

STOURPORT-ON-SEVERN TOWN COUNCIL

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THE CIVIC CENTRE
NEW STREET
STOURPORT-ON-SEVERN
WORCS
DY13 8UN

Your Ref:

Our Ref:

26th July 2018

DR/SS

TO MEMBERS OF THE FINANCE COMMITTEE

Dear Sir/Madam

MEETING OF THE FINANCE COMMITTEE – 31ST JULY 2018

You are hereby summoned to attend a MEETING of the FINANCE COMMITTEE of the STOURPORT-ON-SEVERN TOWN COUNCIL to be held in the Mayor's Parlour, The Civic Centre, New Street, Stourport-on-Severn on TUESDAY 31ST JULY 2018 commencing at 2.00 pm for the purpose of transacting the business set out in the Agenda below.

Yours faithfully

David Willetts

Town Clerk

A G E N D A

1. To receive apologies for absence.
2. To confirm the Minutes of the Meeting of the Committee held on the 6th February 2018. (Appendix 1)
3. Declarations of Interest - to invite Members to declare any interest in any item on this Agenda.
4. Treasury Management Policy Statement & Investment Strategy 2018/19. (Appendix 2)
5. Bus shelter at the bus stop opposite Harold Davies Drive, Stourport. Email from Councillor J Shaw overleaf:

Perhaps as many as seven years ago, the Town Council agreed on the desirability of providing a bus shelter at the bus stop opposite Harold Davies Drive, on the route into Stourport town centre, which is much used by residents of Cedar Close and the

Walshes Farm Caravan Park. Over several years, the former Town Clerk was in correspondence with Worcestershire County Council (WCC), the responsible Authority for authorising a shelter encroaching on the public highway. Unfortunately, despite several attempts to prompt WCC, nothing happened. One reason given at one point in the saga was the absence of the relevant officer through long-term sickness and the lack of resources to fill the position temporarily.

So much time has passed that the original requestee has died, but his cause has not. In April 2018 I was asked to take up the case again, which I undertook to do, after the district council elections. I believe that the first step is to agree in-principle funding. I have no expert knowledge about the cost of a shelter, but I recall that the costings for the possible, but much-deferred new bus stop and shelter in Redhouse Road, was around £6,000, so a general sum for consideration would be perhaps £3,000.

Any other business in accordance with Standing Orders.

7. Exclusion of the Press and Public

To consider passing the following resolution: “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”.

8. Report on Salary Grades. (Appendix 3)

Any other business in accordance with Standing Orders.

COMMITTEE MEMBERS

The Mayor (Councillor D Little) (Chairman)
Councillor C J Brewer
Councillor D Sheppard
Councillor N Thomas



**MINUTES OF A MEETING OF THE FINANCE COMMITTEE OF
STOURPORT-ON-SEVERN TOWN COUNCIL HELD IN THE MAYOR'S PARLOUR,
THE CIVIC CENTRE STOURPORT-ON-SEVERN, AT 3.00PM ON
TUESDAY 6TH FEBRUARY 2018**

PRESENT: The Mayor Councillor Mrs V Higgs (Chairman)
Councillors: D Little (Vice Chairman)
C J Brewer
M A Salter
D Sheppard

Observer: Councillor: J Shaw

5. MINUTES

It was RESOLVED that the Minutes of the Meeting of the Committee held on the 16th August 2017 be confirmed as a correct record, and signed by the Chairman.

6. DECLARATIONS OF INTEREST

There were no declarations of interest.

7. ANNUAL AUDIT FOR THE YEAR ENDED 31ST MARCH 2017

The annual audit for the year ended 31st March 2017.

8. REVIEW OF MAYORALTY

Approved. The Mayor should support the Deputy in terms of expenditure incurred in the event of the Deputy being required to attend a disproportionately high number of engagements.

9. RISK ASSESSMENT REVIEW

The Risk Assessment Review was approved.

10. PARKS COMMITTEE

The Committee approved Minute no. 18 of the Parks Committee meeting dated 23rd January 2018. The Parks Committee had recommended "headline" cemetery fees be increased from £670 to £700 with effect from 1st April 2018 together with other cemetery fees being increased by the same percentage. The Parks Committee approved a nil increase for rents from allotments for 2018/19.

