

MELBOURN PARISH COUNCIL – FINANCE AND GOOD GOVERNANCE COMMITTEE

(District of South Cambridgeshire)

A meeting of this Committee was held on Monday, 15 March 2020, at 7.30pm via Zoom meeting link
<https://zoom.us/j/99678575699>

Members of the public are reminded that copies of reports and supporting documentation for agenda items can be obtained from the Parish Council website, <http://melbournparishcouncil.co.uk> or on request to the Clerk

Present: Cllrs Cowley (Chair), Barnes, Clark, Hart, Kilmurray

Absent:

In attendance: Claire Littlewood – Parish Clerk, Gabrielle van Poortvliet – RFO

FG039/20 To receive and approve apologies for absence

None received

FG040/20 To receive any Declarations of Interest and Dispensations

Members are reminded that they are required to ensure their Declaration is updated within 28 days of any change in circumstances.

- a) To receive declarations of interest from councillors on items on the agenda
- b) To receive written requests for dispensations for disclosable pecuniary interests (if any)
- c) To grant any requests for dispensation as appropriate

None received

FG041/20 Public Participation: (For up to 15 minutes members of the public may contribute their views and comments and questions to the Parish Council – 3 minutes per item). Written responses to questions raised will be made by the Parish Office within 14 days of the date of this meeting.

No members of the public in attendance.

FG042/20 To approve the minutes of the Finance & Good Governance Committee Meeting held on 21 December 2020

It was:

RESOLVED to approve the minutes of the Finance & Good Governance Committee Meeting held on 21 December 2020 as an accurate record.

Proposed by Cllr Hart, seconded by Cllr Clark. All in favour.

FG043/20 To report back on the minutes of the Finance & Good Governance Committee Meeting held on 21 December 2020

Cllr Hart noted that she had prepared the organizational chart required to be published under the Transparency Code 2015. RFO noted that information on salaries was not required as no members of staff earned over the £50,000 threshold.

FG044/20 To consider approving the updated Timetable for Recurring Agenda Items

It was:

RESOLVED to approve the Timetable for Recurring Agenda Items.

Proposed by Cllr Clark, seconded by Cllr Kilmurray. All in favour.

ACTION: Clerk to circulate Timetable to all councillors for information.

Signed:..... Dated:

FG045/20 To note quarterly VAT return/refund

RFO noted VAT return done up to 31 December 2020. Refund received on 22 January 2021. This was noted.

FG046/20 To note re-introduction of asset verification checks

It was noted that asset verification spot checks would be carried out on a rolling basis. Spot checks to be reported back to Committee quarterly.

FG047/20 To note publication of statutory information : Transparency Code 2015

Noted that required information as per Annex A of the Transparency Code 2015 will be published on the website.

FG048/20 To review the fixed asset register

Discussion with regard to fixed asset register. Clarification required as to ownership of:

- church clock;
- green space on Greengage Rise. **ACTION:** Clerk to make enquiries as to who owns the land.

It was:

RESOLVED to approve the fixed asset register as circulated with a review at the Committee's June meeting.

Proposed by Cllr Clark, seconded by Cllr Kilmurray. All in favour.

FG049/20 Policies: To consider and review policies as per Policy Review Schedule:

a) Financial Regulations

It was:

RESOLVED to approve the Financial Regulations (Document No 4.17) as amended.

Proposed by Cllr Kilmurray, seconded by Cllr Cowley. All in favour.

b) Investment Strategy

RFO noted that situation with regard to investments was fluid and account options detailed in the document may change. There was discussion with regard to investments covered by FSCS protection. Noted this does not apply where investor has income in excess of € 500,000. Discussion with regard to proposal for 2021/22 – HTB £85,000, Charity Bank £30,000. Noted the need to be mindful of possibility of negative interest rates. **ACTION:** Clerk to format the document with correct document number, version and date.

It was:

RESOLVED to recommend the investments proposed in the Investment Strategy to full Council.

Proposed by Cllr Clark, seconded by Cllr Kilmurray. All in favour.

c) Policy and Procedure: Pre-paid Debit Cards

It was suggested that paragraph 2.3.2 be amended to read '*Items of expenditure in excess of £100 must not be split between the Wardens' cards.*'

It was:

RESOLVED to approve the Policy and Procedure for Pre-paid Debit Cards (Document No 4.27) subject to the amendment in paragraph 2.3.2 noted above.

