available.

PRELIMINARY MATTERS

Timeline

6th December 2012 – Meeting of Finance & Property Committee in setting the Town Council Budget for 2013/14 *suggested* a provision of £5,000 with a further £5,000 for the year 2014/15 for the Penzance 400 celebrations. The actual figures set aside for this event were £4,000 in FY13/14 and £4,000 in FY14/15 -- £8,000 in total.

1st February 2013 – In a document entitled ‘Penzance Town Council Precept Meeting 5 February 2013 – Summary Briefing Note and Budget Notes 2013-14’ (presumably written by the Town Clerk) – page 4 confirms a budget for Penzance 400 of £4,000 for FY 13/14 and ‘a further £4000 to be added in 2014/15’. The Financial Comparison attachment for the Finance & Property Committee shows a discrepancy in the cost codes – no. 6830 in the report and 6840 in the Comparison document, but with an Estimate in 2013/14 of £4,000.

3rd June 2013 – In a ‘Report To Town Council – 3 June 2013’, presumably written by the Town Clerk, there was a recommendation that a Working Party (WP) be formed ‘*to oversee the co-ordination of events*’ for Penzance 400. The report specifically mentions £8,000 as a total budget and the Heritage Lottery Fund (HLF) as a ‘*potential additional source of funding*’.

3rd June 2013. The Town Council at its meeting resolved that a WP be formed*with delegated authority to incur expenditure from the 2013/14 and 2014/15 budgetsand make decisions on behalf of the Council in terms of event management.*’

15th July 2013 – Town Council Minutes record that the initial meeting of the Penzance 400 Organising Committee would take place on 25th July 2013.

25th July 2013 – Notes of initial meeting of Penzance 400 Organising Committee. No mention of Budget

12th September 2013 – Notes of Meeting of Penzance 400 Organising Committee. Item 1 mentions budget of £8,000 and offer of sponsorship of £12,000 from Raymond Amusements

23rd September 2013 – The Minutes of the Town Council meeting show that the Notes of two meetings of the Penzance 400 Organising Committee were ‘circulated to all Councillors’. No questions raised.

23 September 2013 -- In a report to Council, presumably written by the Town Clerk, sponsorship for Penzance 400 was raised. PJ&A Raymond Amusements offered £12,000 to the Town Council in return for being listed as ‘main sponsor’. The Town Council Resolved to accept this sum raising the total budget to £20,000.

9th October 2013 – Meeting of Penzance 400 WP. Budget confirmed as £20,000. Reported that Cllr Dennis Axford was working on a **Heritage Lottery Fund (HLF) bid**.

7th November 2013 – Meeting of Penzance 400 Organising Committee. **Heritage Lottery Fund (HLF) bid** application progressing. No report of appointing Director of Pirate Weekend to run Pirate Event.

18th November 2013 – Letter from Town Clerk Director of the Pirate Weekend appointing him to run the ‘Pirate Weekend’ element of the Penzance 400 Celebrations at a fee of £5,000. *Director had been present at previous meetings of Organising Committee.*

10th January 2014 – Meeting between Town Clerk, Cllr Dennis Axford and Director of the Pirate Weekend to finalise **HLF bid document**.

16th January 2014 – Meeting of Finance & Property Committee recommends the proposed budget (for the Town Council) be taken forward for consideration at the next Town Council meeting set for 27th January 2014.

20th January 2014 – Meeting of Penzance 400 Organising Committee. Item 6, **Heritage Lottery Fund (HLF)** hoping to send off bid document by end of week – considered urgent (*4 months away from event*). Item 4 Pirate Event – alludes to sponsorship and partners but no figures given.

27th January 2014 – Meeting of the Town Council. Notes of the Penzance 400 Organising Committee were circulated to all Councillors with No Questions Raised.

In a document ‘Budget Note for Town Clerk following Informal Meeting’ dated **27th January 2014** --- Page 4 mentions:

Income Code of 2570/2 to include sponsorship of Penzance 400 from Raymond Amusements (see entry 23rd September 2013).

The Financial Comparison attachment to this document under Finance & Property Committee shows:

Income Code 2570/2 Miscellaneous --- unclear how the figures were decided.

Expenditure Code 6810 shows the Revised Budget for FY13/14 as £16,000 (£12,000 from Raymond Amusements and £4,000 from the Town Council Budget).

29th January 2014 – Final version of **HLF bid document** sent to Dennis Axford ‘for review with accompanying cost estimates’ HLF grant requested £31,750,

NB. Bid Application Form (draft) shows Town Council Grant of £16,000 – double the amount agreed in the budget. Sponsorship is also shown on the form so it was not confused with the budget.

30th January 2014 – Copy of **HLF bid document** sent to Cllr R B Cliffe, Chair of Finance & Property Committee.

17th February 2014 – Council became aware of a clash with its **HLF bid** for Penzance 400 with a bid from Penlee House – also Council owned. *Penlee House was represented on Penzance 400 Organising Committee by a Penlee House staff member and surely other Cllrs on the Penlee House Committee were aware of the conflicting bids?*

27th February 2014 – Meeting of Penzance 400 Organising Committee were made aware that **HLF Bid document** would not be submitted as it clashed with a bid from Penlee House. Now too late to obtain alternative funding.

27th February 2014 – Meeting of Finance & Property Committee. Resolved to vire an amount of £2,850 of unspent monies from the Grant Budget to the Penzance 400 budget. This raised the budget, at that time, to £22,850.

