ACTION AND PROJECT PROGRESS LIST

Blue - completed or moved on and will be deleted after next meeting of relevant committee. Green = update. Grey background = confidential items. Violet = long term action. Red - priority

COUNCIL / COMMITTEE	MINUTE REF	MEETING DATE	SUBJECT	ACTION AGREED	WHO	TARGET DATE	DATE DONE	NOTES
F&GP	234	07.01.21	Toilets on the Common	Submit Commons Act application	PC / Solicitor	asap		In progress
F&GP	265.1ii	29.09.21	Grants policy	Implement new grants policy	PC	asap		Completed
F&GP	270.1	29.09.21	Internal auditor	Agree to appoint Peter J Consultants	PC	asap		Completed - Appointment letter sent
F&GP	273.1	29.09.21	Electricity contracts	Delegate authority to agree new contract- Denmans Lane toilets	PC/RFO/SH/RP	asap	15-Oct-21	Completed
F&GP	273.1	29.09.21	Electricity contracts	Delegate authority to agree new contract- Clock Tower House	PC/RFO/SH/RP	asap	15-Oct-21	Completed
F&GP	273.1	29.09.21	Electricity contracts	Delegate authority to agree new contract- Streetlights	PC/RFO/SH/RP	asap		In progress - awaiting updated UMS certificate from UKPN
F&GP	274.1	29.09.21	Welcome Back Fund	Advise MSDC that we are interested in grant fund.	PC	asap		Emailed MSDC & also had follow up telephone call with MSDC officer

LINDFIELD PARISH COUNCIL

GRANTS AND DONATIONS MADE DURING THE PERIOD 01.04.21. - 31.03.22

Per budget	date agreed	Applicant	Purpose	Request	amount agreed	S.137 power	other powers	20/21	Comments
2,500.00									
	Delegated authority	**Lindfield Bonfire Society**	£500 towards the Society's medical service costs for the November 2021 event.	£500.00	£500.00			£500.00	
	Delegated authority	**Fairer World Lindfield**	Printing 5000 A6 double sided flyers and 50 A4 colour posters for promotion of Great Big Green Week (20th-25th Sept) at Lindfield Village Day and to local residents of Lindfield.	£77.13				£50.00	Request declined
	Delegated authority	**Lindfield Repair Cafe**	We are requesting a contribution to our set up costs to support the initiative in its first year: establishment of a Community Interest Company, insurance, a website set up; membership of national/international network of repair cafes, publicity and marketing including banners, purchase of tools, support for venue hire.	£500.00	£500.00				
	Delegated authority	**Victim Support**	Recruit train and supervise new volunteers to work in the Sussex Community providing emotional and Practical Support to victims and witnesses of crime. In the last 12 months there were 129 reported crimes in your Postcode area RH16 "1" and "2" – 66 of those were Domestic abuse	£100.00	£100.00			£100.00	
	Delegated authority	**West Sussex Mediation Service**	We would use the money to go towards the recruiting and training of a volunteer mediator from your Parish, but if this was not possible the money would help towards the costs of cases from within the Parish. (the service helped 4 families in Lindfield in 2020/21)	£100.00	£100.00				
	Delegated authority	**4Sight**	To provide funding for our essential Outreach Services to support people with sight loss who are living in your parish of Lindfield. (currently 33 individuals)	£300.00	£300.00			£245.00	
		Total agreed to date			**£1,500.00**	£0.00			
As at 29.10.21		Balance in hand			**1,000.00**				

Committee	Finance & General Purposes
Date	04.11.2021
Item	10

Report:	**Budget 2022/3**

The Committee Chairman, Clerk, and Responsible Financial Officer met on 18th October to consider the F&GP budget. The following table shows the current budget, current spend, and proposals for 2022/23:

F&GP						
Heading	**Description**	**Budget**	**Current**	**Anticipated**	**Difference**	**2022/23**
4000	Salary	72,670	34,209	66,176	-6,494	74,797
4010	Tax &NI	5,100	2,307	4,609	-491	5,200
4020	Pension	13,200	5,234	10,015	-3,185	11,553
4100	Staff Overtime	500	0	0	-500	500
4110	Staff Expenses	200	0	0	-200	200
4111	Payroll Administration	330	0	330	0	350
4120	Training	2,500	313	450	-2,050	2,000
4140	Audit Fees	1,500	-419	1,500	0	1,500
4160	Insurance	2,500	1,813	1,813	-687	2,500
4170	Postage & Stationery	700	51	500	-200	500
4175	Annual Membership/Subscriptions	2,800	1,959	2,750	-50	2,950
4180	Photocopying	2,300	968	2,000	-300	2,300
4190	Telephone & Broadband	2,000	1,034	1,900	-100	2,500
4200	IT & Website	4,000	798	3,300	-700	4,000
4210	Office Equipment	1,500	0	0	-1,500	1,000
4221	Lindfield Enterprise Park	700	0	630	-70	700
4230	Grants Paid	2,500	1,500	2,000	-500	2,500
4240	Room Hire	800	43	400	-400	850
4250	Cleaning/Catering	2,600	1,576	2,500	-100	2,700
4255	Admin Miscellaneous	200	0	0	-200	200
4260	Newsletter & Annual Report	2,200	765	2,000	-200	2,300
4265	F&GP Professional Fees	5,000	0	TBC	-5,000	5,000
4270	Chairs Allowances	500	75	100	-400	500
4271	Members Allowances	4,000	0	3,870	-130	4,000
4280	Councillors Expenses	200	0	50	-150	200
4290	Village Directory	3,000	0	0	-3,000	remove
4310	PWLB Repayment	23,300	23,267	23,267	-33	22,783
4320	Electric	2,000	513	1,500	-500	2,100
4330	Water	300	47	150	-150	300
4340	Security System	500	0	500	0	550
4350	Fire System	500	135	450	-50	550
4360	Health & Safety	500	106	106	-394	200