Proposed by Cllr Hart, seconded by Cllr Clark. All in favour.

d) Written Records Management and Disposal

Noted that the amendment to paragraph 1.1 should read 'The Parish Council will nominate an *appropriate* professional body to be its Data Protection Officer'. Discussion with regard to including Councillors use of confidential information in the document. Policy to be deferred for review at June

Signed:..... Dated:

meeting.

ACTIONS:

- Clerk to seek advice from CAPALC in this regard.
- Clerk to look into whether a separate Confidential Policy is required.
- Standing Orders to be put on June Agenda for review.

FG050/20 **To note date of next meeting:** 21 June 2021

The meeting closed at 20:37

Signed:..... Dated:

MELBOURN PARISH COUNCIL – FINANCE AND GOOD GOVERNANCE COMMITTEE

(District of South Cambridgeshire)

A meeting of this Committee was held on Monday, 21 December 2020, at 7.30pm via Zoom meeting link <https://zoom.us/j/92033461220>

Members of the public are reminded that copies of reports and supporting documentation for agenda items can be obtained from the Parish Council website, <http://melbournparishcouncil.co.uk> or on request to the Clerk

Present: Cllrs Cowley (Chair), Clark, Hart, Kilmurray

Absent: Cllr Barnes.

In attendance: Claire Littlewood – Parish Clerk, Gabrielle van Poortvliet – RFO

FG027/20 To receive and approve apologies for absence

No apologies were received.

FG028/20 To receive any Declarations of Interest and Dispensations

Members are reminded that they are required to ensure their Declaration is updated within 28 days of any change in circumstances.

- a) To receive declarations of interest from councillors on items on the agenda
- b) To receive written requests for dispensations for disclosable pecuniary interests (if any)
- c) To grant any requests for dispensation as appropriate

No requests for dispensations were received.

FG029/20 Public Participation: (For up to 15 minutes members of the public may contribute their views and comments and questions to the Parish Council – 3 minutes per item). Written responses to questions raised will be made by the Parish Office within 14 days of the date of this meeting.

No members of the public were in attendance.

FG030/20 To approve the minutes of the Finance & Good Governance Committee Meeting held on 21 September 2020

It was:

RESOLVED to approve the minutes of the Finance & Good Governance Committee meeting held on 21 September 2020 as an accurate record.

Proposed by Cllr Hart, seconded by Cllr Clark. All in favour.

FG031/20 To report back on the minutes of the Finance & Good Governance Committee Meeting held on 21 September 2020

FG018/20 Cllr Travis to draft Policy for Value for Money in PC Spend and to meet with Chairs of Committees.

FG021/20 Address details updated with insurers

FG022/20 Provision for replacement van in the budget

FG023/20 Review of Internal Audit carried out on 4 November. To be discussed under FG035/20

Cllr Hart noted outstanding action from F&GG 16/3/20 (FG039/19) - HR Panel to provide an organizational chart with total salary costs.

Signed:..... Dated:

FG032/20 To review the Timetable for Recurring Agenda Items

It was:

RESOLVED to approve the Timetable for Recurring Agenda items as presented.

Proposed by Cllr Kilmurray, seconded by Cllr Hart. All in favour.

Further discussion with regard to draft timetable. Noted at FG033/20 that Littlehands rent should be reviewed in December in line with precept discussions and to give Littlehands sufficient notice of changes to rent.

It was:

RESOLVED to move Littlehands rent review from the March meeting to December in line with precept discussions.

Proposed by Cllr Kilmurray, seconded by Cllr Clark. All in favour.

FG033/20 To consider a review of Littlehands rent

Noted that the lease defines the rent review date as '*1 April 2020 and every third anniversary of that date*'. Rent was not reviewed at March meeting. Next review is due by April 2023.

Discussions with regard to reviewing in December in line with precept discussions and to allow Littlehands to budget accordingly. Noted that Littlehands have carried out improvement works to the building. **ACTION:** Clerk to write to Littlehands to advise that there will be no rent increase and the next rent review will be in April 2023.

It was:

RESOLVED that Littlehands rent is to remain fixed as at 1 April 2020 to be reviewed in December 2022, any change in rent to become effect 1 April 2023.

Proposed by Cllr Clark, seconded by Cllr Hart. All in favour.

FG034/20 Budget 2021

To consider a draft estimate of income and expenditure for the forthcoming financial year

Headline figures were noted:

Total income budget has reduced by £1,930

Total Expenditure budget has increased by £13,910

Contributions to reserves has reduced by £4,550

Reserves currently sitting at almost 6 months.

Cost per Band D household £137.16 / +£0.54 per year / +0.40%

It was noted that the proposed budget included a number of discretionary / project items. Some previously funded out of community benefit funding, The RFO was thanked for her work in preparing the draft budget.