10th March 2014 – Meeting of Town Council – members asked to note the dates of the various Penzance 400 events.

9th May 2014 – Day of Penzance 400

26th May 2014 – Day of Pirate Event

30th June 2014 – Special Town Council Meeting – the Annual Return and Statement of Accounts for FY13/14 had been circulated. Resolved they should be signed by the Town Mayor (Cllr Nebesnuick) and the Town Clerk.

11th September 2014 – Meeting of Finance & Property Committee Item 21 says Payments and Financial Comparison to 31st July 2014 ‘were considered and noted’.
The Financial Comparison notes refer to an Income under code 2640 – Penzance 400 Events of ‘Actual to 30-9-14’ of £7,775.94. Under Expenditure code 6810 – Penzance 400 Celebrations shows an ‘Actual to 31-7-14’ of £63,622.75 (*Deficit of £55,846.81*). *The minutes merely show this was ‘considered and noted’.*

N.B. My notes show that Cllr Dixon queried this overspend and was asked to go to the Town Clerk’s office the next day for an explanation which, apparently, he did.

23rd October 2014 – Meeting of Finance & Property Committee Item 29 says Payments and Financial Comparison to 30 September 2014 ‘were considered and noted’.
The Financial Comparison notes refer to:-
Income under code 2640 – Penzance 400 events of ‘Actual to 30-9-14’ of £7,775.94 (unchanged from last meeting of 11th September 2014) and under
Expenditure in code 6810 ‘Penzance 400 Celebrations an ‘Actual to 31-8-14’ of £64,711.90’ – an increase from the previous meeting. (*Deficit now of £56,935.96*) *Again, the minutes show this was only ‘considered and noted’.*

4th December 2014 – Meeting of Finance & Property Committee Item 37 says Budget Review 2014/15 members reviewed the budget papers
The entries, albeit to 31st October 2014, are the same as above in line item for 23rd October 2014 – *still a deficit of £56,935.96 and again no queries were raised or reported.*

13th January 2015 – Meeting (unminuted) in Town Clerk’s office between Town Clerk, Assistant RFO, the Mayor (Cllr D J Nebesnuick) and Chair of Finance (Cllr R B Cliffe) in which Assistant RFO first mentioned the overspend.

15th January 2015 – Meeting of Finance & Property Committee. No mention of Penzance 400 in the Minutes

26th January 2015 – Meeting of Town Council – Item 94(d). The minutes of the Finance & Property Committee meeting of 15th January were presented. Reports for Decision – Item 95(a) 2015/16 Budget and Precept Requirement. The Council voted through a Precept Increase of 35.53% to £758,770. The deficit in the Penzance 400 Celebrations appears to have been written off with no provision in the Budget for FY15/16.

26th February 2015 – Meeting of Finance & Property Committee

Item 54(d) calls for “Management Accounting Review of Council Finance Processes” after discussion and a proposal to delay the item to a future meeting for the Clerk/RFO and Asst RFO to be present. The motion was approved.

Item 55 (c) Financial Comparison and Payments 1st October – 31st December 2014 ‘was presented and duly noted’. The figures contained in the comparison for PZ400 are exactly as presented on previous two meetings – 23RD October and 4th December.

PENZANCE TOWN COUNCIL

Penzance Town Council is a body at the third level of government. In Cornwall this is as follows:

1st Level – Central Government

2nd level – Cornwall Council, a unitary authority

3rd level – Penzance Town Council together with other town and parish Councils throughout the county.

When appointed the Council was authorised to have twenty members – termed Councillors, in six wards

Councillors are elected by the registered electors for the ward area and normally serve for four years. With relevance to this report ordinary elections were held in May 2009 and May 2013; all Councillors interviewed by me were elected in 2013.

There are many pieces of legislation governing the running of Town & Parish Councils but the main statute is Local Government Act of 1972 (LGA1972). Level 2 Authorities have different legislation that varies considerably from Level 3 legislation. The period for this investigation required the finances of the Council to be conducted in the terms of Account and Audit Regulations 2011 (A&AREgs2011). These regulations have since been superseded by the A&AREgs 2015 Regulations.

LGA1972 – s245 allows a Chairman of a Town Council to be called Town Mayor.

LGA1972 – s112 requires Councils to appoint only such officers as it sees fit and one of those officers shall be The Proper Officer (The Clerk).

LGA1972- s151 requires Councils to appoint one of its officers as Responsible Finance Officer (RFO).

The Proper Officer and the RFO can be, but are not always, the same person.

LGA1972 – Schedule 12, para 42 allows Council to set Standing Orders to regulate its proceedings and the way in which it, and its Committees, conducts business.

LGA1972 – s101 allows Councils to set up Committees and a Council can only delegate its functions in the following four ways:

- to a Committee
- to a Sub-Committee
- to another Authority (such as Cornwall Council)
- to the Proper Officer (The Clerk)

The way in which a Council regulates its financial dealings are contained in Financial Regulations (FINREGS) of the Council. Every Level 3 Council is required by A&ARegs 2011 to examine its FINREGS at least once a year to ensure they are 'fit for purpose'.

Councils raise their finances in a variety of ways – not just through the Precept. Whatever monies a Council holds is Public Money and one of the primary duties of a Council and its Councillors is 'the safeguarding of the public purse'.

