

WARBOYS PARISH COUNCIL

Minutes of a meeting of the **Finance and General Purposes Committee** held on 19th February 2024 at the Parish Centre, Warboys.

PRESENT WERE

Cllr J Cole
Cllr R Dykstra
Cllr D England
Cllr D Fabb
Cllr L Gifford

Cllr J Land
Cllr J Parker (Vice Chair)
Cllr P Potts
Cllr C Sproats
Cllr S Withams (Chair)

Mrs J Drummond - Clerk
Mrs E Coverdale:- Asst. Clerk

Meeting commenced at 8.00 p.m

FGP 11/24 WELCOME

The Chair opened the meeting.

FGP 12/24 APOLOGIES FOR ABSENCE

Apologies were accepted from;

Cllr M Collins – Personal

Cllr A Ntuk – Work

Cllr A Wyatt – Personal

Cllr S Wilcox – Personal

FGP 13/24 MEMBERS' INTERESTS

None declared.

FGP 14/24 MINUTES OF 22nd JANUARY 2024

It was proposed by Cllr Potts, seconded by Cllr Dykstra and **RESOLVED** by all Members present, the Minutes of the meeting held on 22nd January 2024 be signed as a correct record by the Chair.

FGP 15/24 PARISH CENTRE

Following minutes FGP 6/24 The asst. Clerk had updated the Parish Centre report (Appendix 1) to reflect VAT registration and the expected 3 month closure towards the end of the replacement centre construction.

It was noted that at this time the Council would need to absorb the VAT costs until the new parish centre (NPC) is up and running.

FGP 16/24 INTERNAL CONTROL

The Clerk advised Members that a meeting with the internal auditor had been booked for 27th February.

FGP 17/24 ASSET REGISTER

The asst. Clerk provided members with a copy of the updated asset register. Highlighting the main changes such as the removal of tennis courts behind parish centre, computer hardware staying with retired Clerk, and new benches. Members were happy with the register and it was agreed for the Clerks to set a formal review date once a year to complete.

FGP 18/24 INVESTMENT STRATEGY

(Appendix 2) The Clerk informed members that due to the ongoing building project that it was best to keep the investment strategy the same for the coming year, with aim to reassess next year. It was also noted that the standing orders for the council will be revised for the coming year.

Members were in agreement to continue the current investment strategy as funding for the NPC project had been based around it.

FGP 19/24 PRECEPT APPROVAL

Subsequent to Minutes 142/23 members were reminded that they have approved the 30% precept increase along with the specific wording which had enabled the Council to apply to the Public Work Loans Board (PWLB) in November. The rise in precept had gone out to public consultation and HDC PWLB had approved the loan for the NPC based on this information.

It was therefore **RESOLVED** by all members present to raise the precept by 30% for the next municipal year.

FGP 20/24 SECTION 137 LIMIT

The asst. Clerk advised members that the Section 137 expenditure sum set by the Department of Levelling Up, Housing and Communities for local authorities in 2024/25 had increased to £10.81 (previously £9.93). With the number of residents on the electoral roll for Warboys Parish on 1st January 2024 3,410, this meant that the Council's expenditure under Section 137 should not exceed £36,862.10 in 2024/25.

Following discussions surrounding concerns around budgeting for the NPC it was decided for the Council to place careful consideration before providing grants in the coming year, and for the Clerks to implement a formal application process in 2025/26.

FGP 21/24 SALARIES AND WAGES

Both Clerks left the meeting during the discussion of the above item at 8.21pm.

Arising from FGP 7/24 and following minutes 45/24 (a) Members discussed in depth the proposal put forward by the Clerks for staff restructuring. Some members raised their concerns over the budget implications of a new employee and salary increases for current clerks, including how the Clerks could keep up with work tasks on fewer hours.

When the Clerks were asked to return (8.44pm) they answered the concerns by stating that learning on the job, the grant application process and building project had all drawn down significantly on their time. However, now with the implementation of a new accounting package, amongst other streamlining of processes they believe that they would be able to make more efficient use of their time along with support from a new staff member to complete the administration tasks. The Clerk had assessed the budget and responsibilities of the Clerks to ensure that the proposed salary increases were still in keeping with the original budgeted figures.

Members were in approval for;

- a) The current Clerk to become Senior Clerk and Responsible Finance officer with applicable spinal column point increase from 25 to 28 from 1st April 2024,
- b) The Assistant Clerk to become Clerk with applicable spinal column point increase from 11 to 18 from 1st April 2024,
- c) The new appointed Assistant Clerk to be on spinal column point 11 from job commencement (dependant on qualifications and/or experience).

FGP 22/24 COUNCIL CREDIT CARD

The Clerks raised concerns over the number of large council expenses currently required to be paid via credit card such as for planning applications and vehicle tax which then needed reimbursement from the council. Members were in agreement for the Clerks to investigate the potential of getting a Council credit/debit card for these payments then bring options to full council.