Committee	Finance & General Purposes
Date	04.11.2021
Item	10

4370	Publications	200	0	0	-200	200
4380	Data Protection	600	150	830	230	850
4393	Maintenance/Improvements CTH	2,500	469	469	-2,031	2,500
NEW	Waste collection					2,000
NEW	Tablets for Cllrs					8,000
NEW	CTH - Insulation					tbc
NEW	CTH - Solar panels					10,000
NEW	Communications & Events					3,000
	Total	163,900	76,913	134,165		183,833
Earmarked Reserves						
	Toilets on the Common	84,170	0			
	Total	84,170	0			
General Reserve						
	General reserve	£ 50,000	£5,742		£75,000	

The anticipated spend figures are likely to change and will be continuously updated.

Members will note the following additions:

Waste collection - the Council will need to procure the collection of recycling and waste. This will support the Village Orderly role and the office. The quote is based on a twice-weekly rubbish collection and weekly recycling collection.

Tablets for Cllrs – providing members with tablets will help reduce paper consumption and ensure all members have access to the technology that supports the role. The quote is for the outright purchase of twelve devices each with a keyboard, pen, and case. Tablets will also help the council to offer hybrid meetings should it choose to do so. Hybrid meetings increases allow greater access for the public to council meetings and help improve transparency.

CTH – Insulation – improving the office insulation supports the council's climate change objectives and will help lower energy costs.

CTH – Solar panels – this figure is based on a quote (late 2019). Solar panels will support the council's climate change objectives and help mitigate electricity supply costs. In addition, excess electricity can generate additional income for the Council which will help offset the initial cost.

Community Engagement - it is proposed that this heading replace the Village Directory. The budget will support the communications working group and can be used for electronic and printed methods of communications. In addition, the budget can support events such as meet your councillors.

General Reserve – it is proposed that the general reserve be increased to £75,000. This is approximately 43.6% of the current precept. Councils are advised that the general reserve should be approximately six months' worth of income. This will allow capacity to fund additional items, such as a vehicle for the Village Orderly, should they become necessary.

Action Required

Committee	Finance & General Purposes
Date	04.11.2021
Item	10

Members are asked to carefully consider the proposed budget. Members will need to advise whether they wish to see any amendments. The agreed draft budget will then be presented to Full Council (11th November).

Andrew Funnell
Lindfield Parish Council
Parish Clerk
29 October 2021

Committee	Finance & General Purposes
Date	04.11.2021
Item	11

Report:	**Debit Card**

Summary
Members are asked to increase the single transaction limit without prior approval from £50 to £100.

Background
Currently, the Clerk is allowed to use the debit card on single transactions up to £50 without prior approval from the authorised signatories. In October the amount that can be authorised using a contactless payment was increased nationally from £45 to £100. The debit card is enabled to authorise contactless payments.

Any transaction over £50 but below £500 requires prior email authorisation by at least two of the authorised signatories. Use of the debit card for a transaction over £500 requires prior approval at the relevant committee meeting.

Considerations
Members are asked to consider increasing the transaction limit without prior approval from £50 to £100. This will allow more low-value transactions to be completed without seeking members prior approval. Members should consider whether they are happy with the increased, albeit small, exposure level.

Recommendations
Members agree to increase the single transaction limit without prior approval from £50 to £100.

Andrew Funnell
Parish Clerk
29 October 2021

HM Revenue & Customs

Claim a VAT refund as an organisation not registered for VAT

Check your answers

Make sure the information you have given is correct

VAT Relief claim

VAT Relief registration number

XSV126000106350

Organisation details

Organisation name

Lindfield Parish Council

Organisation type

Local authority for example, a parish council

Contact details

Full name

Tracy Elizabeth Ely

Email address

[redacted]

Telephone number

01444 484115

Contact method

Email

New address

Amend address

No

Bank account details

Change bank account details

No

Claim dates

Start date

30 November 2020

End date

30 September 2021

Submission type

Preferred invoice method

Upload a file summarising all the invoice details

Invoice details

Invoices file

HMRC LPC Jul to Sep 2021.pdf

VAT refund

Claim amount

£2,093.34

Committee	Finance & General Purposes
Date	4 November 2021
Item	13

Report:	**Protection of Parish Council Financial Assets**

Summary
Members are asked to approve an investment policy to comply with the recommendations of the Accountability and Governance Practitioners' Guidance March 2021 (section 4.19.).

