Stratfield Mortimer Parish Council Finance Policy

Introduction

1 This is the Finance Policy of Stratfield Mortimer Parish Council and it, the Regulations, Protocol and Strategy listed below, adopt the definitions in the Council's Policy Guidance and Glossary.

2 This Policy brings together the former Regulations, Policy (now Protocol) and Strategy listed below as Appendices:

- Appendix 1 - Financial Regulations;
- Appendix 2 - Asset Valuation Protocol;
- Appendix 3 - Investment Strategy.

Appendix 1 - Financial Regulations

Interpretation

1 In these Financial Regulations ("**Regulations**"):

1.1 sums referred to exclude Value Added Tax unless stated otherwise;

1.2 references to authorisations, invoices, quotations, estimates, records, reports, schedules, statements, vouchers, or any other document, are references to such in electronic or physical form;

1.3 text in purple type reflects legal and statutory requirements.

General

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 Financial Control.

3 These Regulations:

3.1 demonstrate how the Council meets these responsibilities and requirements (*nb - see Scheme of Delegation - anything in these Regulations delegated to F&GP may be undertaken by the Council as its Parent Body*);

3.2 govern the conduct of financial management by the Council and may only be amended or varied by Council Resolution; and

3.3 must be observed in conjunction with the Council's Standing Orders, Procurement Terms, Data Protection and Information Technology Policy, and any applicable statute or statutory regulation.

4 The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions, and any decision regarding the following shall be a matter for the Council only:

4.1 setting the Annual Budget or the Precept;

4.2 approving the annual governance statement (part 1 of the AGAR);

4.3 approving accounting statements (part 2 of the AGAR);

4.4 regarding the outcome of a review of the effectiveness of its internal controls;

4.5 borrowing;

4.6 declaring eligibility for the General Power of Competence; and

4.7 ensuring that recommendations in any report from the internal or external auditors are addressed.

5 The Council must also:

5.1 ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management;

5.2 determine, and keep under regular review, Bank Mandates;

5.3 have regard to recommendations from F&GP (made in accordance with its Terms of Reference) in respect of setting the annual salary for any Officer.

6 The Council's accounting control systems must include measures:

6.1 for the timely production of accounts;

6.2 that provide for the safe and efficient safeguarding of public money;

6.3 to prevent and detect inaccuracy and fraud; and

6.4 identifying the duties of Officers.

7 At least once a year, prior to approving the AGAR, the Council must review the effectiveness of its Internal Financial Control procedures.

8 Deliberate or wilful breach of these Regulations by an Officer may give rise to disciplinary proceedings.

9 A failure by a Councillor to abide by these Regulations shall be a breach of the Council's Code of Conduct.

10 The Clerk has been appointed as RFO and the Assistant to the Clerk as Deputy RFO.

11 The RFO:

- acts under the policy direction of the Council;
- administers the Council's financial affairs in accordance with all legislation and Proper Financial Practice;
- in conjunction with F&GP determines the nature of the Council's accounting records and accounting control systems;
- ensures that the accounting control systems are observed;
- maintains that the accounting records of the Council are up to date and in accordance with Proper Financial Practice;
- assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
- produces financial management information as required by F&GP, the Council and these Regulations.

12 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 the following comply with the AAR:

12.1 any income and expenditure account and statement of balances;

12.2 any record of receipts, payments or management information prepared for F&GP or the Council from time to time.

13 The accounting records determined by the RFO shall in particular contain:

13.1 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;

13.2 a record of the assets and liabilities of the Council (eg a balance sheet);

13.3 an Asset and Investments Register in accordance with Paragraph 90.3; and

13.4 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.

14 The accounting control systems determined by the RFO shall include:

14.1 procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;

14.2 procedures to enable the prevention and detection of inaccuracies and fraud;

14.3 procedures to allow the reconstitution of any lost records;

14.4 identification of the duties of Officers dealing with financial transactions;

14.5 assurance regarding the division of responsibilities of Councillors and Officers in relation to significant transactions;

14.6 measures to ensure that risk is properly managed; and

14.7 procedures to ensure that sums written off in accordance with Paragraphs 86 or 87 are shown in the accounting records.