It was:

RESOLVED to accept the draft budget and to recommend to full Council that a precept of £275,300 be levied for the financial year 2021/22

Proposed by Cllr Clark, seconded by Cllr Hart. All in favour.

FG035/20 To note a review of the effectiveness of the internal audit

The review was carried out on 4 November 2020. The report was noted.

FG036/20 To consider approving a draft document to Review Effectiveness of Internal Controls

The document was considered. The Review to be carried out annually and approved by full Council in March prior to signing of AGAR at year end. RFO was thanked for her work in preparing the document.

It was:

RESOLVED to recommend the document to Review the Effectiveness of Internal Controls to full

Signed:..... Dated:

Council for approval.

Proposed by Cllr Clark, seconded by Cllr Kilmurray. All in favour.

FG037/20 Policies: To consider and review policies as per Policy Review Schedule:

a) Employment Policy

It was:

RESOLVED to recommend to full Council that the Employment Policy be approved as drafted.

Proposed by Cllr Kilmurray, seconded by Cllr Cowley. All in favour.

b) Melbourn Futures Working Party Terms of Reference

It was:

RESOLVED to approve the Melbourn Futures Working Party Terms of Reference as drafted under delegated authority given by full Council on 28 September 2020.

Proposed by Cllr Hart, seconded by Cllr Clark. All in favour.

c) Financial Regulations

This item was deferred to the March meeting.

FG038/20 To note date of next meeting: 15 March 2021

The meeting closed at 20:26

Signed:..... Dated:

Melbourn Parish Council – Finance and Good Governance Committee

Timetable for Recurring Agenda Items

Meeting dates Jan, Mar, Jun, Sept, Dec (additional meeting in Jan if extra time needed for Precept)

Task	Purpose	PC Meeting Deadline	FGGC meeting date
Election of Chair of FGGC	Statutory		Jun
Internal audit report – year end Not in TOR	Consideration of recommendations		Jun
Review value for money in councils spend	Review and recommendations to PC	n/a	Jun
Annual review of Allotment Fees	For recommendation to PC prior to allotment renewals	Jul	Jun
Annual review of Pavilion hire /match fees	For recommendation to PC	n/a	Jun
Policy reviews/risk assessments – per Policy Review Schedule	Review policies delegated to FGGC		Jun
VAT return/refund	Quarterly check that VAT return/refund has been made	n/a	June
Review of Insurance Arrangements	Recommendation to PC	Sept	Sept
Review of Financial Risk Assessment	Recommendation to PC		Sept
Annual Review of burial fees	Recommendation to PC		Sept
Annual review of allotment fees	For recommendation to PC prior before allotment renewals (Sept/Oct)	Sept	Sept
Review of FGGC terms of reference		Sept	Sept
Policy reviews/risk assessments – per Policy Review Schedule	Review policies delegated to FGGC		Sept
VAT return/refund	Quarterly check that VAT return/refund has been made	n/a	Sept
Review of draft Precept for proposal to Parish Council	Recommendation to PC	Mid Jan	Dec
Internal audit report – interim Not in TOR	Consideration of recommendations	Jan	Dec
Policy reviews/risk assessments – per Policy Review Schedule	Review policies delegated to FGGC	n/a	Dec
Annual review of Littlehands rent	For recommendation to PC in Jan and to allow Littlehands time to budget for changes in rental	By rent review date next due April 2023	Dec
VAT return/refund	Quarterly check that VAT return/refund has been made	n/a	Dec
Publication of information - Transparency Code 2015	Update statutory information	Jan	Dec
Annual Review of Effectiveness of Internal Controls	To allow PC to sign off AGAR	May	Mar
Policy reviews – investment strategy	Recommendation to PC	Mar (must be prior to new FY)	Mar
Review of Fixed Assets Register	Ensure it is up-to-date	Ideally prior to AGAR	Mar
Policy reviews/risk assessments – per Policy Review Schedule	Review policies/risk assessment delegated to FGGC	n/a	Mar
VAT return/refund	Quarterly check that VAT return/refund has been made	n/a	Mar

Also Changes to Standing Orders and Financial Regulations – per Policy Schedule unless new versions are issued or changes needed

Timetable approved by F&GG 15 March 2021

Financial Regulations [England]

(based on NALC Model Financial Regulations [England])

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These Financial Regulations were adopted by the Council at its Meeting held on 25 November 2019