Background - Recommendation to have an Appropriate Investment Policy
As part of the internal audit checklist, the Accountability and Governance Practitioners' Guidance March 2021 (section 4.19.) sets out basic requirements for the conduct of an effective internal audit review of an authority's financial and governance records and controls facilitating the completion of the Internal Audit Report in an authority's Annual Governance and Accountability Return (AGAR). It aims to provide Proper Officers and internal auditors with a basic guide to the controls that should ideally be in place and physical checks/testing that should be applied.

Considerations
One of the expected controls states that where the authority has bank balances of more than £100,000 it is recommended that it has an appropriate investment strategy in place. Lindfield Parish Council falls into this category, and I have included a copy of the Guidance referred to in the above paragraph in Appendix A for your reference.

With the Council's financial position in mind, I would like to recommend that consideration be given towards implementing an Investment Policy, such as the draft copy shared in Appendix B.

Required action
1) Agree that the Council, as per the Accountability and Governance Practioners' Guidance recommendation, should have an investment policy
2) Consider draft policy and agree either to implement or ask the Policy Working Group to draft an alternative to be recommended to a future meeting/Full Council.

Appendices
Appendix A Statutory Guidance on Local Government Investments
Appendix B Draft Investment Policy

Tracy Ely
Responsible Financial Officer
Lindfield Parish Council
29 October 2021

STATUTORY GUIDANCE ON LOCAL GOVERNMENT INVESTMENTS

(3rd Edition)

Issued under section 15(1)(a) of the *Local Government Act 2003* and effective for financial years commencing on or after 1 April 2018

POWER UNDER WHICH THE GUIDANCE IS ISSUED

1. The following Guidance is issued by the Secretary of State under section 15(1)(a) of the *Local Government Act 2003.* Under that section local authorities are required to "have regard" to "such guidance as the Secretary of State may issue".

DEFINITION OF TERMS

2. In this guidance the ***2003 Act*** means the *Local Government Act 2003.*

3. **Local authority** has the meaning given in section 23 of the *2003 Act.* To the extent that this guidance applies to parish councils and charter trustees (see paragraph 11) a reference to a local authority includes those councils and trustees.

4. The definition of an **investment** covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

5. For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly-owned companies or associates, to a joint venture, or to a third party. The term does not include *pension funds* or *trust fund investments,* which are subject to separate regulatory regimes and therefore are not covered by this guidance.

6. A **credit rating agency** is one of the following three companies:
   - Standard and Poor's;
   - Moody's Investors Service Ltd; and
   - Fitch Ratings Ltd.

7. For the purposes of this guidance a **loan** is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

8. The **Treasury Management Code** means the statutory code of practice issued by CIPFA: *"Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition".*

9. The **Prudential Code** means the statutory code of practice, issued by CIPFA: *"The Prudential Code for Capital Finance in Local Authorities, 2017 Edition".*

10. The **Capital Strategy** is the strategy required by the updates to the Prudential Code and Treasury Management Code.

APPLICATION

Effective date

11. This guidance applies for financial years commencing on or after 1 April 2018. It supersedes all previous editions of the Statutory Guidance on Local Authority Investments.

12. Strategies presented to Council or equivalent before 1 April 2018 but relating to 2018-19 and future financial years do not need to include all of the additional disclosures required by this edition of the guidance should it not prove practical or cost effective to do so. If a local authority chooses not to include the new disclosures in its 2018-19 Strategy, it must include the disclosures in full in the first Strategy presented to full Council or equivalent after 1 April 2018.

Local authorities

13. This guidance applies to all local authorities in England.

14. This guidance applies to parish councils and charter trustees, providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where a parish council or charter trustee expects its total investments to be between £10,000 and £100,000, it is encouraged to adopt the principles in this guidance.

KEY PRINCIPLES

Transparency and democratic accountability

15. For each financial year, a local authority should prepare at least one Investment Strategy ("the Strategy"). The Strategy should contain the disclosures and reporting requirements specified in this guidance.

16. The Strategy should be approved by the full council. For authorities without a full Council, the Strategy should be approved at the closest equivalent level. The

Secretary of State recommends that the Strategy should be presented for approval prior to the start of the financial year.

17. Where a local authority proposes to make a material change to its Strategy during the year a revised Strategy should be presented to full council or equivalent for approval before the change is implemented.

18. The Strategy should be publicly available on a local authority's website. Where a parish council or charter trustee does not maintain its own website, they should post a public notice detailing how local residents can obtain a copy of the Strategy, free of charge.

19. Where a local authority prepares a Capital Strategy in line with the requirements of the Prudential Code, a Treasury Management Strategy in line with the requirements of the Treasury Management Code, or any other publicly available document, the disclosures required to be included in the Strategy can be published in those documents instead of in the Strategy.