A&ARegs2011 require the Council to have its accounts audited internally and annually externally. Internal Auditors are appointed by the Council and External Auditors at this time, were appointed by Central Government (Department for Communities & Local Government).

If the External Auditors are content with the detail given on the Annual Return submitted by the Council they receive what is termed a 'Qualified Audit' – a clean bill of health.

Meetings of the Council and its Committees are normally open to the Press and the Public. The Minutes of the Meetings are records of what was decided - not a verbatim record of who said what. (Local Council Administration – Charles Arnold-Baker)

Meetings of a Working Party (WP) are not normally open to the Press and Public. Agendas and Minutes are not required to be produced but in most cases 'Notes' are produced for the benefit of the WP members.

SUMMARY OF EVENTS LEADING TO THE OVERSPEND

PZ400 originally set up as a Working Party on 1st February 2013

The original budget was £4,000 from FY13/14 and a further £4,000 from FY14/15.

The budget increased to £20,000 when sponsorship of £12,000 accepted by Council in September 2013 – now £20,000 in total.

Finally, the budget again increased on 27th February 2014 by £2,850 being vired from unspent Grant money in FY13/14 making a total budget of £22,850.

In October 2013 PZ400 recorded that Cllr D Axford was working on a bid of £31,750 to Heritage Lottery Fund (HLF).

On 18th November 2013 in a letter from the Town Clerk, A Director was appointed to run the Pirate Weekend of PZ400. Who authorised this appointment is unclear. The Town Clerk claims he would have discussed the appointment with the Mayor and Chair of the Council, Cllr Rendle, but the latter he claims he has never seen the letter appointing The Director and has no recollection of how he came to be appointed. Similarly, others I have interviewed have never seen this letter or knew of its existence.

The Pirate Weekend was an event to attempt to assemble the most number of people dressed in pirate costume in one place. It was to be ratified by the Guinness Book of Records. The record at that time was held by Hastings in Sussex.

The Director is an accomplished organiser of events in the Penzance area and had previously organised events for Penzance Town Council. He was competent and capable to carry out this role.

The Director organised the event by contracting bands, and a large number of companies necessary to carry off the day – staging, lighting, funfair, ice cream vans even down to arranging the adjudication by Guinness Book of Records. He signed contracts *'for and on behalf of'* the Town Council. Details of these contracts with costs were reported, he says, to the Town Clerk and the Principal Administrator.

It is clear no controls were placed upon The Director by The Town Clerk. Scant regard was paid to the Council's financial procedures (FINREGS) and those Councillors responsible for overseeing the finances were either not provided with the relevant information or did not bother to check with the Town Clerk.

Great reliance was placed upon the bid being submitted by Cllr D Axford to Heritage Lottery Fund (HLF). Cllr Axford had never completed a bid document to HLF before and, on his own admission, merely copied a similar bid document previously submitted by Falmouth Town Council. HLF bid documents are complex and this bid was not to be submitted to HLF until late February 2014 – less than three months before the planned event.

Cllr Axford was unaware that a bid to HLF for funding was being submitted by Penlee House Art Gallery & Museum which is owned by the Town Council and operated through the Council's Penlee House Committee even though he was a member of that Committee and PZ400.

There were three Councillors who were members of PZ400 – Cllrs Rendle (Mayor), Nebesnuick (Deputy Mayor) and Axford.

Cllrs Rendle and Nebesnuick were also members of Penlee House Committee as were the Town Clerk and Principal Assistant and yet none of them picked up, or appeared to realise, that a similar bid was being prepared by Penlee House. If they did appreciate it they were certainly unaware of the conflict of submitting two bids from the same organisation. It is also clear that no one within the Council, Officer or Councillor, had sufficient knowledge of HLF's requirement that not more than one bid from an organisation would be considered at the same time. The only person who had any sound knowledge of HLF bids was the Director of Penlee House, but it would appear she was never consulted, particularly by the Town Clerk.

When the clash of bids was finally realised (late February 2014), the bid from PZ400 was withdrawn, with less than three months before the event. By then a substantial number of contracts had been issued and considerable advance publicity arranged – not least the event was being featured in First Great Western's onboard magazine.

It is clear cancelling the event at such short notice was not a practicable option available to the Council or the Director of the event, without causing serious damage both to the reputation and financial standing of the Town and the wider area.

Finally, with only days to go before the event, both Cornwall Council and Devon & Cornwall Police raised their requirements for Health & Safety and Policing the event. There had apparently been insufficient advance dialogue with these parties to plan for these eventualities.

The day itself, although it did not break the Guinness Book of Records figure, was by all accounts a success and went off without a hitch. The event brought a large number of people to Penzance – who spent a considerable amount of money in the town.

Cllr Rendle as Mayor took credit for the success of the events --- and then stood down as Mayor. Cllr Nebesnuick took his place at the Annual Town Council meeting the same month. Most of the costs incurred with PZ400 were contracted before the event and the majority were to be paid after the event, and after Cllr Rendle had vacated the office as Mayor and Chairman of the Council. Cllr Rendle appears content to say the overspend occurred *after* he left office as Mayor and Chairman of the Council.

It has been customary at meetings of the Finance & Property Committee to be provided with a report compiled by the Assistant RFO, entitled 'Payments and Financial Comparison Notes'. At the September, October and December 2014 meetings this report

was circulated to all members. Other than Cllr Jack Dixon, members all failed to notice the deficit shown against the PZ400 events.