Accounting and Audit (Internal and External)

15 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the AAR, appropriate guidance and Proper Financial Practice.

16 On a regular basis (at least once in each quarter), and at each financial year end, the Supervising Councillor (or the Supervising Councillors between them where more than one) shall:

16.1 undertake Internal Financial Control and authorise the IFC Confirmation;

16.2 verify bank reconciliations for all accounts produced by the RFO, and sign the reconciliations and the original bank statements (or similar document) as evidence of verification.

17 Following the actions detailed in Paragraph 16, the RFO shall report to F&GP regarding the IFC Confirmation and fact of bank reconciliations (detailing any exceptions).

18 As soon as practicable after the end of the financial year the RFO shall:

18.1 finalise the year-end Accounts;

18.2 complete the AGAR; and

18.3 submit both, and report thereon, to F&GP, and then to the Council within the timescales set by the AAR.

19 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 Financial Control.

20 Officers and Councillors must make available such documents and records as the internal or external auditor consider necessary for the purpose of the audit and shall, as directed by F&GP, supply the RFO, internal auditor or external auditor with such information and explanation as F&GP considers necessary for that purpose.

21 The internal auditor shall be appointed by F&GP and shall check the Council's governance arrangements as to the effectiveness of the Council's overall controls and decision-making processes, and that Internal Financial Control has been carried out correctly.

22 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;

- demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- not be involved in the financial decision making, management or control of the Council.

23 Internal or external auditors may not under any circumstances:

- perform any operational duties for the Council;
- initiate or approve accounting transactions;
- provide financial, legal or other advice including in relation to any future transactions; or
- direct the activities of any Officer, except to the extent that such Officers have been appropriately assigned to assist them.

24 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 Financial Practice.

25 The RFO shall, without undue delay, bring to the attention of F&GP any report from internal or external auditors.

26 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 the 2014 Act, or any superseding legislation, and the AAR.

Banking Arrangements and System Security

27 The Council's banking arrangements, including any Bank Mandate, shall:

27.1 be made by the RFO and approved by Council Resolution;

27.2 not be delegated to a Body;

27.3 be regularly reviewed.

28 The Clerk shall be appointed as the Bank Administrator, but may delegate day-to-day banking administration (including use of any Banking Portal) to another Officer.

29 Any Bank Mandate shall identify the payment limit applicable to the Bank Administrator alone, or by the Bank Administrator with a stated number of Bank Signatory approvals.

30 Changes to account details for payees may only be made on written notification by the payee verified independently (for example by means of a telephone call to a known payee contact).

31 Any Council debit card will be restricted to use by the Clerk for single transactions in accordance with their authority to spend (Paragraph 45.4) unless otherwise authorised in accordance with Paragraphs 45 to 47.

32 Any corporate credit card or trade card account opened by the Council will be specifically restricted to use (in accordance with the spending limits in these Regulations) by the Clerk and will be restricted to a spending limit of £3,000 per month, and shall be subject to automatic payment in full at each month-end.

33 The reimbursement of any personal expenditure is subject to approval in accordance with the Expenses Protocol.

34 The Council will not maintain any form of cash float and any cash received must be banked promptly.

Transfers between accounts

35 In order to keep appropriate balances in different Council bank accounts, the Clerk in consultation with the Council Chairman may authorise transfers between Council bank accounts (eg from a current account to a savings account or vice-versa), to be reported to Council in accordance with Paragraph 67.7.

Annual Budget and Forward Planning

36 The process and timetable for preparation of the Annual Budget is determined by the RFO and F&GP, who manage this on behalf of the Council.

37 Each Body shall consider its financial requirements in accordance with a timetable set by the RFO and, as desired, submit a draft Body Budget to the RFO and F&GP for consideration.

38 Each year the RFO must prepare a draft Annual Budget for the following financial year to be considered by F&GP and the Council.

39 The Council shall then (usually by the end of January):

39.1 approve the Annual Budget in accordance with the 1992 Act or succeeding legislation; and

39.2 calculate its council tax requirement for the financial year and so set a Precept; but

39.3 any Councillor with council tax unpaid for more than two months is prohibited from voting on the Annual Budget or Precept by s106 of the 1992 Act and must disclose at the start of the meeting that s106 applies to them.