Contribution

20. Investments made by local authorities can be classified into one of two main categories:
    - Investments held for treasury management purposes; and
    - Other investments.

21. Where local authorities hold treasury management investments, they should apply the principles set out in the Treasury Management Code. They should disclose that the contribution that these investments make to the objectives of the local authority is to support effective treasury management activities. The only other element of this Guidance that applies to treasury management investments is the requirement to prioritise Security, Liquidity and Yield in that order of importance.

22. Local authorities should disclose the contribution that all other investments make towards the service delivery objectives and/or place making role of that local authority. It is for each local authority to define the types of contribution that investments can make and a single investment can make more than one type of contribution.

Use of indicators

23. The Strategy should include quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions. This should include how investments are funded and the rate of return

received. Where investment decisions are funded by borrowing the indicators used should reflect the additional debt servicing costs taken on.

24. Local authorities should consider the most appropriate indicators to use, given their risk appetite and capital and investment strategies. Whilst this guidance does not prescribe specific indicators or thresholds, the indicators used should be consistent from year to year and should be presented in a way that allows elected members and the general public to understand a local authorities' total risk exposure from treasury management and other types of investment.

25. Where a local authority has entered into a long term investment or has taken out long term debt to finance an investment the indicators used should allow Councillors and the general public to assess the risks and opportunities of the investment over both its payback period and over the repayment period of any debt taken out.

Security, Liquidity and Yield

26. 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.

27. The generation of **yield** is distinct from these prudential objectives. However, this does not mean that local authorities are recommended to ignore potential revenues. 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.

28. When entering into treasury management investments, local authorities should consider security, liquidity and yield in that order of importance.

29. When entering into other types of investments local authorities should consider the balance between security, liquidity and yield based on their risk appetite and the contribution(s) of that investment activity.

Security

<u>Financial Investments</u>

30. Financial investments can fall into one of three categories:
    - **Specified investments**;
    - **Loans**; and
    - Other **Non-specified investments**.

<u>Specified Investments</u>

31. An investment is a specified investment if all of the following apply:
    - The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
    - The investment is not a long term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option.
    - The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended].*
    - The investment is made with a body or in an investment scheme described as high quality (see paragraph 33 or with one of the following bodies:
        i. The United Kingdom Government;
        ii. A local authority in England or Wales (as defined in section 23 of *the 2003 Act*) or a similar body in Scotland or Northern Ireland; or
        iii. A parish council or community council.

32. For the purposes of paragraph 32 the Strategy should define high credit quality. Where this definition incorporates ratings provided by credit rating agencies paragraph 42 is relevant.

<u>Loans</u>

33. A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity.

34. Local authorities can make such loans whilst continuing to have regard to this guidance if they can demonstrate in their Strategy that:
    - Total financial exposure to these type of loans is proportionate;
    - They have used an allowed “expected credit loss” model for loans and receivables as set out in International Financial Reporting Standard (IFRS) 9 *Financial Instruments* as adopted by proper practices to measure the credit risk of their loan portfolio;
    - They have appropriate credit control arrangements to recover overdue repayments in place; and
    - The local authority has formally agreed the total level of loans by type that it is willing to make and their total loan book is within their self-assessed limit.

<u>Non-specified investments</u>

35. A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specified investment.

36. For non-specified investments (i.e. those not meeting the criteria in paragraph 31), the Strategy should:
    - Set out procedures for determining which categories of investments may be prudently used (and where these procedures involve the use of credit ratings, paragraph 32 is relevant).
    - Identify which categories of investments have been defined as suitable for use.
    - State the upper limits for the maximum amounts both individually and cumulatively that may be held in each identified category and for the overall amount held in non-specified investments and confirm that investments made have remained within those limits.

Non-financial investments

37. As defined in paragraph 4 of this guidance non-financial investments are non-financial assets that the organisation holds primarily or partially to generate a profit. Where a local authority holds a non-financial investment, it will normally have a physical asset that can be realised to recoup the capital invested. Local authorities should consider whether the asset retains sufficient value to provide security of investment using the fair value model in *International Accounting Standard 40: Investment Property* as adapted by proper practices.

38. Where the fair value of non-financial investments is sufficient to provide security against loss, the Strategy should include a statement that a fair value assessment has been made within the past twelve months, and that the underlying assets provide security for capital investment.

39. Where the fair value of non-financial investments is no longer sufficient to provide security against loss, the Strategy should provide detail of the mitigating actions that the local authority is taking or proposes to take to protect the capital invested.

40. Where a local authority recognises a loss in the fair value of a non-financial investment as part of the year end accounts preparation and audit process, an updated Strategy should be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

Risk Assessment

41. The Strategy should state the local authority's approach to assessing risk of loss before entering into and whilst holding an investment, making clear in particular:

- How it has assessed the market that it is/will be competing in, the nature and level of competition, how it thinks that the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements.
- Whether and, if so how, a local authority uses external advisors be they treasury management advisors, property investment advisors or any other relevant persons.
- How the local authority monitors and maintains the quality of advice provided by external advisors.
- To what extent, if at all, any risk assessment is based on credit ratings issued by credit ratings agencies.
- Where credit ratings are used, how frequently they are monitored and the procedures for taking action if credit ratings change.
- What other sources of information are used to assess and monitor risk.

