

STRATFORD-UPON-AVON TOWN COUNCIL

FINANCE & AUDIT COMMITTEE

5 MARCH 2024

TOWN CLERK'S OPEN REPORT

1) External Audit and Annual Return (AGAR) 2022-23

• **To note the report**

Since the last Finance and Audit Committee Meeting the Town Council has received the final AGAR report after months of chasing. No concerns were raised, and the AGAR is now complete. The relevant documents and notices have been published (**Appendices 'A' and 'B'**).

2) To consider any write offs in the aged debtors report

There are a number of historic small amounts on the aged debtors report (**Appendix 'C'**). **Members are asked to consider the approval of any small debt write off.**

3) To receive the management accounts for the period 1 April 2023 to 31 January 2024

• **To note the report**

The Management Accounts for the period 1 April 2023 – 31 January 2024 are attached as **Appendix 'D'**, along with a detailed review attached as **Appendix 'E'**.

Members are requested to note the report.

4) To consider any recommendations from the Community Services Committee

• **To consider the request and make a recommendation to Council**

At the Community Services Committee meeting on 20 February 2024 the Committee reviewed additional financial documents provided by Stratford-in-Bloom to support their application for initiative funding.

In addition, urgent repair works to the Cemetery pathways were discovered and required to be undertaken due to H&S concerns, costing in the region of £5,500.

At the time of writing this report the meeting minutes were not available but should be ahead of the F&A Committee meeting.

Members are asked to consider any requests by the Community Services Committee and approve / make a recommendation to Council as appropriate.

5) **To review and recommend adjustments to the Designated Reserves for the end of the financial year 2023-24**

Members will recall that the reserves policy has already been reviewed and determined not to amend it, leaving the minimum level of General Reserve required to be at least 25% of NET budgeted expenditure. Members are now required to consider the levels of Designated Reserves which will be determined as part of the year end process in preparing the annual accounts for 2023-24.

A summary of the reserves information for the 2023-24 budget is attached as **Appendix F**.

The planned changes to review are as follows:-

- Building Maintenance Reserve increase by £10,000 minus any YTD costs
- Cemetery Land & Buildings reserve increase by £15,000 minus any YTD costs
- Election expenses reserve to reduce by £16,940 (value of the 2023 election invoice)
- Vehicle Replacement Reserve to increase by £3,688 for the reserve to cover the final balloon payment
- Town Centre Strategic Partnership reserve to reduce by any NET surplus/deficit as set out in the management accounts
- The Shakespeare's Statue Restoration reserve to reduce by any NET surplus/deficit as set out in the management accounts

- The Shakespeare's Birthday Celebrations Reserve to adjust by any NET surplus/deficit, taking in to account the proportion of costs of the Hatton Rock storage facility

The Community Infrastructure Levy Reserve is updated as soon as funds are received and so does not need to be accounted for here, however members are given the opportunity for any last recommendations. It was previously agreed for any Street Furniture spend/budget to now come from this reserve.

Except where indicated above, it is not proposed to change existing designated reserves or create new ones. Changes will be financed by transfer to or from the General Reserve. The General Reserve will be increased by any surplus / decreased by any deficit for the 2023-24 budget come year end.

Members are asked to review and confirm the Designated Reserves for the year ending 31 March 2024.

6) **To review Council's Banking arrangement and investments**

It is the responsibility of the Finance & Audit Committee to review Council's banking arrangements and investments as part of the annual financial risk review.

6.1) Banking

- Members are reminded that day-to-day banking covering receipts and payments is undertaken through current and reserve accounts with Barclays, including direct debits and standing orders, alongside a Barclays.Net online payment system for the bulk of supplier payments and services, and a debit card account for smaller ad-hoc payments. Cheque payments are made very infrequently (it has been years since the last cheque was issued). The outsourced monthly payroll is processed via Barclays Payflow.
- **Members are asked to consider whether the process under the Financial Regulations for the RFO assisting with dual signatory requirements on online payment run authorisations on behalf of Councillors requires any amendment.**

- The Mayor's Good Causes Bank Account continues with Barclays, however significant issues have arisen during the course of the year, and **members are asked to consider whether changing banks would be appropriate**, particularly giving consideration to green / ethical banking, and whether the same would want to be applied for the Town Council's main account.
- Since the impact of the coronavirus pandemic, the local branch of Barclays has continued to operate under reduced opening hours. However, more of the Council's financial transactions are now made online, including bank receipts for more cemetery fees, so the visits to the branch are less frequent. The Town Council plan to acquire a card payment machine in order to take in-person and over-the-phone payments.