1. GENERAL

- 1.1. These financial regulations govern the conduct of financial management by the council and may only be amended or varied by resolution of the council. Financial regulations are one of the council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders¹ and any individual financial regulations relating to contracts.
- 1.2. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3. The council's accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council.
- 1.9. The RFO;

¹ Model standing orders for councils are available in Local Councils Explained © 2013 National Association of Local Councils

- acts under the policy direction of the council;
 - administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the council its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;
 - maintains the accounting records of the council up to date in accordance with proper practices;
 - assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the council.
- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.
- 1.11. The accounting records determined by the RFO shall in particular contain:
- entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate;
 - a record of the assets and liabilities of the council; and
 - wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the

approval of the RFO and that the approvals are shown in the accounting records; and

- measures to ensure that risk is properly managed.

1.13. The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the final budget or the precept (council tax requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors,

shall be a matter for the full council only.

1.14. In addition the council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant or a single commitment in excess of £5,000; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

- 2.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory (if practical) shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council Or duly constituted Finance Committee.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.
- 2.6. The internal auditor shall:
 - be competent and independent of the financial operations of the council;
 - report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the council.
- 2.7. Internal or external auditors may not under any circumstances:
 - perform any operational duties for the council;
 - initiate or approve accounting transactions; or

- direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.9. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.10. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1. The Council shall review its three year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the council not later than the end of December each year including any proposals for revising the forecast.
- 3.2. The RFO must each year, by no later than December, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the council.
- 3.3. The council shall consider annual budget proposals in relation to the council's three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.4. The council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.5. The approved annual budget shall form the basis of financial control for the ensuing year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the council for all items over £5,000 excluding VAT;
- a duly delegated committee of the council for items over £500 up to £5,000
- the Clerk, in conjunction with Chair of Council or Chair of the appropriate committee, for any items below £500. However, expenditure up to £1,000 may be authorised by the Clerk in circumstances outlined in 4.5 below.
- On items required for the Parish Office or to allow them to carry out the functions of the parish office, the Clerk shall be allowed to spend up to **£200 excluding VAT** without prior approval of the Council.
- For items of budgeted expenditure on the Hub, the Clerk and Chair (provided the Chair is not director of the Hub Management Group) up to £1,000. For items of expenditure relating to emergency maintenance, the Clerk and Chair up to £1,000 provided retrospective approval of full Council is obtained.

Such authority is to be evidenced by a minute, email or invoice duly signed by the Clerk, and where necessary also by the appropriate Chair.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

- 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').
- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4. The salary budgets are to be reviewed at least annually in November for the following financial year and such review shall be evidenced by an email confirming such review by the Chair of HR Panel. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.5. In cases of risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council which in the clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,000. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.
- 4.6. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is

satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.

- 4.7. All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 4.8. The RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of £500 or 15% of the budget.
- 4.9. Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to Full Parish Council. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council or finance committee. The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.
- 5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council meeting.
- 5.5. The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

- a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council [or finance committee];
 - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting Finance and General Committee or
 - c) fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council.
- 5.6. For each financial year the Clerk and RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of Finance and General.
- 5.7. A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.
- 5.8. In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council.
- 5.9. Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 5.10. The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible overtime.
- 5.11. Any changes in the recorded details of suppliers, such as bank account records, shall be authorised by 2 Members.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 6.1. The council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.
- 6.3. All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council.
- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two member[s] of council in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.5. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.6. Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.
- 6.7. If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable direct debit shall be renewed by resolution of the council at least every two years.
- 6.8. If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years.
- 6.9. If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 6.10. If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.11. Where a computer requires use of a personal identification number (PIN) or other

password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

- 6.12. No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 6.13. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.14. The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.
- 6.15. Where internet banking arrangements are made with any bank, the Clerk or RFO shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.16. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.17. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Clerk and a member. A programme of regular checks of standing data with suppliers will be followed.
- 6.18. Any Debit Card issued for use will be specifically restricted to the Clerk and Assistant Clerk and will also be restricted to a single transaction maximum value of £200 unless authorised in accordance with the Council's Policy and Procedure for Prepaid Debit Cards
- 6.19. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.
- 6.20. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Council and are set out in the Policy and Procedure for Prepaid Debit

Cards. Transactions and purchases made will be reported to the Council and authority for topping-up shall be at the discretion of the Clerk or RFO.

