



TODMORDEN TOWN COUNCIL

# TODMORDEN TOWN COUNCIL

## REPORT TO FULL COUNCIL

<b>Report Author</b>	<b>Resources Committee</b>
<b>Tel No</b>	<b>07923257879</b>
<b>Email</b>	<b>townclerk@todmorden-tc.gov.</b>
<b>Date</b>	<b>16<sup>th</sup> March 2022</b>
<b>Subject</b>	<b>Reserves and Treasury Management</b>

### PURPOSE OF REPORT

1. To inform Members that the Resources Committee on the 16<sup>th</sup> February 2022 reviewed the Reserves and Treasury Management document noting this was last reviewed In March 2021
2. To ask Members to note that the Reserves and Treasury Management Policy should be reviewed annually to be satisfied that it remains appropriate, especially should the nature of the Council's activities materially change.
3. To inform Members that the Clerk in her combined role with that of the Responsible Financial Officer has reviewed the existing policy and has updated Earmarked Reserve levels, with additions made to the policy to reflect potential changes in the levels of funds under management that are likely to arise in respect of Town Deal Funds. These changes are highlighted in Appendix 1.
4. To inform Members that the year-end Earmarked Reserves position will stand at £219,156
5. To inform Members that as the date of this report that the General Reserves level (our contingency to meet unknown calls on funds) is forecast for the year end, to still meet the c£80,000 level set within this Policy.
6. To inform Members that during the year because of virtually nil interest rates, no additional placing of term deposits has taken place, with a "cash management" account used to hold the bulk of our funds separate from the current account to minimise risk of fraudulent activity.
7. To inform Members that as there is the likelihood of receiving substantial grant funds arising out of our role as Sponsor, the policy provides the flexibility to consider alternative investment options.

### FINANCIAL IMPLICATIONS

8. The general guidance is that Precept should not be simply used to bolster up Financial Reserves without any planned or justifiable contingency need.

9. The level of Earmarked Reserves standing at £219,156 is healthy for a Town Council of this size given that it has no high-risk property asset nor is delivering direct services. They do however reflect the ambition to work with others to help and facilitate and potentially enable the leveraging in of more funds to benefit the residents of Todmorden.
10. That ambition to help lever in external funds to deliver a major project is reflected in the Community Development Reserve standing at £45,000.
11. The Levels of Earmarked Reserves are included within the Policy but for ease of Reference are detailed on pages 6/7/8.

## **TOWN DEAL FUND CONSIDERATIONS**

12. There is the potential to receive circa £1,000,000 in grant funds for subsequent defrayment in respect of the six projects that the Town Council is acting as Sponsor for.
13. Each of these projects will have a delivery timescale that is likely to be different and we could in theory be in receipt of funds that may not need to be defrayed for some time.
14. Given this potential, within the Policy is wording to manage the opportunity to invest in Fixed Term Deposits

9f.3 Where external grant funds are received the decision to place on fixed term deposit should be aligned with the anticipated spend profile of the capital project involved and invested for no longer than 6 months or more than 25% of the individual project value.

9f.4 Where such investment on term deposit is made a schedule of investments related to anticipated capital spend should be provided to the Resources Committee

15. By introducing this parameter, the risk of investing in Fixed Term Deposit and not be able to meet cashflow requirements, without breaking of deposit terms, is reduced.

## **RECOMMENDATION**

16. That Full Council agree that the Draft Reserves and Treasury Management document remains appropriate and agrees to adopt forthwith.
17. That Members consider whether any changes to the level of Earmarked Reserves other than those already indicated are required.
18. That should Interest Rates improve for investing funds, consideration be given to use of fixed term deposits in line with the proposals contained within the Policy.

## **REASONS FOR RECOMMENDATION**

19. Full Council approval is required to formally adopt this policy.

## **POLICY IMPLICATIONS:**

20. This addresses changes arising out of a substantial change in financial receipts arising out of external grant funds.

**DETAILS OF CONSULTATION:**

21. None arising from this report.

**CLIMATE CHANGE:**

22. None arising from this report.

**IMPACT EQUALITY ASSESSMENT**

23. None arising from this report.

**SUPPORTING PAPERS:**

24. Appendix 1 - Draft Reserves and Treasury Management.

**FURTHER INFORMATION, PLEASE CONTACT: Naomi Crewe**