Liquidity

42. For financial investments that are not treasury management investments or loans the Strategy should set out the procedures for determining the maximum periods for which funds may prudently be committed and state what those maximum periods are and how the local authority will stay within its stated investment limits.

43. For non-financial investments the Strategy should set out the procedures for ensuring that the funds can be accessed when they are needed, for example to repay capital borrowed. It should also state the local authority's view of the liquidity of the investments that it holds, recognising that assets can take a considerable period to sell in certain market conditions. Where local authorities hold non-financial investment portfolios they can choose to assess liquidity by class of asset or at a portfolio level if appropriate.

Proportionality

44. Where a local authority is or plans to become dependent on profit generating investment activity to achieve a balanced revenue budget, the Strategy should detail the extent to which funding expenditure to meet the service delivery objectives and/or place making role of that local authority is dependent on achieving the expected net profit. In addition, the Strategy should detail the local authority's contingency plans should it fail to achieve the expected net profit.

45. The assessment of dependence on profit generating investments and borrowing capacity allocated to funding these should be disclosed as a minimum over the life-cycle of the Medium Term Financial Plan. However, an assessment of longer term risks and opportunities is recommended.

Borrowing in advance of need

46. Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

47. Where a local authority chooses to disregard the Prudential Code and this Guidance and borrows or has borrowed purely to profit from the investment of the extra sums borrowed the Strategy should explain:
    - Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and
    - The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

Capacity, skills and culture

48. The Strategy should disclose the steps taken to ensure that those elected members and statutory officers involved in the investments decision making process have appropriate capacity, skills and information to enable them to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

49. The Strategy should disclose the steps taken to ensure that those negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

50. Where appropriate the Strategy should comment on the corporate governance arrangements that have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the local authority's corporate values.

ANNEX A – INFORMAL COMMENTARY ON THE STATUTORY GUIDANCE ON LOCAL GOVERNMENT INVESTMENTS

Power under which this Guidance is issued [paragraph 1]

1. The **Local Government Act 2003**, section 15(1), requires a local authority "…to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify…".

2. The guidance on investments in the main part of this document is issued under section 15(1) of the 2003 Act and authorities are therefore required to have regard to it. This part (**Annex A**) contains an informal commentary ("the commentary") on the Statutory Guidance.

3. Two codes of practice issued by the *Chartered Institute of Public Finance and Accountancy* (CIPFA) contain investment guidance which complements the MHCLG guidance. These publications are:
   - *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes*
   - *The Prudential Code for Capital Finance in Local Authorities*

4. Local authorities are required to have regard to the current editions of the CIPFA codes by regulations 2 and 24 of the *Local Authorities* (*Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] as amended.*

Objectives in updating the Guidance

5. The 2nd edition of this Guidance, which was issued in 2010, reflected concerns raised by the CLG and Treasury Select committees as part of their enquiries into the financial crash of 2007-8. The key areas of focus were:
   - The practice of investing for yield, especially in Icelandic Banks;
   - The need for transparent investment strategies; and
   - The use of Treasury Management advisors.

6. The changes made to the 3rd edition of this Guidance reflect changes in patterns of local authority behaviour. Some local authorities are investing in non-financial assets, with the primary aim of generating profit. Others are entering into very long term investments or providing loans to local enterprises or third sector entities as part of regeneration or economic growth projects that are in line with their wider role for regeneration and place making.

7. In addition, the National Audit Office and the Public Accounts Committee have raised a number of concerns about local authority behaviour that this guidance aims to address. These are:

- Local authorities are exposing themselves to too much financial risk through borrowing and investment decisions;
- There is not enough transparency to understand the exposure that local authorities have as a result of borrowing and investment decisions; and
- Members do not always have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.

Effective Date [paragraphs 11-12]

8. This Guidance applies from 1 April 2018. It supersedes all previous editions of the Guidance.

9. The Guidance requires local authorities to produce a number of additional disclosures. Many local authorities already produce these as part of internal reporting and risk management procedures. However, if these disclosures are not currently produced, then local authorities do not need to prepare them in full for Strategies presented to full Council or equivalent before 1 April 2018. Those local authorities who do not include the required disclosures in their 2018-19 strategies, should present them for approval the first time the relevant Strategy is updated or superseded.

Local Authorities [paragraphs 12-13]

10. This Guidance applies to all local authorities, who hold or during the next financial year intend to hold financial or non-financial investments, solely or in part to generate revenue income.

11. It applies to parish councils whose investments exceed the thresholds set out in paragraph 14. The decision to lower the financial threshold for parish councils has been taken in recognition that some parishes have begun to engage in commercial ventures. As parish councils tend to be fairly small and to obtain a greater percentage of their funding directly from council tax payers than other types of local authority, it is right that they demonstrate that they have carefully considered the expertise that they need to manage the risks arising from their strategy.