The Committee approved Minute no. 19 of the Parks Committee meeting dated 23rd January 2018. The Parks Committee had recommended that a sum of £10,000 be delegated to the Parks Manager and Superintendent to spend on service improvements within the operational jurisdiction of the Committee.

11. REPORT OF THE TREASURER ON THE BUDGET FOR YEAR ENDING 31ST MARCH 2019 / RECOMMENDATIONS TO COUNCIL ON 13TH FEBRUARY 2018

The Committee:

- a) Noted the Actual income and expenditure for the 6 months ended 30th September 2017.
- b) Approved the burial fees and allotment fees detailed in Minute No. 10 above.
- c) Approved the Revised Estimates for 2017/18 including a recommendation in relation to the fire doors at the Civic Hall. The Clerk was asked to carry out due diligence into the supplier who had provided a written estimate because of concerns around the company being potentially wound up.
- d) Approved the draft budget for 2018/19 and the Vehicle, Equipment and Election Programme.
- e) After a robust debate, approved Option C in the report being a precept increase from £28.12 to £29.50 representing an increase of 4.9%.

Chairman

The Meeting finished at 4.30pm.

STOURPORT-ON-SEVERN TOWN COUNCIL

FINANCE COMMITTEE

31st July 2018

TREASURY MANAGEMENT

Report of the Treasurer

1. New statutory guidance on local government investments has been issued by the Government. This is the third edition of the guidance that the Government has issued under the Local Government Act 2003 and takes effect from 1st April 2018.
2. The second edition (in 2010) reflected concerns following the financial crash of 2007/08 and the key areas of focus were:
 - the practice of investing for yield, especially in Icelandic banks;
 - the need for transparent investment strategies;
 - the use of Treasury Management advisors.
3. The need for the third edition arises from changes in local authority behaviour. Some local authorities are investing in non-financial assets, with the primary aim of making a profit. Others are entering into very long-term investments or providing loans to local enterprises or third sector entities to stimulate regeneration or economic growth. The new guidance addresses the following concerns:
 - Local authorities are exposing themselves to too much financial risk through borrowing and investment decisions;
 - Insufficient transparency re exposure that authorities have as a result of borrowing and investment decisions;
 - Members do not always have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.
4. Members may, quite reasonably, be wondering whether the new guidance actually applies to Councils as small as ours but it does. The guidance applies where investments exceed, or are expected to exceed, £100,000 at any time during the financial year. At 31st March 2018 the Town Council had £170,000 invested with Wyre Forest District Council and also had a bank balance of nearly £34,000 at that date.

5. The key principles in the guidance that have relevance to the Town Council at this time are that:
- the authority should, for each financial year, prepare at least one investment strategy.
 - the strategy should be approved by the full Council;
 - the strategy should be publicly available on the authority's website;
 - the strategy should prioritise **security, liquidity** and **yield** in that order.

6. In relation to the final bullet point above the guidance makes further points. A prudent investment policy will have two underlying objectives:
- **Security**- protecting the capital sum invested from loss; and
 - **Liquidity** – ensuring the funds invested are available for expenditure when needed.

Once proper levels of security and liquidity are determined it will then be reasonable to consider what **yield** can be obtained consistent with these priorities.

7. The Town Council's accounts for 2017/18 show interest received of just £400. Members may possibly feel that, at 0.25%, the interest secured from the Council's investments with Wyre Forest District Council is low but should bear in mind:
- the Government guidance above prioritising security and liquidity;
 - that, in investing funds, WFDC complies with its own formal investment strategy contained within their Treasury Management Service Strategy, retains professional external advisors who provide daily market advice to ensure their strategy remains robust and fulfils key legislative requirements and guidance;
 - that higher interest rates are earned by investing for long periods - the Town Council is unable to invest for long periods because it is likely to need the money for service provision during that period e.g. the large sum we will pay Worcestershire County Council some time soon for the outstanding service charges relating to our use of the Civic Centre;
 - that interest rates, especially short-term, have been very low for some years ;
 - that, whilst scouring the market might achieve small increases in yield (a few hundred pounds at most), it might jeopardise security and might increase ongoing administration costs.