FGP 23/24 FORECAST BUDGET – 2024/25

The Clerk provided members with a report on the operational budget for 2024/25, along with the NPC funds draw down budget.

- a) Separate NPC Budget

The Clerk advised Members that some of the pots of funding required notice for release of money and others, such as Red Tile Trust, would make payment immediately following invoice. The Clerk was working with Amy from Ben & Co. to organise exactly when she needed to request grant funds at each stage of the building project. Additionally, she needed to rework the figures together with Ben & Co as the current breakdown did not include the 5% monthly hold back along with £200k from Huntingdon District Council CIL which would be received at the end of the project.

- b) Operational Budget

Members were happy in principle to rename budget categories to match the new accounting software. However, the Clerk did raise with members the challenge of allocating budget responsibilities to Committees when part of the funds covered the handyman's hours, which can be unpredictable. Cllr England suggested the potential of moving the handymen to salaried with a work

schedule for clarity in budgeting. The Clerk advised she would put together a proposal for the exclusion of the handymen's hours for the next council meeting.

It was proposed by Cllr Land, seconded by Cllr Cole and unanimously **RESOLVED** to take the budget to full Council on 11th March for approval.

FGP 24/24 COMMITTEES AND BUDGETING

Clerks to propose at March Council new structure report for coming municipal year.

FGP 25/24 NOTICES AND MATTERS FOR THE NEXT FINANCES AND GENERAL PURPOSES AGENDA

None.

There being no further business, the meeting was declared closed at 9.27pm

Chairman.

Date.

APPENDIX 1

PARISH CENTRE REPORT 2023/24

1st April 2023 – 31st March 2024

Estimated Income £12,580.00 (April 1st 2023 – 31st March 2024)

Actual income to date £10,910.50 (1st April – 22nd January)

VAT affected income (estimate Jan 1st – 31st March) - £3,650.00

VAT total (estimate) - £730.00

Total estimated income due (minus VAT)- £2,920.00

1st April 2024 – 31st March 2025

Estimated Income £5,989.50

A reduction of 45% due to disruption, lack of meeting room access and predicted closure of entire parish centre for last 3 months of construction. Based on the current use of the meeting room which is roughly 5% of total bookings (outside of council use), 3 months loss of earnings and VAT charges to be absorbed by the parish council.

Estimated VAT (Apr 24/Mar 25) - £1,464.10

Estimated loss (business Apr 24/Mar 25)- £5,989.50

Estimated total loss - £7,453.60

INVESTMENT STRATEGY 2023/24

(Report by Clerk)

1. Introduction

- 1.1 Section 15 of the Local Government Act 2003 authorises the Secretary of State for Levelling Up, Housing, Communities to issue guidance on the way in which a local authority invests its funds. Revised guidance was issued in 2018 which applies to all local authorities, including parish councils.
- 1.2 The guidance is designed to deal with the investment of large sums of money and is compulsory if investments exceed £100,000 in any financial year. It is now extended to include all of the financial assets of a council that it holds primarily or partially to generate a profit. It also covers loans that a council may make to a wholly owned company or a third party. Where a parish council expects its investments at any time during a financial year to be between £10,000 and £100,000, the council is encouraged to adopt the principles in the guidance.

2. The Guidance

- 2.1 The Secretary of State recommends that for each financial year, a council should prepare and approve an investment strategy before the start of the year. The strategy may be replaced by another strategy on one or more occasions as necessary throughout the year. The strategy must be available for public inspection free of charge.

3. Investments

- 3.1 The guidance defines investments as –

Long-term investment – any investment other than one due to be repaid within 12 months of the investment being made or one that a local authority may require to be repaid within that period.

Specified investment – an investment that is not a long-term investment and is made with a body or scheme of high credit quality or with the UK Government or a local authority or parish council.

Non-specified investment – those not meeting the above criteria in which case the strategy should set out the procedure for determining which categories of such investments may prudently be used and state the upper limits for the amounts that may be held in each category.

- 3.2 The strategy should state the council's approach to assessing the risk of loss of investments, making clear the extent to which, if any, the assessment is based upon credit ratings issued by one or more credit rating agencies. Where credit ratings are used, the strategy should show how frequently credit ratings are monitored and what action is to be taken when credit ratings change. The strategy also should state what other sources of information on each credit risk are used, additional to or instead of credit ratings.
- 3.3 The Secretary of State recommends that the strategy should state whether and, if so, how the council uses external advisers to offer information, advice or assistance relating to investment and how the council monitors and maintains the quality of such service. In addition, the strategy should state what process is adopted for reviewing and addressing the needs of the council's treasury management staff and the council's policies on investing money in advance of spending needs.
- 3.4 In adopting a strategy, a council is recommended to set out the council's policies for the prudent management of investments and for giving priority, firstly, to the security of those investments and, secondly, to their liquidity. Once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained consistent with those priorities.
- 3.5 A strategy must be approved by the Council but can be considered by a committee or similar body which recommends approval of the strategy to the council.