40 The RFO shall issue the Precept to West Berkshire Council (as billing authority) by no later than the end of February and shall ensure that each Councillor has access to a copy of the approved Annual Budget.

Reserves and Virement

41 As part of its Annual Budget setting process, and generally from time to time as needed, the Council shall decide what amounts should be held in its Operating and Earmarked Reserves (and may establish or discontinue Earmarked Reserves as the requirements of the Council dictate).

42 Any financial resource of the Council not held in the Operating Reserve or in Earmarked Reserves shall constitute the General Reserve.

43 Relevant Bodies shall have the power to undertake Virement within their Body Budget.

44 Changes in the Operating Reserve or in Earmarked Reserves other than as set out in Paragraph 43 must be approved by Council Resolution.

Budgetary Control and Authority to Spend

45 Save as set out in Paragraphs 46 or 47, authorisation (which must be evidenced by the minutes of the Meeting in question or recorded in writing) must be obtained as below for any expenditure:

45.1 from the Council for any amount;

45.2 from a Delegated Body other than the Council, in accordance with that Body's Budget, for amounts up to £25,000.00;

45.3 from the Clerk in accordance with a Body Budget for amounts up to £5,000.00, following any consultation thought necessary with the Council Chairman and/or relevant Body (and/or Parent Body) Chairman.

45.4 from the Clerk for amounts up to £500.00.

46 In a matter of urgency, to be determined by the Clerk in consultation with the Council Chairman, and reported to the next Meetings of F&GP and of the full Council for ratification, the Clerk may authorise any expenditure reasonably necessary to deal with that matter of urgency.

47 In the event that there is no relevant forthcoming Council or Body Meeting, a payment requiring authorisation in accordance with Paragraph 45.1 or 45.2 may be authorised by the Clerk in consultation with the Council Chairman and/or relevant Body Chairman and reported to the next relevant Council or Body Meeting for ratification.

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

49 No expenditure shall be authorised in relation to any capital project, and no contract entered into or tender accepted involving capital expenditure, unless the relevant Delegated Body is satisfied that the necessary funds are available and any requisite borrowing approval has been obtained in accordance with Paragraphs 81 to 82.

50 All capital works shall be administered in accordance with the Council's Standing Orders and that element of these Regulations relating to contracts.

51 The RFO shall regularly provide F&GP and the Council with a statement of receipts and payments to date under each Budget heading, comparing actual expenditure to the appropriate date against that planned as shown in that Budget - these statements are to be prepared at least at the end of each financial quarter and shall show explanations of variances.

Contracts

52 The remainder of this Part does not apply to contracts:

52.1 regarding Officer employment;

52.2 with a value of £1,000.00 or less;

52.3 for the supply of gas, electricity, water, sewerage or telephone services;

52.4 for specialist services such as are provided by legal professionals acting in disputes;

52.5 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;

52.6 for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council;

52.7 for additional audit work of the external auditor up to an estimated value of £500.00 (in excess of this sum the RFO shall act after consultation with the Council Chairman); and

52.8 for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price;

52.9 entered into in urgency in accordance with Paragraph 46.

53 For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the requirements of Procurement Legislation will be followed in respect of the tendering, award and notification of that contract.

54 Where the estimated value is below the said threshold, the Council shall obtain prices as follows:

54.1 where the value is anticipated to be between £1,000.01 and £5,000.00 the RFO shall seek to obtain at least three Pricing Submissions;

54.2 subject to Paragraph 55 where the value is anticipated to be between £5,000.01 and £25,000.00 the RFO must obtain at least three Pricing Submissions;

54.3 subject to Paragraph 55 where the value is anticipated to exceed £25,000.00 the RFO must proceed on the basis of a formal tendering process, seeking a minimum of three tenders; and:

54.3.1 the RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases;

54.3.2 the invitation to tender shall:

54.3.2.1 refer to the terms of the Bribery Act 2010;

54.3.2.2 state the general nature of the intended contract; and

54.3.2.3 require that tenders must be addressed to the Clerk in the ordinary course of post;

54.3.3 each tenderer 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;

54.3.4 all sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one Councillor.