These meetings were chaired by Cllr Cliffe with the Town Clerk and Principal Assistant in attendance, The Asst RFO, and Cllr Axford (member submitting the bid to HLF in the early part of the year) were only present for the December meeting. I understand The Asst RFO, was under instructions from the Town Clerk, not to speak at meetings unless The Town Clerk specifically invited him to do so. The Minutes of these meetings only show the Payments & Financial Comparison Reports were '*considered and noted*'.

As mentioned, Cllr Jack Dixon did query the deficit shown in the September report and was told to go to the office the next day for an explanation from the Asst RFO. There is no mention of this, or the result, in the Minutes or any future Minutes of the Committee.

The Assistant RFO, claims he was very concerned that this overspend was not being addressed and made a number of representations to the Town Clerk who chose to ignore them. One took place before the September 2014 Finance & Property meeting where The Assistant RFO suggested to the Town Clerk the overspend could be covered by seeking approval from the Finance & Property Committee to vire £30,000 for the unspent CCTV Budget. The Town Clerk did not act on this suggestion.

However, things came to a head when an informal meeting in the Town Clerk's office on 13th January 2015 took place. Present were the Town Clerk, the Assistant RFO, the Mayor and Chairman of Council, Cllr D Nebesnuick, and the Chair of Finance & Property Cllr D Cliffe. The Assistant RFO decided to raise the matter of the overspend by bringing it to the full attention of those present. Of the four present only the Town Clerk cannot remember this meeting – the three others have very clear recollections of The Assistant RFO mentioning the amount of the overspend and commenting that it needed to be addressed.

Following this meeting Cllr Cliffe as Chair of Finance & Property had the item placed on the Agenda for the next meeting of the Finance and Property Committee on 26th February 2015.

At this meeting details of the overspend by PZ400 then came into the public domain and this investigation has arisen from it, albeit with a delay whilst a core group of Councillors questioned the validity of the resolution to appoint independent help.

IMPACT UPON PENZANCE TOWN COUNCIL

The impact of this serious overspend of PZ400 has been to split the corporate body in two. There are those elected before 2009 of whom Cllrs Rendle, Mann, Dixon and Axford form part of this group, termed by some as 'the old guard'. These number around seven or eight. They are understood generally to resist any attempts to change the way the Council operates. The other members are fairly new to the Council since the 2013 elections and tend to believe that change is needed within the Council and the Town. Among this group appearing to urge change are Cllrs Nebesnuick, Cliffe and Pengelly.

Within the Council each contingent blames the other for the position in which the Council finds itself. Certainly those of the 'old guard' – Cllr Rendle as Mayor up to May 2014 (the month in which the PZ400 celebrations took place), Cllr Mann as Chair of the Finance Committee up to May 2014 (when most of the expenditure for PZ400 was being arranged), and Cllr Axford (one of three Councillor members of PZ400) --- do not accept that their actions, or more importantly as explained later, their inaction to enforce the financial controls of the Council, contributed to the overspend.

Cllr Dixon is the only member who accepts he contributed to the overspend by signing cheques for items he knew had not been approved, or sanctioned, by the Council or the Finance Committee. He says he did so to safeguard the Council from prosecution for non-payment of accounts.

The two Councillors, Cllr Nebesnuick, Deputy Mayor in the year leading up to the PZ400 celebrations and currently Mayor, and Cllr Cliffe, Vice-Chairman of Finance in the year up to May 2014 and currently Chair of Finance, both accept unreservedly, but with the benefit of hindsight, they should have done more to check the financial control of the Council. There are sound reasons of mitigation in their defence (see below) and had they not 'blown the whistle' I believe the matter would have been kept from the public.

The Asst RFO, is the only officer 'whistle blower'. The culture that appeared to exist within the office was to keep as much information as possible from Councillors. It took considerable courage for him to formally bring the question of the overspend to Councillors' attention at the informal meeting on 13th January 2014. He is to be commended for taking that step

One clearly visible impact of this matter is the obvious division within the Council with much animosity on both 'sides'.

ACTIONS THAT COULD, AND SHOULD, HAVE TAKEN PLACE WITHIN THE COUNCIL TO PREVENT THE OVERSPEND

It was initially decided in December 2012 that there would be provision made for the 400th Anniversary of the Charter when Council set its budget.

In February 2013 provision was formally made within the 'Summary Briefing Note and Budget Notes for FY13/14' to allocate monies to the PZ400 events.

It was not until 3rd June 2013 – less than a year before the celebratory events, that a Working Party (WP) was formally agreed by the Town Council. The WP did not have its first meeting until 25th July 2013, ten months before the eventual Pirate Weekend event.

On 9th October 2013 the notes of the PZ400 WP confirm Cllr D Axford would submit a bid to HLF – now less than eight months before the event. At this time the agreed budget for all the celebrations, of which the Pirate Event was one, was just £20,000.

The organisation was far too little and far too late but no one within the Council appeared to realise it. The Town Clerk, as Proper Officer, and then elected members allowed their enthusiasm to get the better of them.

Submitting a bid to the Heritage Lottery Fund (HLF) is a complex, time consuming matter and requires considerable expertise. In appointing Cllr Axford (a man who openly tells me 'I don't do detail, I am an organiser') to complete the bid document PZ400, members were naive in their expectations of him.