- 6.21. The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Receipts for payments made shall be forwarded to the RFO with a claim for reimbursement in accordance with the Policy and Procedure for Petty Cash.
- a) The RFO may maintain a petty cash float of up to £30 for the purpose of defraying operational and other expenses. Receipts for payments made from petty cash shall be kept to substantiate the payment. The maximum amount that can be repaid from petty cash is £10.
 - b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
 - c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to council under 5.2 above.

7. PAYMENT OF SALARIES

- 7.1. As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council, or duly delegated committee.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available council meeting, as set out in these regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a) by any councillor who can demonstrate a need to know;
 - b) by the internal auditor;
 - c) by the external auditor; or
 - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.

- 7.5. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
- 7.6. An effective system of personal performance management should be maintained for the senior officers.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 7.8. Before employing interim staff the council must consider a full business case.

8. LOANS AND INVESTMENTS

- 8.1. All borrowings shall be effected in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full council.
- 8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full council. In each case a report in writing shall be provided to council in respect of value for money for the proposed transaction.
- 8.3. The council will arrange with the council's banks for the sending of a copy of each statement of account to the Chairman of the council at the same time as one is issued to the Clerk or RFO.
- 8.4. All loans and investments shall be negotiated in the name of the council and shall be for a set period in accordance with council policy.
- 8.5. The council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.
- 8.6. All investments of money under the control of the council shall be in the name of the council.
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.8. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

9. INCOME

- 9.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the council.
- 9.3. The council will review all fees and charges at least annually, following a report of the Clerk.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 9.5. All sums received on behalf of the council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary.
- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.8. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9. Where any significant sums of cash are regularly received by the council, the RFO shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 9.10. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any council meeting (see also Regulation 16 below).

10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2. Order books shall be controlled by the RFO.

- 10.3. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.
- 10.4. A member may not issue an official order or make any contract on behalf of the council.
- 10.5. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

11. CONTRACTS

- 11.1. Procedures as to contracts are laid down as follows:
- a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:
 - i. for the supply of gas, electricity, water, sewerage and telephone services;
 - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council;
 - v. for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
 - b. Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 ("the Regulations") which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations².
 - c. The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service

² The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)³.

- d. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the council.
- e. Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- f. All sealed tenders shall be opened by the Proper Officer, after the deadline for submission of tenders has passed, at a council or committee meeting at least one week before consideration by Councillors.
- g. Any invitation to tender issued under this regulation shall be subject to Standing Orders 18 c-f, ⁴ and shall refer to the terms of the Bribery Act 2010.
- h. When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £1,000 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.
- i. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j. Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

³ Thresholds currently applicable are:

- a. For public supply and public service contracts 209,000 Euros (£164,176)
- b. For public works contracts 5,225,000 Euros (£4,104,394)

⁴ Based on NALC's model standing order 18d in Local Councils Explained © 2013 National Association of Local Councils

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS (PUBLIC WORKS CONTRACTS)

- 12.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the council.
- 12.3. Any variation to a contract or addition to or omission from a contract must be approved by the council and Clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

13. STORES AND EQUIPMENT

- 13.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

14. ASSETS, PROPERTIES AND ESTATES

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. The RFO shall ensure a record is maintained of all properties held by the council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 14.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £1,000.

- 14.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.4. No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.5. Subject only to the limit set in Regulation 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council with a full business case.
- 14.6. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

15. INSURANCE

- 15.1. Following the annual risk assessment (per Regulation 17), the RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 15.2. The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.
- 15.3. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to council at the next available meeting.
- 15.4. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the council, or duly delegated committee.

16. CHARITIES

- 16.1. Where the council is sole managing trustee of a charitable body the Clerk and RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

17. RISK MANAGEMENT

- 17.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 17.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

18. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 18.1. It shall be the duty of the council to review the Financial Regulations of the council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these Financial Regulations.
- 18.2. The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.

19. GENERAL RESERVES

The Council shall hold General Reserves at a level which is consistent with its Reserves Policy (currently six months of annual expenditure). At such times as the Council's General Reserves are below this level, it shall take reasonable measures to build them back up to the recommended level. Such measures may include precepting for a contribution to the Council's General Reserve.

Document Approval:

(Chair to Melbourn Parish Council)

Date of Parish Council Meeting:

Document Review Policy: 1 Year from last approval

POLICY AND PROCEDURE : Prepaid Debit Cards

PURPOSE: Melbourn Parish Council authorises the use of prepaid debit cards by designated individuals, for Council expenditure up to an agreed maximum balance.