Transparency and democratic accountability [paragraphs 15-19]

12. The Government believes that local authorities need to be better at explaining "why" not just "what" they are doing with their investment activity. That means that the sector needs to demonstrate more transparency and openness and to

make it easier for informed observers to understand how good governance and democratic accountability have been exercised.

13. The additional disclosures required by the Guidance should be included in a single document presented to full Council or the equivalent. Although the Guidance refers to an Investment Strategy, providing that all of the disclosures are easy for interested parties to find and are in or linked from a single document, a separate Strategy does not need to be prepared. The Strategy should be updated at least annually.

14. Subject to the provisions in paragraph 35 and 36 of the commentary, local authorities can exclude specific non-financial investments from the required disclosures on grounds of commercial confidentiality. The Government expects that non-disclosure on grounds of commercial confidentiality will be an exceptional circumstance. A local authority should only determine that it would breach commercial confidentiality to include an investment in the disclosures on receipt of appropriate professional advice, using the same criteria as would be used to exclude the public from a Council meeting. Local authorities should reassess whether the commercial confidentiality test is met every time a new Strategy is presented to full Council or the equivalent.

15. Under Regulation 17 of the *The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012* as amended overview and scrutiny committee members have right of access to any confidential information relating to any decision by any committee or any member of the executive of their council. Nothing in this Guidance has the power to override this regulation.

16. Assets that generate revenue income solely through fees and charges for discretionary services levied under Section 93 of the *Local Government Act 2003* should not be classified as non-financial investments for this purpose.

17. If disclosures are already produced in another document that is publicly available then a local authority can provide a link to the disclosures from the Strategy rather than reproducing them. The exception is disclosures contained in the Statutory Accounts, which do not meet the requirements of this Strategy. This is because local authority statutory accounts can be complex and difficult for users who are not familiar with local government accounting to understand and statutory accounts are prepared to a higher level of materiality than local authorities should use for internal risk management.

<u>Contribution [paragraphs 20-22]</u>

18. Local authorities may have several different objectives, when deciding to acquire an asset. If an asset is not solely held for yield, then a local authority may have a different risk appetite or be willing to accept a lower return than it otherwise would.

19. Each local authority should determine how it categorises different types of contribution, and each investment can have more than one type of contribution. A non-exhaustive list of types of contribution include:
    - Yield/profit
    - Regeneration
    - Economic benefit/business rates growth
    - Responding to local market failure
    - Treasury management

20. Where a local authority classifies an investment as contributing to regeneration or local economic benefit, it should be able to demonstrate that the investment forms part of a project in its Local Plan.

<u>Use of indicators [paragraphs 23-25]</u>

21. Local authorities should present a range of indicators to allow members and other interested parties to understand the total exposure from borrowing and investment decisions. The indicators should cover both the local authority's current position and the expected position assuming all planned investments for the following year are completed. The indicators do not need to take account of Treasury Management investments unless these are expected to be held for more than 12 months.

22. The Guidance requires local authorities to develop quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions. We recommend that, the indicators in the table below are used. Where local authorities have a different risk appetite or different expectation of returns depending on the contribution(s) each type of investment makes, they should consider presenting the indicators, classified by type of contribution or risk appetite.

Debt to net service expenditure (NSE) ratio	*Gross debt as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.*
Commercial income to NSE ratio	*Dependence on non-fees and charges income to deliver core services. Fees and charges should be netted off gross service expenditure to calculate NSE.*
Investment cover ratio	*The total net income from property investments, compared to the interest expense.*
Loan to value ratio	*The amount of debt compared to the total asset value.*
Target income returns	*Net revenue income compared to equity. This is a measure of achievement of the portfolio of properties.*
Benchmarking of returns	*As a measure against other investments and against other council's property portfolios.*
Gross and net income	*The income received from the investment portfolio at a gross level and net level (less costs) over time.*
Operating costs	*The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-financial investments expands.*
Vacancy levels and Tenant exposures for non-financial investments	*Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is productive as possible.*

23. Where appropriate, local authorities should consider including targets or limits set by members alongside the outturn. Where there has been a significant change in year on year performance against any of the indicators presented local authorities should include an explanation in the Strategy.

24. Local authorities can choose to present additional indicators in the Strategy should they believe that it would enhance understandability and transparency to do so.

Security, liquidity and yield [paragraphs 26-29]

25. For treasury management and other financial investments local authorities should continue to prioritise **SECURITY, LIQUIDITY** and **YIELD** in that order of importance.

26. Whilst consideration of **security** and **liquidity** is important for loans and non-financial investments, the relative balance between objectives may be different depending on the nature and objectives in making a specific investment.

Security and liquidity

Loans [paragraphs 33 – 34, 40]

27. Loans to joint ventures, local SMEs or third sector bodies, and wholly owned companies fall within the scope of the Guidance. When considering security and liquidity of loans local authorities should set limits for their total exposure and apply the expected loss model in line with the requirements of *IFRS 9 Financial Instruments*.