It is clear and now not disputed that two bids to HLF were to be submitted at the same time. Cllr Rendle, Mayor and Cllr Nebesnuick, Deputy Mayor at that time and The Town Clerk and Principal Administrator attended all meetings of the Council and yet none picked it up at the time and no one consulted the only person within the Council with experience of HLF bids, The Director of Penlee House.

The Council's Standing Orders and Financial Regulations are quite clear in their requirements. The Town Clerk as Responsible Finance Officer is responsible for ensuring safe and proper procedures for handling public money are in place, and adhered to. The procedures inherited by the Town Clerk, on his appointment in April 2009 were weak and he was content to continue with them.

Council expenditure should always be approved before it is formally entered into. The Town Clerk, through the Financial Regulations, has executive powers to enter into expenditure up to £5,000 in consultation with the Chairman of the spending committee or his/her appointed Vice Chairman with a report (on the use of these powers) being made to the next ordinary committee meeting. This did not happen. The Town Clerk claims it was because he was 'under considerable pressure'. Similarly, for expenditure over £5,000 the Financial

Regulations clearly state three quotations would be invited. Once again, the Town Clerk agrees this did not happen and once more claims it was due to the pressure he was under.

Public scrutiny of payments to be made by the Council is an important aspect of Council life. A schedule of payments to be made should be given to all members of the Council with the Agenda. The public has a right to know, through the advertised agenda, what Councillors will discuss, and what they are expected to decide. Members then scrutinise the payments at the meeting, to which the public and press have access. This has not happened in this Council. Payments have been notified to members retrospectively with Councillors, or the public through Public Question Time, afforded no opportunity to query them.

In my interview with Cllr Jack Dixon he freely acknowledged he knew he was signing cheques on behalf of the Council for amounts that had not been approved. He knew this was wrong but wanted to protect the Council from being sued for non-payment– “that was how things were done!”

I am firmly of the opinion, having interviewed seven current Councillors, that none of them are fully aware of their responsibilities for safeguarding the public purse. Most knew they had a duty to safeguard the public purse but did not understand how that duty should be implemented. For this omission, the Town Clerk as Proper Officer must accept responsibility. It is his task, and his alone, as Head of Paid Service within the Council to ensure Councillors understand their role and their responsibilities. Merely to say, “I expected members to read them (documents)” is unacceptable and well beneath the level of care a Town Clerk should exercise. To their credit, Cllrs Nebesnuick and Cliffe are now aware that the financial processes within the Council are inadequate, and fully accept their responsibility to improve them.

It is fact, at the informal meeting on 13th January 2015 in the Town Clerk’s office where the Assistant RFO highlighted the matter of the PZ400 overspend, the Town Clerk attempted to close the meeting. Cllrs Nebesnuick and Cliffe resisted that and the overspend then started to appear in the public domain. The Assistant RFO had previously discussed the overspend with the Town Clerk and offered a solution before the 11th September 2014 meeting of the Finance & Property Committee. His solution was to ask the Committee to vire £30,000 of unspent money in the CCTV account to cover most of the overspend.

Over the next few months, The Assistant RFO brought up the question of the overspend with the Town Clerk at meetings where just the two of them were present. He finally decided the matter should be brought into the open at the 13th January 2015 informal meeting.

ACTIONS OF INDIVIDUALS

Cllr P H D Rendle, Chairman of the Council and Mayor FY12/13 and FY13/14.

I found that Cllr Rendle was initially quite hostile at the start of our meeting although he mellowed as the interview proceeded. He clearly took issue with the need for an independent investigation and spent some considerable time at the start of the interview explaining that in his opinion the investigation was unnecessary and unlawful. Cllr Rendle was accompanied by a friend and intimated he was recording the interview on his mobile phone.

Cllr Rendle would appear to abdicate any responsibility for control or scrutiny of Council matters and procedures and leaves these to the officers of the Council. He appears very concerned about his own public image. He claims to be familiar with the Council's Standing Orders but not the Financial Regulations –the most important procedures and principles which govern how finances are dealt with.

Cllr Rendle would seem to have had a consensual style of leadership within Council. He regarded his role as Chairman of the Council as 'to help members come to decisions'. Having been a Councillor for ten years he might clearly be described as a member of the 'old guard'.

When Cllr Nebesnuick became his deputy in May 2013 it seems Cllr Rendle made it very clear to him that he was not to 'over shadow' him as Mayor. Cllr Rendle neither encouraged Cllr Nebesnuick to develop his role as Deputy, nor prepared him for possible election as Mayor in May 2014. Both say it was a strained relationship with each resenting the other, albeit for different reasons.

I feel that, if Cllr Rendle had been more pro-active in his duties as Chairman and ensured Standing Orders and Financial Regulations were more closely followed, the issues examined in this report may not have arisen.

Cllr D J Nebesnuick, Mayor and Chairman of the Council for FY14/15 and FY15/16. Deputy Mayor for FY13/14.

Cllr Nebesnuick, together with Cllr Cliffe, is responsible for bringing the overspend into the public domain. Following the informal meeting in the Town Clerk's office on 13th January 2015 he realised, as did Cllr Cliffe, that the Council's processes had been disregarded and further, that many of the processes it did have were totally inadequate. They felt that trying to get the whole Council to accept this has been, and continues to be, something of a challenge, but due to Cllr Nebesnuick's determination to introduce major change this independent investigation has taken place.