55 Where the RFO finds that it is impractical to obtain at least three Pricing Submissions or tenders, approval to proceed is required:

55.1 by Council Resolution for any sum;

55.2 by the Resolution of a Delegated Body other than the Council for amounts up to £25,000.00 in accordance with that Delegated Body's Budget; or

55.3 from the Clerk having consulted with the Council Chairman and/or relevant Body Chairman for sums up to £25,000.00 in accordance with a Body Budget, in which event the approval, and the reasoning for it, is to be reported to the next Meeting of F&GP.

56 A Delegated Body shall not be obliged to accept the lowest or any tender or Pricing Submission.

57 If a Delegated Body does not accept any tender or Pricing Submission, and that Body requires further pricing then, provided that the specification does not change, no person

shall be permitted to submit a later tender or Pricing Submission who was present when the original decision making process was being undertaken.

Orders for Goods and/or Services

58 Only the RFO may issue an official order or make any contract on behalf of the Council (unless the contract is by deed, in which event the Standing Orders shall apply).

59 The remainder of this Part shall not apply to payments:

59.1 in accordance with Paragraph 66; or

59.2 where an individual contract containing specific payment terms is entered into between the Council and a supplier (eg a formal contract for building works).

60 Formal orders for goods and/or services shall comply with the Council's Procurement Terms, unless:

60.1 it would be inappropriate in the circumstances, in which event an official order should be issued;

60.2 the purchase is in accordance with Paragraph 62.

61 The RFO may establish such Supplier Accounts as appear appropriate.

62 The Clerk may themself, or may authorise an Officer or Councillor to, undertake any purchase within the Clerk's authority to spend detailed in Paragraph 45.4 in such manner as the Clerk thinks fit, for example via a Supplier Account, by retail purchase followed by a claim (supported by receipt) in accordance with the Expenses Protocol, etc.

63 All Councillors 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.

64 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.

Regular Payments

65 Each financial year or from time to time as necessary the RFO shall draw up a schedule of payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (for example salaries, PAYE and NI, pension payments, and regular maintenance contracts), and seek Council authorisation for the same.

66 Upon such authorisation the RFO may make payments in accordance with the schedule without seeking further authorisation (but subject to the reporting requirements below).

Payment Reporting and Authorisation Process

67 As part of the Agenda for any relevant Meeting, the Clerk shall prepare (as relevant):

67.1 a schedule of proposed payments ("Schedule Ai") where authorisation is sought in accordance with Paragraphs 45.1 or 45.2 (payments to be authorised by the Council or other Delegated Body);

67.2 a schedule of payments made (“Schedule Aii”) where ratification is sought in accordance with Paragraphs 46 or 47 (urgency payments or no upcoming relevant Meeting);

67.3 a schedule of payments made (“Schedule Bi”) to be noted as having been authorised in accordance with Paragraph 45.3 (payments authorised by the Clerk in consultation as necessary with the Council Chairman and/or relevant Body Chairman);

67.4 a schedule of payments made (“Schedule Bii”) to be noted as having been authorised in accordance with Paragraph 45.4 (payments authorised by the Clerk);

67.5 a schedule of payments made (”Schedule Ci”) to be noted as having been authorised in accordance with Paragraph 66 (regular payments authorised in advance by the Council);

67.6 a schedule of payments made (”Schedule Cii”) to be noted as having been previously authorised in accordance with a Paragraphs 45.1 or 45.2 (payments previously authorised by the Council or other Delegated Body);

67.7 a schedule of transfers made (”Schedule D”) to be noted as having been authorised in accordance with Paragraph 35 (payments authorised by the Clerk in consultation as necessary with the Council Chairman and/or relevant Body Chairman).

68 The Body in question shall review Schedules Ai and Aii for compliance and, where satisfied, shall authorise or ratify payment by Resolution.

69 A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the Meeting at which the payment or transfer was authorised or noted.