Members are asked to consider the above.

6.2) Short Term Investments

- Members are reminded that the bi-annual Precept receipts are initially transferred into short term investments and savings accounts, to improve investment returns, and are then drawn down during the year as and when funds are required for making payments.
- The bulk of Council's working capital is currently held in the Cambridge and Counties Bank 31 Day Notice Savings Account. The online and phone support received from Cambridge and Counties Bank has always been excellent.
- Other short-term funds have been left in the CCLA Public Sector Deposit Fund, with access to these funds within 24 hours. The support received from CCLA has also always been excellent.
- It should be noted that the returns from short term cash investments have shown a small yet steady increase month by month. Investment returns will continue to be monitored.

Because these procedures continue to work well, it is believed that there is no requirement for further review of these banking and savings arrangements at the current time.

Members are asked to consider the report.

6.3) Long Term Investments

- Members will recall the Investments Strategy is now reviewed annually during the Finance & Audit Committee meeting in November during the budget process.
- The approach of a 'rolling return' of medium/long term investments came to an end as the result of the requirement to fund the growing deficits over recent years. The 2 Year Fixed Rate Business Bond of £50,000 matured in December 2022 with £1,158.21 interest. This has not been reinvested.
- If the level of the deficit for 2023-24 proves to be lower than budgeted, it may be possible to consider further investment in new medium-term bonds or investments once the year end accounts are approved. Medium term investments of this nature continue to give improved investment returns while retaining flexibility to meet the demands of future Council funding requirements. However, careful consideration should be given due to the fluctuation of inflation and interest rates – there may in effect be a negative return if interest rates are below inflation.
- The use of the CCLA Local Authorities' Property Fund (LAPF) for long term investment continues to provide substantially increased investment returns compared to the other Council investments, in part through increased risk as well as the large sum invested of £250,000. It is still the intention to leave this investment in place for as long as possible, though Members should note that funds can be received after 90 days of the sale of shares on the month end dealing day. The continued impact on the Fund as a whole of the property market can be seen, however the RFO has been assured that the fund itself is outperforming other commercial property fund investments, and once base rates start to reduce the

Town Council should start to see modest, but steady uplift to capital values. It should also be noted that the value of the investment is less than the original investment amount in part due to costs to enter into the fund, however dividends received have far outweighed this difference.

Members are asked to consider the report.

7) To review the Council's risk management

Members should note that it is the responsibility of the Finance & Audit Committee to undertake a Financial Risk Management review, at least annually. This is part of the Council's definitive Risk Register.

As reported previously, following a recommendation by the Internal Auditor during the audit in 2018, a Risk Register Log was added in 2019. This is intended to allow for easier review of the various risks and to assist with setting priorities and schedules for future detailed risk reviews, possibly on a 5 year 'rolling cycle'.

Due to long term staff absence in 2019, then the coronavirus pandemic and closure of the Town Hall for much of 2020 and 2021, no further progress had been made with updating the Risk Register Log until 2022 when the Council's Health & Safety Advisor made some changes and updates and 2023 where the format and responsibilities started to be reviewed by the RFO and Town Clerk. There are still some amendments to make and will be tabled at the meeting if not attached as **Appendix 'G'**.

Members are asked to review and recommend the information to Council.

8) To review and recommend the Council's Approved Suppliers and Service Providers List

Members should note that an annual review of the Approved Suppliers & Service Providers List is required as part of the Financial Risk Assessment Management review, and the latest version is attached as **Appendix 'H'**.

The list has been amended to include new suppliers and service providers used within the last twelve months. No details have been removed as yet this year and requires review.

Members are asked to review and recommend the list to Council.

9) **To review Council's Financial Regulations**

There is a requirement to review Council's Financial Regulations at least annually. Certain items in the Financial Regulations and Terms of Reference are linked and should be maintained in line with each other. The terms of reference review schedule was changed to take place each September.

The latest version is attached as **Appendix 'I'**.

Unless any Member has further changes to propose, such as any relating to the payment run approval process, **it is recommended that these versions are approved and recommended to Council.**

10) **To review Council's Community Infrastructure Levy (CIL) Policy**

It was recently discussed that the Council's internal CIL policy required review to ensure suitability. **Members are asked to review the policy and recommend any changes to Council.**

Responsible Financial Officer
28 February 2024