1. Card Holders

- 1.1. Prepaid debit cards will be issued for the Parish Office (one card for use by the Clerk and Assistant Clerk) and two cards for the Village Wardens (each Warden to have a nominated card which is for their sole use). No other individuals may use the cards.
- 1.2. The maximum balance on the prepaid debit cards, agreed by the Parish Council, is currently £500 for the Parish Office card and £100 for each of the Wardens' cards.

2. Spending and Top-up Procedures

- 2.1. Prepaid debit cards can be used for approved Parish Council expenditure only and in conjunction with the employee's job role. They cannot be used for non-Parish Council or personal expenditure.
- 2.2. Cash withdrawals are not permitted on the cards.
- 2.3. Purchases on the prepaid debit cards must comply with the approval limits set out in the Council's Financial Regulations:
 - 2.3.1. Parish Office card - purchases up to £200 can be made under the Clerk's delegated authority for items required for the Parish Office or to carry out their statutory duties. Expenditure over £200, or not relating to the Parish Office or

statutory duty, must be approved by the Clerk and Chair of the Council, or appropriate committee, before the purchase is made.

2.3.2. Village Warden's cards – the Council gives approval for purchases of up to £100 per Warden's card for budgeted expenditure relating to the Parish Van, Warden's equipment and materials only. Where an item of expenditure is likely to exceed £100, this must be referred to the Clerk. Expenditure on large items in excess of £100 must not be split between the Wardens' cards.

2.4. Receipts or invoices must be kept for every debit card transaction for approval by the RFO. The card holders are responsible for obtaining and submitting receipts.

2.5. The RFO will check receipts against the prepaid debit card statements and will investigate any discrepancies.

2.6. Requests for top-ups to the prepaid debit cards, up to the agreed maximum levels, will be approved by the Clerk and RFO and accompanied by the RFO's account reconciliation.

2.7. Following a top-up of the prepaid debit card account, details of the card transactions will be reported to the next Parish Council meeting.

3. Card Security

3.1. The Parish Office card must normally be kept in the Parish Office. If it is necessary to take the card from the Parish Office to make a purchase, the card must be signed out and returned as soon as possible after the purchase has been made.

3.2. The Warden's cards will normally be kept in the Workshop. However, it is accepted that their allocated card will usually need to be removed from that location to make Parish Council-related purchases.

3.3. PIN numbers will be issued to the card holders and must be kept confidential. Card holders must not allow unauthorised individuals to use the cards.

3.4. Lost and stolen cards must be reported to the card issuer immediately upon discovery that it is missing. The RFO must also be informed immediately and will, in turn, advise the Chair.

3.5. The Clerk and RFO must have suitable access to the on-line debit card account (capable of adding and removing users, blocking cards and reporting lost and stolen cards).

3.6. In the event of termination of a card holder's employment, the card holder must immediately return any Council debit card in their possession to the RFO.

4. Misuse of a Prepaid Debit Card

4.1. If a cardholder misuses or fraudulently uses a prepaid debit card this may result in disciplinary action.

4.2. Failure of provide a receipt may result in the card holder being held liable to repay this sum.

Document Approval:

(Chair to Melbourn Parish Council)

Date of Parish Council meeting:

Review Policy: Every 12 months

MELBOURN PARISH COUNCIL

Investment Strategy

Introduction

Melbourn Parish Council appreciates the importance of prudently investing temporary surplus funds on behalf of Melbourn Parish. The objective of our Investment Strategy is to try to control risk and optimise returns from the investments made. Our Investment Strategy complies with relevant Local Government legislation and Guidance (*note 1*)

Definition of an Investment

The Local Government Act 2003 defines an investment widely, covering all a Parish Council's financial assets as well as other non-financial assets which are held mainly or partially to generate a profit e.g. investment property portfolios. It also covers loans made by Parish Councils.

Contribution of MPC's Investments

- Treasury Management Investments – these are made to support effective treasury management activities e.g. cash flow management, banking and investing cash deposits.
- Other investments – MPC holds a property at The Moor, Melbourn, Cambridgeshire, SG8 6ED which is no longer needed for Parish Council services and is leased to a tenant at a commercial rent. The rental income, after deducting maintenance expenses, is used to reduce our precept requirement.

Investment Policy

MPC will operate a prudent investment policy giving priority to three key objectives in the following order of importance:

1. **Security** – protecting the capital sum invested against loss.
2. **Liquidity** – ensuring that funds invested are available for expenditure when needed; and
3. **Yield (return)** – once appropriate levels of security and liquidity have been determined, MPC will strive for the best rate of return consistent with this.