Cllr Nebesnuick accepts unreservedly he should have grasped the details of the overspend at the September 2014 meeting of the Finance & Property Committee and later during the October and December meetings. He is now better prepared to be Chairman of the Council.

I found Cllr Nebesnuick to be frank and straightforward. He says he aspires for Penzance Town Council to be one of the leading Councils not just within Cornwall but in England – ‘simply the best’. He appears to understand that it is essential to have a qualified Town Clerk committed to continuing professional development (CPD) in order for the Council to acquire the General Power of Competence and then to achieve the highest level, Quality Gold, in the new Local Council Award Scheme. He sees no reason at all why Penzance Town Council should not demonstrate to its electorate that the Council is doing things in the best possible way. However, he recognises that there is a long way to go and regaining the public’s confidence is an early essential part of that process.

He expressed the hope that the open and transparent way in which this investigation has been commissioned and carried out will enable the Council to learn from its mistakes and move forward.

Cllr R B Cliffe, Vice-Chairman of Finance & Property FY13/14 and Chair of Finance & Property FY 14/15 and FY15/16.

Cllr Cliffe was elected to Penzance Town Council in May 2013 and has been a member of the Finance & Property Committee since elected. He openly admits the last two years have been a ‘steep’ learning curve and now realises he was ill equipped for his role. If he had been informed of the Council’s financial processes (FINREGS) he may have prevented this incident. He accepts ignorance is no defence but in mitigation questions exactly how he could have found out more about the Council’s processes when the Town Clerk was strongly resistant to any member intervention. I sympathise here, as clearly the Town Clerk/RFO had done nothing to ease him into the role and appears to have sided with the ‘old guard’ in obstructing any attempt at change.

These included apparently small matters such as not providing Cllr Cliffe with the combination to the office door, forcing him to ring the bell like other members of the public and resisting his requests, as Vice Chair of Finance and latterly Chair of Finance, to be a cheque signatory. He feels that, taken together, this denied him knowledge of the process by which his Committee was authorising payments. Since 13th May 2015 Cllr Cliffe has become a cheque signatory.

Cllr Cliffe, with Cllr Nebesnuick, is jointly responsible for bringing the overspend into the public realm. In doing so he realises he has some responsibility for not discovering it earlier. Again, in mitigation, he claims it would not have been easy and similarly accepts ignorance of the procedures is not a defence.

I found Cllr Cliffe to be open and genuinely earnest to learn from these mistakes. He has a strong desire to restore public confidence in the Council.

Cllr N G Pengelly, Vice Chairman of Finance & Property FY 14/15, FY15/16 and a Cheque Signatory since May 2015.

Cllr Pengelly was elected to the Council in May 2013. He told me he came to the Council *'because there was negativity, a lack of foresight, and perceived financial mismanagement'*. Cllr Pengelly answered my questions freely and openly. There was a general consistency in the answers he gave me. Financial Regulations were not adhered to, all payments were made retrospectively without approval by the Council. He was unaware of how the Director of the Pirate Weekend came to be appointed, and has no knowledge of the procedure for making payments. In May 2015 he finally became a cheque signatory but has yet to sign a cheque.

Cllr Pengelly told me there was a splinter group of seven Councillors with whom he did not get on with particularly well and referred to this group as *'the old guard'*. He became aware of the Town Clerk's lack of financial ability when the overspend came to light and said only his immediate group --- were concerned about it.

In answer to my question concerning the openness and transparency of the Council, Cllr Pengelly was very clear in saying he believed the overspend was hidden and there was collusion between the Town Clerk, the previous Mayor, Cllr Rendle, and Cllrs Jack Dixon and Roy Mann I could not uncover any direct evidence of collusion in the course of my investigation.

I found Cllr Pengelly to be open and frank .

Cllr Roy Mann, Chairman of Finance & Property FY13/14 and a Cheque Signatory.

Cllr Mann has been a Councillor for 'roughly 12 years' and in addition is a Councillor with neighbouring Ludgvan Parish Council. He was accompanied by a friend, the Chairman of Ludgvan Parish Council.

Cllr Mann told me he had knowledge of the Council's Standing Orders and Financial Regulations *'but could not recite them'*. He readily agreed items of expenditure up to £5,000 should have been discussed with him – but weren't. Similarly, he could not recall any occasion when for items of expenditure over £5,000 three quotations were obtained and offered no reason, or opinion, as to why that had not happened despite saying he had a good relationship with the Town Clerk/RFO.

Cllr Mann emphasised that most of the PZ400 expenditure came after May 2014 when he was no longer Chairman of Finance & Property and claimed he could not remember any items to do with PZ400 coming to his Committee. He appeared content to 'pass the buck' to Cllr Cliffe who had taken over as Chairman of Finance & Property. Cllr Mann, as a cheque signatory since 2011, readily admitted all payments made by the Council were made retrospectively with none being brought to the Council for approval beforehand. He also admitted, *"that is not the correct process but that is what I inherited."*

Regarding Cllr Dixon's query over the overspend in September 2014 Cllr Mann *'presumed'* Cllr Dixon had received a satisfactory explanation and *'thought'* the matter settled *'because it had gone through the internal audit'*. He made no effort to confirm this.