70 Personnel 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.

Agreeing Invoices etc

71 All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work or services to which each invoice relates has/have been received or carried out, examined, and represent/s expenditure previously approved in accordance with these Regulations.

72 If the work, goods or services has/ve not been carried out and/or received to the specification required:

72.1 the RFO shall advise the supplier accordingly and payment will be withheld until the issue/s is/are addressed; and

72.2 should the issue/s not be suitably addressed within an acceptable period, or an agreement cannot be reached, F&GP shall consider and agree any further action to be taken.

73 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading .

Making Payments

74 Following authorisation in accordance with Parts 0, 0 and/or 0, payments and transfers between Bank Accounts shall be made by Electronic Instruction or cheque, or otherwise if so Resolved.

75 Payments to be made by Electronic Instruction:

75.1 shall be raised via a Banking Portal against the payee's account by an Officer (and the account details maintained for the payee in the Banking Portal shall be crosschecked with those provided on the authorised invoice etc); and

75.2 shall then be checked against the authorised invoice etc and (if they are satisfied payment should be made) authorised within such Banking Portal by two Bank Signatories; and

75.3 a record of the payments made and the relevant invoices (etc) shall be retained.

76 Cheques or orders for payment drawn on a Bank Account shall be signed by two Bank Signatories (and to indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice etc, the Bank Signatories shall each also initial the cheque counterfoil or order for payment).

77 Where relevant and approved by F&GP Resolution, certain regular payments (utilities, non-domestic rates, etc) may be made by variable direct debit provided that the instructions are signed by two Bank Signatories and reported to Council in accordance with these Regulations.

Officers' Salaries

78 Salary payments shall be made in accordance with employment contracts, payroll records, relevant legislation (PAYE, National Insurance, etc), and salary rates agreed by the Council or the relevant Delegated Body.

79 Where any element of the Chairman's Allowance is paid as a salary that sum shall be liable to the deduction of PAYE, National Insurance, etc.

80 Payment for salaries shall be made by Electronic Instruction in accordance with the procedure set out at Paragraph 75 provided that:

80.1 the details for each payment are listed on the payroll summary each month; and

80.2 the record of payments (including statutory and discretionary deductions) shall be kept as a separate confidential record, not open to inspection or review (under s.40, Freedom of Information Act 2000 or otherwise) other than:

80.2.1 by any Councillor who can demonstrate a need to know;

80.2.2 by the internal auditor;

80.2.3 by the external auditor; or

80.2.4 by any person authorised under the 2014 Act, the AAR, or any superseding legislation.

Loans and Investments

81 Any Council borrowing may only be undertaken in accordance with a Council Resolution following a report including an analysis of value for money and reference to the Investment Strategy where relevant.

82 Formal borrowing approval from the Secretary of State shall be sought where required (eg borrowing other than hire purchase, the leasing of tangible assets, or loans to be repaid within one year).

83 All investments, investment certificates and other documents relating thereto shall be in the name of the Council and retained in the custody of the RFO.

Income

84 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.

85 Particulars of all standard charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council.

86 The RFO shall have authority to write off individual sums found to be irrecoverable up to a limit, per supplier, of £100.00 per financial year.

87 F&GP shall determine if other sums found to be irrecoverable are to be written off.

VAT

88 The RFO shall promptly complete any VAT Return that is required.

Assets, Properties and Estates

89 No real property (interests in land) shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without:

89.1 the authority of the relevant Delegated Body, together with any other consents required by law; preceded by

89.2 a report in writing to that Delegated Body (and reported to Council where it is not that Body) 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).

90 The RFO shall:

90.1 make appropriate arrangements for the custody of all title deeds and Land Registry documentation for property held by the Council;

90.2 ensure that a record is maintained of all property 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 AAR;

90.3 ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, and ensure that the continued existence of tangible assets shown in the Register is verified at least annually (possibly in conjunction with a health and safety inspection of assets).

Charities

91 Where the Council is sole managing trustee of a charitable body the Clerk shall:

91.1 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; and

91.2 arrange for any audit or independent examination as may be required by charity law or any governing document.