Security – we aim to protect against capital loss as follows:

Financial Investments

- Specified Investments - these are made in sterling, for **twelve months or less** and are with a 'high quality' body or investment scheme or with the UK Government or another Local Authority. MPC will mainly make this type of investment. We consider UK banks and building societies that are protected by the Financial Services Compensation Scheme and investment schemes rated 'A' or above by a credit rating agency (*note 3*) to be 'high quality'.
- Loans – MPC will not make loans.
- Non-specified investments – these investments are not loans and do not meet the Specified Investment criteria e.g. investments over twelve months, stocks and shares. They are potentially riskier but may offer higher yields. MPC will only make investments over one year if we are satisfied that enough funds remain available for expenditure when needed. We will only make non-specified investments in sterling,

with a 'high quality' body or scheme or with the UK Government. MPC will not invest directly in shares as these are considered too risky.

Non-financial investments – the rental property held by MPC has no loans or borrowings secured against it. As such there are no concerns about loss in asset value relative to the capital invested.

Financial Services Compensation Scheme - this scheme protects savings up to a specified limit in the event of failure of a financial services firm. The current limit is £85,000 per authorised institution. MPC will strive to spread investments over different institutions and keep below the FSCS limit where possible. However, we will take into consideration the perceived risk of financial organisation failure compared with the administrative burden of managing numerous accounts. FSCS is only available if income is below Euros500,000.

Risk Assessment – MPC's aim is to invest via simple financial instruments which do not require expert knowledge or external advisors. Our investment decisions will be based on publicly available information on yield and credit ratings. This information will be reviewed by the Finance & Good Governance Committee at least annually, and more often if there is a marked deterioration in performance, credit rating or market conditions. MPC will act to protect funds as necessary.

Liquidity

We will ensure that funds invested are available for expenditure when needed by carrying out an annual cash flow forecast, before the start of the financial year, to determine the maximum period that funds may prudently be committed. Our General Reserve will be invested in deposits requiring no more than three months' notice to allow quick access in case of emergency. Other designated reserves may potentially be invested for longer periods if MPC is satisfied that the funds will not be needed before the investment matures.

Capacity and Skills

MPC recognises that our Officers and Cllrs might not have expertise in investment analysis. We aim to use simple financial instruments that do not require expert knowledge. Our annual investment strategy will be recommended by the RFO/Clerk and reviewed by the FGGC prior to being presented to MPC for approval.

If MPC should wish to consider more complex investment types, we will make training available to Officers and Cllrs as appropriate and/or get professional advice. MPC will not make investments unless we have enough understanding to make an informed decision.

Financial Regulations

This Strategy should be read in conjunction with section 8 of MPC's Financial Regulations.

Review Date

MPC will review its Investment Strategy annually, before the start of the financial year, and more frequently if a material change is planned during the year. Any changes will be approved by MPC.

Notes:

1. The Government has issued Guidance on Local Government Investments (s16, Local Government Act 2003) which has statutory force and is mandatory where investments of a Parish Council are or are expected to exceed £100,000 at any point in a financial year.

2. Parish Councils have the power to invest for any purpose relevant to their functions under any enactment, or for the purposes of the prudent management of their financial affairs (s17, Local Government Act 2003)
3. A Credit Rating Agency is one of the following three companies:
 - Standard and Poor's
 - Moody's Investors Service Ltd; and
 - Fitch Ratings Ltd

2021-22 Investment Plan

Temporary Surplus Funds Available

MPC is forecast to have at least £239,000 temporary surplus funds available during 2021/22:

Source	Forecast Balance at 01/04/21	Maximum investment term	Comments
General Reserve	£140,000-£160,000	3 months	Easy access required in case of emergency need
Asset Management Reserve	£35,800	£10k: instant access £25,800: 1 yr	Prudent to keep £10k accessible in case of unbudgeted emergency asset repairs/replacements
s106 Reserve (unallocated funds only)	£63,000 (note: further funds may be received in 2021/22)	3 months (potentially 1 yr if no further projects anticipated this year)	Balance excludes funds that have already been allocated or are anticipated to be allocated to projects in 2021/22 e.g .playground project.

- Almost all MPC's available funds should be kept readily accessible - maximum three months notice period.
- It should be possible to invest part of the AMR and s106 reserve for a longer term.
- The Investment Plan should be reviewed as MPC's plans for spending s106 funds are agreed to ensure that funds are available when required

Economic Climate

Interest rates are at a historic low in response to the Covid-19 pandemic and are expected to remain very low throughout 2021/22. There continues to be speculation about the possibility of negative interest rates and, although far from a certainty, the Bank of England has begun a programme to review the potential implications for the UK. Much depends on the speed of economic recovery once the pandemic restrictions have been eased.