4. The Council's Investments

- 4.1 Although the guidance on local government investments is of more relevance to larger authorities with substantial reserves to invest that will often employ fund managers to advise them on their investments, it does also apply to parish councils with reserves in excess of £100,000. It therefore applies to Warboys.
- 4.2 In practice, the Parish Council must seek to ensure that it considers its investments in the order of security (there is no danger of the money being lost), liquidity (access to the money) and yield (the rate of interest). The volume of the Council's reserves has grown to approximately £820,000 with Community Infrastructure Levy payments but it would not be practical to engage in non-specified investments nor to engage fund managers. It is also planned to use the reserves to invest in a replacement Parish Centre in the near future. The Council's investments are therefore held with the UK Government or with UK banks and building societies on a specified investment basis, i.e. they should be secure and have a maturity period of less than one year. Within that category, the Council then seeks to achieve a reasonable yield on the investment.
- 4.3 The majority of the Council's reserves (78%) are held in National Savings Income Bonds with the remainder (12%) in Cambridge and Counties Bank. NS&I are backed by the Government. While the Cambridge & Counties Bank does not have a credit rating, it is partly owned by a local authority pension scheme and partly by one of the Cambridge University Colleges. The following extract is taken from the bank's website – 'Cambridge & Counties Bank is an authorised UK bank which focuses on providing financial products to small and medium sized enterprises (SMEs). We fund our loans

using customer deposits. As we do not borrow money from the wholesale markets we do not require a credit rating.

- 4.4 'We are owned in equal shares by Trinity Hall, Cambridge, and Cambridgeshire Local Government Pension Fund and regulated by both the Financial Conduct Authority and the Prudential Regulatory Authority. We are a member of the Financial Services Compensation Scheme (FSCS) which protects the deposits of small to medium sized businesses which meet the FSCS criteria.
- 4.5 'Both the management of the Bank and the owners have a conservative approach to risk management and the bank holds levels of capital and liquidity in excess of all regulatory requirements. We see our primary banking responsibility to be to protect our depositors.'
- 4.7 The Council's day-to-day funds (10%) are held in the Co-operative Bank.

5. Loans

- 5.1 The guidance also applies to loans made by a local authority to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. An authority wishing to make loans in accordance with the guidance should demonstrate that the total financial exposure is proportionate, they have used an allowed 'expected credit loss' model, they have appropriate credit control arrangements in place and they have formally agreed the total level of loans by type they are willing to make and their total loan book is within their self-assessed limit.
- 5.2 The Council has not made any loans of this nature and has no plans to do so. In the event of this situation changing, the strategy will be reviewed and amended accordingly by the Council.

6. Non-Financial Investments

- 6.1 Also covered by the guidance are non-financial investments which are non-financial assets that an authority holds primarily or partially to generate a profit. This is normally a physical asset that can be realised to recoup the capital invested.
- 6.2 In such circumstances, the strategy should include a statement that a fair value assessment has been made within the past 12 months, i.e. that the fair value of the investment is sufficient to provide security against loss. Where the fair value is no longer sufficient, the strategy should include details of the mitigating actions that it proposes to take.

6.3 The Council has not made any non-financial investments of this nature and has no plans to do so. In the event of this situation changing, the strategy will be reviewed and amended accordingly by the Council

7. Capacity, Skills and Culture

7.1 The strategy should disclose the steps taken to ensure that councillors and statutory officers involved in the investments decision making process have appropriate capacity, skills and information to enable them to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the authority and to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the authority.

7.2 The Council only invests its reserves with financial institutions where it is satisfied as the security and liquidity of its investments. It is not therefore considered necessary for either Members or officers to undertake specific training.

8. Use of Indicators

8.1 Authorities are required to present a range of indicators to allow Members and other interested parties to understand the total exposure from borrowing and investment decisions. Authorities are required to develop quantitative indicators that allow Members and the public to assess an authority's total risk exposure as a result of its investment decisions. Indicators are recommended for use but these are largely irrelevant to a small local authority. These will be shown in the strategy but largely do not apply.

9. The Investment Strategy

9.1 The Council's current strategy was approved in April 2022 and it was agreed that the strategy would be reviewed by the Finance and General Purposes Committee each year in March for approval at the following month's Council meeting for the ensuing financial year. The statutory guidance has been extended to include all types of financial and non-financial investment but as the Council does not have any other investments of this nature, it is currently not relevant. In the event if the situation changing, the strategy will need to be reviewed accordingly.

5.2 The Committee is therefore invited to recommend that the attached strategy be submitted to the Council for approval for the following financial year.