8. A draft Treasury Management Investment Strategy for 2018/19 is attached.

STOURPORT-ON-SEVERN TOWN COUNCIL

**TREASURY MANAGEMENT POLICY STATEMENT AND
INVESTMENT STRATEGY 2018/19**

1. INTRODUCTION

This Policy sets out the Council's treasury management procedures for prudently investing surplus cash balances held from time to time whilst observing its duty of care to the community.

The Strategy complies with the requirements under section 15(1)(a) of the Local Government Act 2003, and the third edition of guidance that takes effect from 1st April 2018.

2. INVESTMENT OBJECTIVES

The Council's investment priorities are as follows, in the following ranking order:

1. The security of the cash sum invested.
2. Availability of the cash sum invested to meet the cash flow needs of the Council.
3. Achieving good levels of interest (yield) on investment.

This means that the Council will aim to achieve the best return on its investments commensurate with proper levels of security and liquidity.

The Department for Communities and Local Government has advised that borrowing of monies purely to invest or to lend and made a return, is unlawful and the Council will not engage in such activity.

3. SPECIFIED INVESTMENTS

Specified Investments are, by definition in the Guidance note, those offering high security and high liquidity, made in Sterling and maturing in no more than 1 year. Such short term investments made with the UK Government or a local authority to Town/Parish Council will automatically be Specified Investments, as will those with bodies or investment schemes of "high credit quality".

For the prudent management of its cash balances, maintaining sufficient levels of security and liquidity, the Council will use Deposits with UK banks, UK building societies, UK local authorities or other UK public authorities and the debt management agency of HM Government

4. LONG TERM INVESTMENTS

Long term investments are defined in the Guidance note as greater than 12 months and require that, should any Council wish to invest for periods greater than 12 months, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums.

The Council does not intend to hold any long term investments.

5. NON-SPECIFIED INVESTMENTS

These investments have greater potential risk – examples include investment in the money market, stocks and shares.

Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

6. LIQUIDITY OF INVESTMENTS

The maximum period for which funds may prudently be committed, so as not to compromise liquidity, shall be 1 year.

The Treasurer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

7. REVIEW AND AMENDMENT OF THE INVESTMENT STRATEGY

The strategy will be reviewed annually. The Annual Strategy for the coming financial year will be prepared by the Treasurer and presented for approval to the Finance Committee which will then make a recommendation to the Full Council.

The Council does not employ in-house or externally any financial advisors but will rely on information which is publicly available.

Variations to the Strategy can be made at any time, subject to the approval of the full Council. Any variations will also be made available to the public.

FINANCIAL RISK ASSESSMENT – INVESTMENTS 2018/19

RISK	LEVEL	CONTROLS
<p>SECURITY</p> <ul style="list-style-type: none"> • Financial exposure • Risk of fraud • Decision making process 	High	<ul style="list-style-type: none"> • Current account deposits in excess of £10,000 that will not be required in the next 6 months will be invested (in multiples of £10,000) with Wyre Forest District Council • All investments to be made in accordance with the Council’s Financial Regulations • Transfers of funds, however made, will be overseen by Town Clerk.
<p>LIQUIDITY</p> <ul style="list-style-type: none"> • Adequate remaining funds to cover current debts during period of investment 	High	<ul style="list-style-type: none"> • Investments only to be made subject to an approved Cash Flow forecast for the proposed period of the Investment • Cash Flow forecast to be prepared by the Treasurer in consultation with the Town Clerk
<p>YIELD</p> <ul style="list-style-type: none"> • Maximum yield to be sought only after security and liquidity assured 	Low	<ul style="list-style-type: none"> • In accordance with Financial Regulations
<p>RECORD KEEPING</p> <ul style="list-style-type: none"> • Availability of records 	Medium	<ul style="list-style-type: none"> • All records of Investments to be retained for a minimum of 7 years. • All records to be available to any member at any time
<p>REPORTING</p> <ul style="list-style-type: none"> • Members of Council adequately informed as to investments 	Low	<ul style="list-style-type: none"> • Annual Treasury Management report to Finance Committee and Town Council. • Any proposed variation from current investment practice between annual reports to be referred for decision by Finance Committee and Town Council.
<p>ACCOUNTING AND AUDIT</p> <ul style="list-style-type: none"> • Availability of records • Availability of guidance 	Low	<ul style="list-style-type: none"> • Records made available to Internal and External Auditor • Accepted accounting practices to be observed