Current position – 4th March 2021

MPC has invested £150,000 in a Nationwide 45 day Saver account and £25,000 in a CCLA Public Sector Deposit Fund* (access on demand). Total invested £175,000.

Review of existing investment performance:

Institution	Product	Current Investment	Notice Period	Yield (at 4 Mar 2021)	FSCS Yes/No	Credit Rating

Nationwide	45 day Members Business Saver deposit account	£150,000	45 days	0.35% (0.35 % Oct 2020)	Y	AA3 (Moody's) (AA3 Oct 2020)
CCLA	Public Sector Deposit Fund* (money market fund)	£25,000	On demand	0.0467% (0.125% Oct 2020)	n/a	AAAmf (Fitches) No change

*The Public Sector Deposit Fund is a money market fund specifically designed for the Public Sector. It invests in a diversified portfolio of high quality sterling denominated deposits and instruments. Its primary aim is to maintain the net asset value of the fund at par. The purchase of shares in the PSDF is not the same as investing in a bank deposit account and is not a guaranteed investment. There is a risk that the value per share may fall below face value.

Investment Options

A review of available investments, open to Parish Councils, which meet MPC's Investment Strategy requirements shows that most providers have withdrawn their deposit accounts with notice periods of one year or less or are offering interest rates of between 0.01% and 0.5%, depending on notice required. Returns of 0.7% are possible on one year fixed term investments.

Potential Investments currently offering the best yields are:

Institution	Product	Minimum Investment	Notice Period	Yield (at Feb 2021) Fixed/Variable	FSCS Yes/No	Credit Rating
Cambridge Building Society	Council Saver	£1,000	On demand (max 2 per month)	0.1% V	Y	Not found
Hampshire Trust Bank	45 day Business Notice Account	£5,000	45 days	0.5% V	Y	Not found
Hampshire Trust Bank	1 yr business bond	£5,000	Matures 1 yr	0.7% F	Y	Not found
Charity Bank	1 yr ethical fixed rate	£10,000	Matures 1 yr	0.47% F	Y	Not found

Proposal 2021/22

Although return on investments is currently extremely low it is proposed to continue with some investments to make best use of surplus funds and to spread the risk of financial institution failure.

MPC currently has £175,000 invested. The anticipated available fund is around £240,000+ (exact figures will be known at financial year end). The additional funds can be invested during 2021/22.

Nationwide 45 day business saver – MPC should continue to invest as it remains one of the best returns currently available with notice of one year or less. The £150,000 current investment is above the FSCS limit and could be reduced. Nationwide is AA3 rated by Moody's. It was downgraded from AA2 in April 2020, along with a number of UK banks, reflecting the impact of Covid-19 on the UK economy. AA3 is considered 'high quality'.

CCLA Public Sector Deposit Fund – MPC has invested £25,000 (minimum allowed) and had agreed to review the performance of the PSDF before deciding to invest further. The fund yield has been falling although it remains similar to that offered by many bank or building society deposit accounts and above that of similar money market fund schemes. This is a different type of investment to deposit accounts and does serve to diversify MPCs investment portfolio. The fund rating of AAAMmf (Fitches) is considered very safe. CCLA are proposing to restructure the shares within the fund to offer protection against negative yields should these arise (see info attached). MPC could currently achieve a better return elsewhere so further investment is not recommended at this stage.

Additional investments – these should seek a balance of security, liquidity, and yield. Investment in fixed-term bonds will offer protection against potential falling or negative interest rates but funds will not be accessible until the maturity date.

Investment Plan Recommended for 2021/22:

Withdraw £50,000 from Nationwide (balance invested £100,000) to reduced excess over FSCS limit and to allow investment in higher yield accounts.

Invest £85,000 in Hampshire Trust Bank 45 day notice deposit

Invest £30,000 in Charity Bank one year ethical fixed rate – this has been recommended rather than HTB fixed rate bond (which has a higher yield), to keep total at HTB below FSCS limit.

Leave CCLA PSDF investment at £25,000

Total invested = £240,000

Liquidity breakdown of suggested investments:

£25,000 = instant notice

£185,000 = 45 day notice

£30k,000 = one year maturity

All investments should be reviewed if there is a significant change in interest rates, perceived risk of financial institution failure or economic climate.

Reviewed by Finance and Good Governance Committee : 15th March 2021

Document Approval:

(Chair to Melbourn Parish Council)

Date of Parish Council meeting: [22nd March 2021]

Review Policy: Every 12 months