Non-financial investments [paragraphs 37-40, 43]

28. Where a local authority has a non-financial investment, it will have an asset that can be realised to recoup the sums invested. Therefore, the Guidance requires local authorities to consider security by reference to the value of the asset relative to purchase price and to set out the plans to recoup the investment if realising the asset would not recoup the sums invested. In the period immediately after purchase, it is normal for the directly attributable costs of purchasing an non-financial investment to be greater than the realisable value of the asset. In this scenario, all the Strategy needs to disclose is how long the local authority expects it to take for the increase in asset values to provide security for the sums invested and the assumptions underpinning that expectation.

29. Non-financial investments are by their nature illiquid. However, this does not mean that the local authority does not need to plan for realising a part of its non-financial investment portfolio, for example to repay debt. The liquidity of the non-financial investment portfolio should be considered over the repayment period of any debt taken out to acquire assets, which could be very long term. Given current trends such as the scale and pace of technology driven change, there is no guarantee that non-financial investments will continue to deliver value over their lifetime. To manage this risk, local authorities need to have plans to realise the capital tied up in non-financial investments if required. In addition, the Strategy should consider the trade-offs between accepting capital loss and refinancing debt incurring additional debt servicing costs by doing so, if appropriate.

Proportionality [paragraphs 44-45]

30. Local authorities need to consider the long term sustainability risk implicit in becoming too dependent on commercial income or in taking out too much debt relative to net service expenditure.

31. In addition, whilst under statute, local authority debt is secured on the revenues of that authority, in practice, there is no realistic prospect of the revenues of any local authority being sufficient to pay back debt equating to many multiples of the sum of NNDR and Council Tax Income, without a pervasive and long term impact on service delivery. It is unclear whether local authorities who have adopted a debt financed commercial investment strategy have realistic plans to manage failure. Whilst the Government recognises the importance of local authorities taking on debt to enhance service provision, irrespective of the source of finance, it does not believe that it should do the same for commercial investments.

32. For this reason, the Guidance introduces a new requirement that in every local authority, full council or its nearest equivalent, sets limits that cannot be exceeded for gross debt compared to net service expenditure, and for commercial income as a percentage of net service expenditure.

33. If a local authority has exceeded these limits through investments taken out prior to the introduction of this Guidance, it does not need to dispose of investments currently held. However, authorities who have exceeded their self-assessed limits should not enter into any further investments, irrespective of how these are financed, other than short term investments required for efficient treasury management.

<u>Borrowing in advance of need [paragraphs 46-47]</u>

34. The Prudential Code, issued by CIPFA has always contained a statement that local authorities should not borrow more than, or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The purpose of repeating that statement in this Guidance is to make it clear that it extends to borrowing taken on to finance the acquisition of non-financial as well as financial investments.

35. Local authorities can still finance the acquisition of financial on non financial investments from capital receipts generated from the sale of surplus assets. However, they should not repurpose receipts allocated to the acquisition of assets that contribute to service delivery to fund the purchase of investments, solely to avoid the requirements against borrowing in advance of need.

36. If exceptionally a local authority, chooses not to have regard to the provision on borrowing to fund investment activity the Guidance requires them to explain, in their Strategy, the rationale for this decision.

37. The purpose of this disclosure is to allow external auditors, tax payers and other interested parties to understand why the local authority has chosen to disregard

the Guidance, and to hold the authority to account should they believe there is not sufficient reason for doing so.

Capacity, Skills and Culture [paragraphs 48-50]

38. In the Public Accounts Committee report of 18 November 2016[1], members raised concerns that, locally elected members may not always have the background and expertise to understand the risks associated with the decisions that they are being asked to make. For this reason the Guidance extends the requirements on capacity and skills to members and any statutory officers involved in or responsible for signing off on investment decisions.

39. Members do not necessarily need formal training in understanding investment risks to satisfy the requirements of the Guidance. Depending on their level of expertise a presentation setting out the risks and opportunities of an investment strategy/specific investment in terms a layman would understand, may be sufficient to meet the new requirements.

40. The Government is aware that many local authorities have brought in outside expertise to identify and negotiate investment opportunities. Whilst this can be an effective method of risk management, it is important that those negotiating deals understand that they are not operating in a purely commercial environment and that the prime purpose of a local authority is to deliver statutory services to local residents. Therefore, the Strategy should comment on how they have been made aware of this.

[1] https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2015/financial-sustainability-local-authorities-16-17/

Lindfield Parish Council
Draft Investment Policy November 2021

1 Introduction.

1.1 Lindfield Parish Council acknowledges the importance of prudently investing all funds held on behalf of the community by the Council.

1.2 This Policy complies (as appropriate) with the revised requirements set out in Guidance on Local Government Investments issued by the Department of Communities and Local Government in April 2010 and takes account of Section 15 (1) (a) of the Local Government Act 2003.

