

# Appendix 1 - Policy re Financial Risk

This is the statement of general policy and arrangements for:		Todmorden Town Council	
Todmorden Town Council		<b>has overall and final responsibility for financial risk</b>	
Colin Hill – Town Clerk and Responsible Financial Officer		<b>has day-to-day responsibility for ensuring this policy is put into practice</b>	
Statement of general financial policy	Responsibility of: Name/Title	Action/Arrangements (What are you going to do?)	
Prevent financial mismanagement, by managing the financial health of Todmorden Town Council	Colin Hill	Adhere to the Investment and Treasury Management Policy adopted by Town Council	
Provide clear instructions and information, and adequate training, to ensure employees are competent to do their work	Colin Hill	Train up Assistant Town Clerk to position of RFO and bring forward Administrative Officer into finance assistant role	
Engage and consult with employees on day-to-day budget related matters	Colin Hill	Train up Assistant Town Clerk to position of RFO and bring forward Administrative Officer into understanding budgets and the Alpha Accounting System	
Review Investment, Banking arrangements and Reserve levels	Colin Hill	Train up Assistant Town Clerk to position of RFO and bring forward Administrative Officer into understanding Investment, banking and Reserve levels.	
Review specific financial risks	Colin Hill	Review Compliance with Internal Controls	
Signed: * (Employer)	<i>C R Hill</i>	Date:	25 <sup>th</sup> November 2020

# Specific Financial Risk Assessment re Investment in Community Share Offer

Todmorden Town Council :

Date of risk assessment: 25<sup>th</sup> November 2020

What are the Risks	How might this affect TTC financial /reputational position?	How it proposed to manage this risk ?	Do you need to do anything else to control this risk?	Low	Med	High
Loss of investment ahead of share subscription being taken up	Sending funds to then not be used for the purpose stated would lead to a likely total loss and indicate poor financial management and	The funds when deposited are held in a client account by Ethex .	Written confirmation from Ethex	X		
Each share will have a value of £1 and shares will be offered in multiples of 250 (£250). The minimum shareholding is 250 shares, and the maximum shareholding will be in multiples of £250 to a maximum value of £20,000.						
Nature of investment term prevents urgent access if needed	Should the Town Council be in need of funds then any protracted process in obtaining return of the investment	The Town Council Reserves Policy set a guide of £80,000 to be held in General Reserves. The extent of this investment is small in relation to the risk of creating financial hardship if delay in obtaining funds back	No – this investment is regarded as long term	X		
Shares are withdrawable by selling them back to the society. CVCLT Trustees will only consider requests to withdraw shares three years after the original shares issue - by early 2024. Withdrawal is subject to three months' notice and is at the discretion of the Trustees and withdrawals will be made in the order that requests for withdrawal have been received. Sections 25 and 26 of the society's rules allow for withdrawal of share capital and set out the process for this. The society will make a further share offer to raise additional share capital to replace the value of any proposed withdrawal of shareholdings. The society has placed a limit on the withdrawal of shares in any one year to a maximum of 5% of the value of community shares held by the society. Withdrawal will only be allowed if we receive new investment to replace the value of shares withdrawn. The Trustees strongly encourage investors to consider their investment to be a long-term commitment to the work of Calder Valley Community Land Trust and are asking investors to leave their money within the society for as long as possible.						
Dividend/Interest return is not made or is below market expectations	The potential interest return is de – minimus. Set at target maximum 2% it is higher than any current bank investment rates	Whether a return is generated for this investment is dependent upon rental income being achieved	An income target of £60 will be included in budget setting for 2022/23 as a target, to remind that a payment may be due to the Town Council	X		
The Community Shares will carry a target maximum interest rate of 2% with first interest payments to be made available in early 2023. Interest will only be payable when the Trustees consider the society can afford it.						

What are the Risks	How might this affect TTC financial /reputational position?	How it proposed to manage this risk ?	Do you need to do anything else to control this risk?	Low	Med	High
Improper Management of the Trust	Poor management leading to losses, no interest return and risk of investment loss.	Investment Partner (IP) and Registered Provider (RP) status is only provided when evidence of strong management capacity and capability. Awarded Community Share Standard Mark.	No - Trustees included chartered survey, chartered accountant, graduate in law, professional business advisor and quantity surveyor.	X		
<p>The Community Shares Standard Mark is awarded by the Community Shares Unit (CSU) to offers that meet national standards of good practice. These standards ensure that: • The offer document and application form are easy to understand • You are provided with all the facts you need to make an informed decision • The facts are supported by the annual accounts and/or business plan of the society • Nothing in the documents is purposefully incorrect, confusing or misleading</p>						
Failure of the Calder Valley Community Land Trust, leading to outright loss	Outright loss would not impact on the Councils overall financial position. Albeit loss of an investment made on behalf of the Town would be unwelcome, there would be shared loss within the community through other subscribers and therefore the Town Council is unlikely to suffer in terms of reputational damage.	Project total is £431k of which max £100k may be by way of borrowed funds (Calderdale Community Foundation)and likely only £50k. Gearing range 11% to 22% , existing tenants in occupation and string demand from affordable rental property at this level. Reserves stand at £171k with proven track record of delivery	The Trust is an Investment Partner (IP) and Registered Provider (RP) status with the Homes and Communities Agency (now Homes England). As such this provides added comfort in terms of its professionalism and likely stability	X		
<p>Calder Valley Community Land Trust Ltd is a Community Benefit Society (Reg. No. 7038) and registered with HMRC as a charitable organisation As a charitable Community Benefit Society, CVCLT has an Asset Lock in place. This ensures that the society's assets cannot be distributed to its members but, on dissolution, any residual assets must be transferred to a charitable organisation that also has an asset lock in place and which has similar objectives to those of CVCLT.</p>						