Risk Management and Insurance

92 The RFO shall prepare, for approval by F&GP, risk management arrangements and reporting in respect of all activities of the Council, which shall be reported to the Council at least annually.

93 When considering any new relevant activity, the Clerk and RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by F&GP.

94 Taking into account the annual risk review, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

95 The RFO shall give prompt notification to F&GP of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

96 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

97 The Clerk or 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 F&GP at the next available Meeting.

98 All appropriate Councillors and Officers shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by F&GP.

Suspension and Revision of Regulations

99 The RFO shall make arrangements to monitor changes in legislation or Proper Financial Practice and shall advise the Council of any requirement for a consequential amendment to these Regulations.

100 The Council may, by Resolution, suspend any Regulation(s) 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 Councillors.

Appendix 2 - Asset Valuation Protocol

Policy Statement

1 The Council acknowledges its responsibility to maintain a register of the fixed assets and long-term investments that it holds, and the need to focus on their safety and proper management, including disposal and the use of any resulting capital receipt where applicable.

2 JPAG is responsible for issuing proper practice about the governance and accounts of 'smaller authorities' (a smaller authority is one where the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6.5m – s6, 2014 Act).

3 JPAG has issued a Practitioners' Guide to support the preparation by smaller authorities in England of statutory annual accounting and governance statements found in the AGAR - this Protocol has been established in accordance with that Guide.

Types of Assets and the Asset Register

4 Fixed assets mean property, plant and equipment with a useful life of more than one year used by the Council to deliver its services. Fixed assets are also known as non-current assets.

5 A fixed asset register is the starting point for any system of financial control over tangible assets as it:

- facilitates effective physical control over assets;
- provides the information that enables the Council to make the most cost-effective use of its capital resources;
- supports the AGAR entry for fixed assets by collecting the information on the cost or value of assets held;
- forms a record of assets held for insurance purposes.

6 A fixed asset register (the Asset Register) shall be maintained by the RFO.

7 A long-term investment arises where the Council invests money for more than 12 months. The Council has no long-term investments (but should this change, this Protocol and the Asset Register will be updated to include such, and in accordance with the current recommended practices for asset management).

Management and Asset Valuation

8 The fixed asset valuation for first registration on the Asset Register shall be at acquisition cost. The recorded value of the asset will not change from year to year unless the asset is materially enhanced.

9 Fixed assets acquired in any year shall be added to the Asset Register for management purposes.

10 For accounting purposes, acquisitions and disposals of fixed assets shall be treated as any other purchase or sale and recorded as part of annual payments or receipts, expenditure or income.

11 Assets that are either under construction or have not been brought into use shall only be included on the Asset Register when complete and when they will benefit the community.

12 Obsolete assets that are no longer in use or are awaiting disposal shall be recorded in the relevant section of the Asset Register.

13 Assets that have been received by the Council as a gift, and assets which do not have a functional purpose or any intrinsic resale value, will be included on the Asset Register with a nominal one pound (£1) value as a proxy for the zero cost.

14 Assets shall not be depreciated and shall not be subject to impairment adjustments or revaluation (as this is not required nor appropriate for this method of asset valuation). However, where practicable, provision for the replacement of an asset via a sinking fund arrangement is permitted.

15 Proceeds from the disposal of fixed assets by local councils are known as capital receipts and are subject to statutory controls by virtue of the 2003 Regulations:

15.1 such proceeds cannot be used for revenue purposes and can only be used for capital purposes (the purchase of fixed assets, the significant enhancement of fixed assets, the making of capital grants, or the repayment of long-term loans);

15.2 if necessary, separate records will be kept so compliance with this requirement can be demonstrated;

15.3 where the total proceeds from the sale of a fixed asset are below £10,000 they are deemed to be de minimis and these requirements do not apply.

Asset Replacement and Insurance

16 The acquisition cost of each asset will be used to determine its replacement cost, in accordance with the matrix below, which will be recorded in the Asset Register.

17 Where the acquisition cost of an asset is not known, or a proxy cost of £1 has been recorded, a baseline replacement cost will be established, either by using the comparable current cost of a similar asset or by estimating.