Cllr Mann, in answer to my question regarding the way Council had been 'open and transparent', thought his Committee had been completely open *'as far as you can with Finance'* and did not think it could have been improved. He blames the current Mayor, Cllr Nebesnuick, for the PZ400 overspend claiming Cllr Nebesnuick authorised all the expenditure, 'even the Pirate Event'. I can find no evidence to support that claim.

I thought Cllr Mann was as open with me as he could be. I think he was naïve in the way he conducted the Finance & Property Committee and was far too ready to adhere to the processes he had inherited rather than to look for improvement. He was also too willing to 'assume' things had been done rather than verify that they had been.

Cllr D J Axford, member of Penzance 400 Organising Committee and member of Penlee House Committee FY13/14 and FY14/15

Cllr Axford was hostile to this investigation and chose to demonstrate this by insisting on asking me a series of questions – to which he obviously knew the answers as I had explained them to him in my introduction and caution. During the interview Cllr Axford, who was accompanied by a former Mayor of Penzance, declined to answer questions that tested his knowledge of Council procedures and his duties as a Councillor, claiming they were outside the scope of this investigation. Similarly, he would not answer questions regarding his relationship with other Councillors and Officers, in particular his relationship with the Town Clerk, with whom he told me he had regular contact whilst preparing the HLF Bid document.

With regard the HLF bid, Cllr Axford was adamant he was unaware of a similar bid being prepared by Penlee House. When asked about the discrepancy in the bid document where he inserted a figure of £16,000 showing it as 'Town Council Grant' he seemed to recognise the error but chose to mask it by claiming it was *'given to me by others involved in the event'*. He admits he made no attempt to validate the figures and accepted them as given.

Cllr Axford claimed he was aware of the Council's Standing Orders and Financial Regulations. He also claimed incurred expenditure for PZ400 was reported to the Council retrospectively and was unaware of other processes. Whilst admitting he was not a member of the Finance & Property Committee in FY14/15 he claimed he was cognisant of the full expenditure of the PZ400 events in September 2014. How he was conscious of this I do not know. He appears to

be the only Councillor outside of the Finance & Property Committee to be aware of the overspend. Clearly it did not concern him as there is no record of him raising the issue.

Cllr Axford also declined to answer if he thought the Council had been '*open and transparent*' in the way it had dealt with public finances.

Cllr Axford describes himself as, "*My forte is 'ideas' – 'detail' I leave to the officers.*" On the face of it, this would be at odds with the responsibility to complete a complex bid document – one that he had never seen before, to an organisation that has multifarious and varied criteria for considering bids, and yet by his own admission he '*does not do detail*'. Asking the Pirate Event Director for a 'wish list' may have given him (the Director) an inflated idea of what money was going to be available to him.

As a member of Penlee House Committee he should have been aware that The Director of Penlee House would have far superior knowledge of preparing bids and should have sought her help which I am sure would have been given. In Cllr Axford's defence, the Town Clerk and the Principal Administrator would also have known of the Director's ability in submitting bids and should have directed Cllr Axford to her, but this did not happen. The bid to HLF for £31,750 was too little and far too late. By Cllr Axford's clear lack of understanding of requirements for a successful bid it was doomed even before it had started as far back as October 2013.

Assistant RFO

I found The Assistant RFO to be frank and open and his answers were consistent with those of Cllrs Nebesnuick Cliffe and Pengelly.

The Director of Penlee House Museum and Art Gallery --- part of Penzance Town Council

The Director is 'line managed' by the Town Clerk and attends all meetings of the Council's Penlee House Committee as does the Town Clerk, and the Principal Administrator

I interviewed the Director as I wished to establish who, within the Council, would be aware of the two conflicting bids being submitted to HLF. It can be said with certainty that the Town Clerk, Principal Administrator and Councillors Rendle and Nebesnuick, who sat on both Penlee House Committee and PZ400 WP, '*should*' have been aware of both bids.

Of everyone in the Town Council, the Director had the most knowledge of HLF bids and knew what was required for a successful bid --- but she was never consulted.

Event Director for the Pirate Weekend – part of the PZ400 celebrations.

The Pirate Weekend was an event to assemble the most number of people dressed in pirate costume in one place and break the record held by Hastings as confirmed by the Guinness Book of Records.

The Director has a 'track record' of organising such events as the annual Golowan Festival in Penzance and was a natural volunteer member of the PZ400 Organising Committee at its first meeting on 25th July 2013. On 18th November 2013 in a letter from Town Clerk, The Director was appointed Event Organiser for the Pirate Event with a fee of

£5,000. Asked how he came to be appointed he said it '*just evolved*' and could not remember if any Councillor had been involved in the appointment. It had been discussed with the Town Clerk and '*together we arrived at the fee of £5,000 as a nominal figure*'. The Director appears competent and capable of organising events.

During the course of the interview it became clear the Director performed his role of organiser and kept '*the office*' informed. His immediate Council contacts were the Town Clerk and Principal Administrator. He claims, he was never made aware there was a specific budget for the event though admits he had a 'vague' idea of how much money was available to spend. The Director said there weren't any controls placed upon him other than those he exercised himself. He had a 'vague' idea of how much money he was bringing in and how much he was able to spend.

Asked about the Heritage Lottery bid for £31,750 the Director said he was approached by Cllr Axford and asked for a 'wish list' of items he needed for the event but he (the Director) played no part in the completion of the bid forms.

