



TODMORDEN TOWN COUNCIL

REPORT TO FULL COUNCIL

REPORT AUTHOR	General Purposes Committee
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Date	29th January 2020
SUBJECT	Reserves and Treasury Management Policy

PURPOSE:

1. To advise Full Council that the General Purposes Committee have considered the attached Policy and are pleased to recommend that Full Council adopts this.
2. To advise Members that the levels of Earmarked Reserves identified need formally approving by Full Council.
3. To recommend to Full Council that the Playgrounds Reserve that is no longer needed be cancelled and replaced by an Earmarked Reserve entitled Community Development Reserve.
4. The establishment of a Reserves Policy and Earmarking of Reserves reflects Internal Auditor comment for improvement. By doing so before year end, this will already physically be in place at the time of the annual visit.

BACKGROUND:

5. As Todmorden Town Council budgets have increased, and with it, increasing Precept call, unspent funds have over the years accumulated in what is effectively a general reserve which is estimated at year end to be around £80,000, in addition to Earmarked Reserves totalling £83,500.
6. This is physically represented in terms of balances held in our bank accounts.
7. Whilst the process of financial control and regular reporting of the financial position to General Purposes Committee and Full Council, has mitigated the chance of unplanned spend, a Reserves Policy adopted by Full Council, will provide good governance arrangement and financial discipline, to ensure that any future commitments made by Members, especially when not

originally included within the start of year budget, is duly considered in line with our Reserves Policy.

8. Bank balances are inflated at the start of the year when the Precept is received in one single amount.
9. There is risk in that unauthorised access to the bank account could in theory lead to all balances being taken. By following a Treasury Management Policy that involves a combination of minimum balances held on current account for operational needs, and then the remainder of funds held in a mixture of instant access deposit account and other fixed term deposit accounts (term relative to purpose) this will help reduce this risk, whilst also generating additional investment income.
10. There is an existing Earmarked Reserve of £15,000 in respect of Play Areas that has been in existence for some time without any activity associated with it. Todmorden Town Council does not own any playgrounds. The need for this Reserve, unless a contribution towards levering in substantially greater funds for investment in playgrounds to benefit Todmorden residents, was considered by General Purposes Committee and agreement reached to cancel this Reserve.
11. In light of budget considerations for 2020/21 , including making commitments to build up a fund for potential Town Hall future involvement, and or levering in substantial funds by way of matching contributions to enable larger schemes to be implemented of benefit to Todmorden, General Purposes Committee agreed to recommend to Full Council to establish an Earmarked Reserve called Community Development Earmarked Reserve

FINANCIAL CONSIDERATIONS:

12. By adopting a policy of Earmarking Reserves and maintaining a General Reserves level relative to annual expenditure, budget constraints are automatically present, that then require Members to consider these levels, prior to making any more substantial financial commitments.
13. By segregating bank funds into different investment accounts, there is also a physical control introduced that in turn seeks to compliment the Reserves Policy
14. By reducing current account balances and investing more into interest earning accounts investment income will increase.

RECOMMENDATION:

15. That Full Council adopts the Reserves and Treasury Management Policy - Appendix 1
16. That the General Playgrounds Earmarked Reserve is cancelled, and a new Earmarked Reserve entitled Community Development Reserve be established in an amount of £15,000
17. That the level and breakdown of Earmarked Reserves for the Financial Year 2020/21 is set at overall £83,500 as follows:-

Title	Amount	Purpose
Emergency flood repair	£20,000	High risk of flooding. Contingency to assist local residents in case of need
Skate Park	£10,000	To enable grant funding to be progressed- covers scheme work up, research and grant funding applications by external consultants.
Elections	£5,000	To meet cost of one bye election should a vacancy be declared
Station Access	£25,000	Capital contribution towards Network Rail improvements to station accessibility
It upgrade	£8,500	To meet cost of IT improvements- under review pending potential, relocation and future need
Community Development	£15,000	Designed to help lever in greater investment by way of matched funds type contribution.

18. That the RFO be authorised to open up an instant access deposit account with our existing bankers and given delegated powers to transfer funds between bank current and interest earning accounts as required, to manage cash flow and maximise interest earning opportunity.
19. That the Town Clerk/ RFO is authorised to research different Term Deposit options and present these to the General Purposes Committee for consideration.
20. That upon the General Purposes Committee agreeing the placement of surplus funds in line with this Policy, the Chair of General Purposes Committee in conjunction with the RFO, be given delegated powers to place and renew such investments.
21. That at each Full Council Meeting a schedule of Investments made is included as part of the financial update provided

REASONS FOR RECOMMENDATION

22. To provide approval to adopt this Policy.
23. To provide the authority by which to create and set the level of Earmarked Reserves
24. To provide the authority and delegated powers to be able to practically manage delivery of this policy

POLICY IMPLICATIONS:

25. This Policy falls in line with recommended good practice.

DETAILS OF CONSULTATION:

26. None

SUPPORTING PAPERS:

27. Appendix 1 – Reserves and Treasury Management Policy.

FURTHER INFORMATION, PLEASE CONTACT: Colin Hill