1.3 This Policy should be read in conjunction with Council's Financial Regulations.

2 Investment Objectives.

2.1 In accordance with Section 15 (1) of the 2003 Act, the Council will have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.

2.2 The Council's investment priorities are the security of reserves and the liquidity of its investments.

2.3 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.4 All investments will be made in sterling.

2.5 The Department for Communities and Local Government maintains that borrowing of monies purely to invest or to lend and make a return, is unlawful and this Council will not engage in such activity.

2.6 The Council's Finance & General Purposes Committee will monitor the risk.

2.7 Where external investment managers are used, they will be contractually required to comply with the Policy.

3 Specified Investments.

3.1 Specified Investments are those offering high security and high liquidity, made in sterling and with a maturing of no more than a year. Such short-term investments made with the UK Government, or a Local Authority or Town and Parish Council will automatically be Specified Investments.

3.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Parish Council will use deposits with banks and building societies, local authorities, or other public authorities.

4 Non-Specified Investments.

4.1 These investments have greater potential risk – examples include investment in the money market, stocks, and shares. The Parish Council will not use this type of investment.

5 Liquidity of Investments.

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

5.2 Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid to the counterparty.

6 Long Term Investments.

6.1 Long term investments are defined in the Guidance as greater than 36 months. The Council currently holds no such investments.

7 End of Year Investment Report.

7.1 Investment forecasts for the coming year are accounted for when the budget is prepared. At the end of the financial year, the Responsible Financial Officer will report on investment activity to the Finance & General Purposes Committee.

8 Review and Amendment of Regulations.

8.1 The Policy will be reviewed annually and at other times as necessary.

8.2 The Parish Council reserves the right to make variations to the Policy at any time, subject to the approval of Full Council.

9 Policy Implementation and Review.

9.1 This policy was implemented on **[INSERT DATE]**. The policy shall be reviewed every year by the **FINANCE & GENERAL PURPOSES COMMITTEE**. The date of the next review is **[INSERT DATE]**

Committee	Finance & General Purposes
Date	04.11.2021
Item	15

Report:	**Laptop**

Summary Members are asked to approve the purchase of a laptop with a maximum budget of £1000.

Background Since returning to physical meetings the staff have been using the laptop to display meeting papers using the projector. The current laptop was only an entry-level device when purchased. The device was built in June 2017 and struggles to display the information needed for meetings due to its basic processor. Unfortunately, the processor cannot be upgraded. The laptop will not also be able to be upgraded to Windows 11 due to hardware limitations.

Options The best option would be to buy a business-class laptop. These have better build quality and components than an entry-level consumer laptop. The laptop will have Window 10 Pro which later will be able to be upgraded for free to Window 11 Pro. The laptop as a minimum will have an AMD Ryzen or Intel I3 processor, SSD storage, and 8GB ram to ensure decent performance.

Recommendations
1) Agree to the purchase of a business-class laptop with a maximum budget of £1000.
2) Authorise the use of the debit card for the purchase.
3) Agree that the existing laptop has its hard drive erased and be donated to Computers for Kids or another local group/charity.

Andrew Funnell
Parish Clerk
29 October 2021

Committee	Finance & General Purposes
Date	04.11.2021
Item	16

Report:	**Legionnaires Testing**

Summary
Members are asked to approve the procurement of services to support Legionnaires risk management.

Background
Legionnaire's disease is a potentially fatal form of pneumonia and everyone is susceptible to infection. The risk increases with age, but some people are at higher risk e.g. people over 50, children with asthma, smokers and heavy drinkers, people suffering from chronic respiratory or kidney disease, diabetes, lung and heart disease or anyone with an impaired immune system.

The legal requirements of the statutory law to comply with Legionella Control L8 Approved Codes of Practice are:
- Health and Safety at Work Act 1974 (HSWA)
- The control of substances hazardous to health regulations 2002 (COSHH)
- The control of substances hazardous to health regulations 1992
- The Management of Health and Safety at Work regulations 1999 L8 ACoP
- The control of Legionella Bacteria in Water Part 1,2 and 3 L8 ACoP HSG 274 (2014)

Considerations
As building owners, it is our responsibility to assess the risk and to carry out a risk assessment. This can be achieved by procuring the services of a professional who will:
1) Produce a report that includes:
   - Executive Summary
   - A full risk assessment that allows you to identify and assess the level of risk that allows you to prepare actions for preventing legionella to grow – called a written scheme of control
   - A full explanation of the sites
   - Service providers contact details and contracts existing
   - Pictures of areas of concern and cross-reference with the report
   - Management organisational chart and nominated responsible persons
   - Bas ic schematic drawing
   - Logbook with instructions and monitoring
2) Provide staff with training
3) Implement water testing

Recommendations
1) Authorise the Clerks to obtain training and ensure suitable risk management is put in place
2) Agree to initial expenditure of up to £500 for a third-party assessment, and also training of staff.
3) Agree to ongoing sampling as required (currently £60 per sample).

Andrew Funnell
Parish Clerk
29 October 2021