The Director claims at the time of the run-up to the event, both the Mayor, Cllr Rendle and the Chair of Finance, Cllr Roy Mann were aware he was incurring extra expense '*because of the demands of Cornwall Council*'. He went on to say that cancelling the event was never an option as there would have been serious financial implications and the image of the town would be severely damaged. The Director appears competent and capable of organising events.

He describes the run-up to the event as like 'having a tiger by the tail' with late, extra demands being placed by Cornwall Council for Health and Safety and with Devon & Cornwall Police insisting on policing what was meant to be a 'family day' as if it were a Football Match. This meant the event was not 'signed off' until five days before the event which left no room for manoeuvre in changing the scale of the event. In this I am unsure why the Director was left to negotiate with Cornwall Council and Devon & Cornwall Police. The Town Clerk and/or Principal Assistant should have engaged with them much earlier in the planning process.

In the event the attempt to break the record failed by less than 100 but in all other respects it was a success having been covered by Sky, ITV, CNN, Al-Jazeera News, FOX News and others – the media value alone was worth well over £1million in showing Penzance to the world. First Great Western Trains had featured the event in their on-board magazine giving

special-rate train tickets for passengers going to the event. This and other print-media had a huge value for the town. The Director presented an extract from the 'Penzance Future' business website where an entry praised the Council for holding the event and bringing revenue to the town.

The Director, as stated, was well able to organise this event but lacked support and the necessary financial controls that should have been provided by the Town Council and in particular the Town Clerk as Responsible Finance Officer. If that support was lacking it was for the Director to raise the issue at one of his many meetings with the Town Clerk and Principal Administrator.

CONCLUSIONS

As requested by the Council this report is frank and independent, draws clear conclusions and makes relevant recommendations. It is the professional opinion of the investigator and of LGRC, neither of whom has any connection with Penzance Town Council other than the contract to conduct this investigation. It is based on the facts that we were able to establish and our knowledge and experience of best practice and the law relating to Town, Parish and Community Councils.

Clearly, the overspend incurred by the PZ400 Organising Committee materialised due to the lack of financial controls that should have been in place, applied, and enforced by the Town Clerk/Responsible Finance officer and by Council Members.

This overspend has occurred in one administration's time and then was not picked up by the incoming administration. Members of both administrations must openly accept their responsibility in part in this matter as should the Council as a Corporate body. The Council needs to unite to address the matter. Only then can the Council heal and the Town move forward.

In my opinion there has existed a culture, of officers keeping information from Councillors. This must cease immediately.

Similarly, Councillors have been far too content to rely upon officers without following their agreed Standing Orders and Procedures. New Councillors were drawn along in this culture and never trained in their duties. It should be remembered, Standing Orders and Financial Regulations are agreed by the elected members.

Councillors in Penzance Town Council have, on this issue, abdicated their responsibility to scrutiny. This is a fundamental duty and should be carried out regularly and within the public domain. If scrutiny had been regularly exercised this issue would never have arisen. Direct blame for this situation must fall to the RFO but all Councillors effectively 'aided and abetted' this by their inaction.

RECOMMENDATIONS

- The findings of this report should be placed within the public domain in as complete form as possible having regard to the need for due care for employee confidentiality.
- The roles of Town Clerk and Responsible Finance Officer should be split into two separate roles, the RFO having technical financial responsibility and the Town Clerk as head of the paid service. The RFO should be appropriately qualified and experienced. Providing proper attention is paid to the advice of the (financially competent) RFO within the Council, this would help ensure that the Council's finances receive due prominence and scrutiny.
- Both Town Clerk and RFO should be members of the Society of Local Council Clerks with subscriptions paid by the Council. Both should be actively encouraged in their CPD and to expand their interaction with neighbouring Clerks and Officers. This will bring new ideas and better understanding of legislation and procedures to the Council. All staff should be encouraged to take training and keep abreast of current developments.
- Scrutiny should be introduced into the operation of the Council through adopting model governance processes and a more thorough examination by councillors of financial matters.
- The Council's Standing Orders and Financial Regulations should be re-examined and made 'fit-for-purpose' and should then be regarded as the Council's rulebooks. They should be issued to every elected member and employee of the Council. Model Standing Orders and Financial Regulations are available from NALC. A specific training session should be held to go through the revised documents and ensure that everyone understands them and respects them.

- Similarly, the Council has a limited number of other governance policies, which also need expanding and updating. Existing and new Councillors and employees should be given these revised documents and policies after having a face-to-face session with the Town Clerk to ensure they understand and know the correct procedures.
- The Council should consider changing their computerised accounts package to one more suited to Town & Parish Councils and that is user friendly both to officers and members. This would enable members and even the public to access the accounts on a 'read only' basis and provide for much greater transparency.
- The Council might consider reviewing their banking arrangements. All the big-four high street banks charge quite heavily for banking while changing the Mandate for cheque signatories is a tortuous process for all concerned. Unity Trust Bank, for example offer a full range of free banking services to Town and Parish Councils and changing the mandate takes days instead of weeks. It also offers an online payments authorisation process which supports modern financial processes while ensuring that councillors remain in control.
- All Councillors should receive training in their roles and responsibilities and further regular briefings to keep them updated. There are a number of sources for such training including Cornwall Association of Local Councils, South West Employers, and LGRC.
- The full Council should work to unite in the interests of the community and avoid factional disputes. The Council should commit to being 100% open and transparent and implement policies to ensure that this occurs.