18 The replacement cost of assets will be reviewed annually, and updated in accordance with the following matrix:

- less than 2 years old – no increase on original/baseline replacement cost;
- 2 years old – 10% increase on original/baseline replacement cost;
- 3 - 5 years old - 25% increase on original/baseline replacement cost;
- 6 - 10 years old – 50% increase on original/baseline replacement cost;
- 11 - 15 years old – 75% increase on original/baseline replacement cost;
- over 15 years old – 100% increase on original/baseline replacement cost.

19 Assets with a value equal to or less than any applicable insurance excess will be recorded at their original value until disposed of (and thus not included for insurance purposes).

20 Where necessary, the replacement cost will be used to assist in forward planning for asset replacement.

21 The replacement costs in the Asset Register will be compared annually with the insurance schedule to ensure that all relevant assets as recorded are appropriately insured.

22 The Council may choose to ‘self-insure’ an asset.

General

23 This Protocol and the Asset Register shall be reviewed at least annually by F&GP as part of the financial year end and AGAR process.

24 If it is decided that the basis of asset valuation should be changed:

24.1 that change shall be applied consistently to all relevant classes of fixed assets;

24.2 the relevant value in the AGAR for the previous year should also be changed to the new basis and clearly marked as ‘Restated’.

24.3 a justification and explanation for the change shall be reported to F&GP and recorded in the relevant Minutes.

Appendix 3 - Investment Strategy

Introduction

1 The Council acknowledges its responsibility to the community and the importance of prudently investing any surplus funds held by the Council until they are required for expenditure purposes.

2 The Local Government Act 2003 requires Local Authorities to produce an Investment Strategy each year. This Strategy has been prepared in accordance with the Guidance on Local Government Investments ("the Guidance") issued under s.15(1), Local Government Act 2003 ("s.15(1)").

3 The Guidance applies to a parish council if its total investments exceed, or are expected to exceed, £100,000 at any time during the financial year. A parish council that expects its total investments to be between £10,000 and £100,000 is encouraged to adopt the principles of the Guidance.

4 The Council expects its total investments to exceed £100,000 during the financial year covered by this Strategy and will therefore have regard to the Guidance.

5 This Strategy sets out:

- Investment Objectives;
- Categories of Investments;
- Investment Strategy – General;
- Investment Strategy – Specific.

Investment Objectives

6 The Council's prudential investment objectives for its reserves are:

6.1 security (protecting the capital sum from loss); and then

6.2 liquidity (keeping the money readily available for expenditure when needed).

7 The generation of yield is distinct from the prudential objectives and will be considered once levels of security and liquidity have been determined. The Council will achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

Categories of Investments

8 Specified Investments are those offering high security and high liquidity and that meet the following criteria:

8.1 are made in £Sterling;

8.2 are not long term (12 months or less);

8.3 are not defined as capital expenditure;

8.4 are made with a body which has a high credit rating; or

8.5 are made with the UK Government, a UK local authority, or a parish or community council.

9 A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specific investment. Such an investment has a greater risk potential and examples include money markets and stocks and shares.

10 A council 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. Such loans can be made if certain conditions can be met as per the Guidance.

11 Non-financial investments are non-financial assets that a council may hold primarily or partially to generate a profit. Where a council holds a non-financial investment, it will normally have a physical asset that can be realised to recoup the capital invested.

Investment Strategy - General

12 The Council's Investment Strategy will be reviewed and approved annually by the Finance and General Purposes Committee and Full Council as part of the budget process.

13 The Council recognises that neither Councillors nor Officers are experts in the field of investment fund management and, as part of the annual review, will assess if there is a requirement to obtain independent, external, expert advice regarding its investments.

14 If a material change is required during the year, a revised Strategy shall be approved by Full Council before the change is implemented.

15 The Council will ensure it holds sufficient funds in the current account to meet its short-term financial commitments to salary payments and creditors (see Paragraph 27).

16 All accounts will be held with banks and building societies which are regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA").

17 No investment shall be held with the Council's current account banker or bankers.

18 The Council shall only invest with organisations which are defined as 'High Credit Quality' by one of the credit rating agencies stated in the Guidance (Standard and Poor's, Moody Investors Services Ltd, and Fitch Ratings Ltd). The credit rating will be checked on a quarterly basis and reported to the Finance and General Purposes Committee and as part of the annual review.

19 Where investments are made in interest bearing term/notice deposits, these shall be placed with phased end dates to retain liquidity.

20 The Council will not borrow more than, or in advance of, its needs purely to profit from the investment of the extra/early sums borrowed.

21 Any approved investment shall be authorised as per the Council's Financial Regulations and agreed signatories.

22 Any long-term investments, ie CCLA Property Fund or stocks and shares, will be added to an Asset and Investment Register.

23 The Responsible Financial Officer shall report on the return on investments as part of the regular financial updates to the Finance and General Purposes Committee and Full Council.

24 The Investment Strategy shall be posted to the Council's website with hardcopies available from the Clerk on request.

Investment Strategy - Specific

Banking Arrangements

25 The Council's current bank account is held with Unity Trust Bank PLC. Unity Trust is authorised by the PRA and regulated by the by the FCA. It is listed in the Financial Services Register under number 204570.

26 The Parish Council's working cash is covered by the Financial Services Compensation Scheme ("FSCS")[i] up to £85,000 per bank or other financial institution. Confirmation of the Council's eligibility under the FSCS is made annually to Unity Trust Bank

27 Any balance over £50,000, not required to meet the Council's short-term financial commitments to salary payments and creditors, will be moved to The Public Sector Deposit Fund ("PSDF").

Investments

28 To meet its investment objectives, the Council's surplus funds are invested with the PSDF operated by CCLA Investment Management Limited.

29 The PSDF has a credit rating of AAAmmf as per Fitch Ratings Ltd[ii]. This is the highest possible rating.

30 The yield rate as at 31 January 2024 was 5.27%. The yield is calculated daily and is net of fees.

31 The annual management charge[iii] (0.08% net of fees) accrues daily and is calculated by daily reference to the net asset value of each sub-fund on the previous dealing day and is payable monthly within 10 business days of the following month.

32 Deposits can be made by cheque and/or bank transfer with withdrawals actioned before 11:30 (via email) being available in the council's bank account as cleared funds by 16:00 on the same day.

33 The end of year balance is included within Bank and Cash balances (as a Short Term Investment) in the Annual Return.

Borrowing and Fixed Term Investments

34 Expected levels of external borrowing and fixed term investments for the financial year in question are estimated to be:

- short-term borrowing: nil;
- long-term borrowing: a sum to be agreed in respect of a specific project which cannot be met from current funding, or nil[iv];
- interest bearing fixed term investments: nil.

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[i] FSCS does not protect deposits made by a public authority (including a parish council), unless it is a small local authority ie it has gross annual income or expenditure (turnover) below £6.5 million, with an annual budget of up to EUR500,000 - https://www.fscs.org.uk/Search/Index/?q=parich%20council.

[ii] Fitch Affirms 2 CCLA Money Market Funds at 'AAAmmf' (fitchratings.com).

[iii] The annual management charge is deducted from the gross income earned on the fund and the dividend paid into the account is the income less fees.

[iv] If a decision is made to borrow funds for any project, this Investment Strategy will be updated

Document control

Version	Date	Editor	Changes	Approved	
				On	By
	11/03/2021		Previously adopted version of Financial Regulations	11/03/2021	Council
	09/03/2023		Previously adopted version of Investment Strategy	09/03/2023	Council
	13/04/2023		Previously adopted version of Asset Valuation Policy	13/04/2023	Council
	13/03/2025		V3.0 of Asset Valuation Policy adopted	13/03/2025	Council
	15/01/2026		v8.0 of Financial Regulations adopted	15/01/2026	Council
	28/05/2026		v11.0 of Financial Regulations adopted	28/05/2026	Clerk
	28/05/2026		Asset Valuation Policy updated	28/05/2026	Clerk
	29/10/2026		Latest version of Investment Strategy adopted	29/10/2026	F&GP
0.1	20/11/2026	G Bridgman	Policy drafted		
0.1	26/11/2026		Reviewed by F&GP		