



Dorchester Town Council

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10 May 2017

Agenda for the meeting of the **Policy Committee** which will be held in the **Council Chamber, Municipal Buildings, Dorchester** on **Tuesday 16 May 2017** at **7.00pm**.

Adrian Stuart
Town Clerk

Public Speaking at the Meeting

The Chairman has discretion to allow members of the public to speak at the meeting. If you wish to speak please ask the Chairman before the meeting starts. We ask speakers to confine their comments to the matter in hand and to be as brief as is reasonably possible.

Member Code of Conduct: Declaration of Interests

Members are reminded that it is their responsibility to disclose pecuniary or non-pecuniary interests where appropriate.

A Member who declares a pecuniary interest must leave the room unless a suitable dispensation has been granted.

A Member who declares a non-pecuniary interest may take part in the meeting and vote.

Membership of the Committee

Mayor T. Harries and Councillors B. Armstrong-Marshall, R. Biggs, A. Chisholm, S. Hosford, G. Jones (Chairman), T. Jones and P. Stein.

1. Apologies & Signing of Minutes adopted at Council on 28 March 2017

To sign the Minutes of the meeting held on 21 March 2017

2. End of Year Reports

A/Separate pack

3. Financial Report 2017-18

B

4. Corporate Plan Review and Projects Update

C

5. Minutes Update

To receive verbal updates on the following Committee minutes

i) 2016/27 Bus Route support

ii) 2016/31 Town Centre wi-fi

NOTE FOR MEMBERS OF THE COMMITTEE

A presentation will take place regarding item 5.ii town centre wi-fi at 6.15pm prior to the Committee – please advise me if you wish to attend.

DORCHESTER TOWN COUNCIL
POLICY COMMITTEE – 16 MAY 2017
END OF YEAR REPORTS

1. The End of Year Report covering last year, 2016/17 is attached as a separate document.
2. The key messages in the Financial Statement are: -
 - The budget was underspent by £86,000, the main reasons explained on page 4.
 - At 31 March 2017 the Council had £464,000 in its General Reserve compared to the £378,000 proposed in the Medium Term Financial Strategy.
 - Earmarked Reserves totalled £956,000, £37,000 higher than the figure anticipated when setting the January budget. This was due to the introduction of the Public Realm Reserve (£20,000) and delayed spending on some projects (£17,000) which will now happen in 2017/18
3. There are no wholesale proposals to change the Operational Budget for 2017/18 at this stage, but the following are requested:
 - That delayed projects totalling £6,000 (Landance £1,000, WW1 Commemorations £5,000) are added back into the Operational Budget
 - That a further £80,000 is transferred to the Corporate Projects Reserve, for allocation to new projects as part of the Corporate Plan Review
4. The pack also contains the relevant pages of the Annual Return to be submitted to the External Auditor
 - Section 1 is where you as Councillors confirm you have a sound system of internal control in place. It is good practice to consider this fully at this Committee
 - Section 2 is the Accounting Statement for 2016/17 as required by
 - Section 3 is the formal report from our internal auditor. Three reports have been received during the year, including one at Agenda item 3, and good progress is being made on the recommendations
5. Finally the pack identifies progress against the milestones included in our Corporate Plan, building on the reports produced for the Committee at each meeting. The summary on page 14 indicates that around two thirds of the milestones could be removed/replaced in the next Corporate Plan revision.
6. It is **RECOMMENDED**
 - That the Financial Statement is noted
 - That the Annual Return is submitted to Council for formal adoption
 - That an additional £80,000 is transferred to the Corporate Projects Reserve and two unspent but committed project budgets (£6,000) added to the 2017/18 budget

Adrian Stuart
Town Clerk

DORCHESTER TOWN COUNCIL
POLICY COMMITTEE – 16 MAY 2017
FINANCE REPORT AT 30 APRIL 2017

1. Summary of Current Position

- Position at 30 April 2017 at Appendix 1
- Too early to take a view on year end projection

2. Cash Position at 28 April 2017

- | | | |
|--------------------------|------------|-------------------------------|
| • Lloyds Bank | £921,000 | 0.00% interest |
| • Payden Global | £1,000,000 | 0.75% average return |
| Total Cash & Investments | £1,921,000 | (28 February 2017 £1,425,000) |

3. Treasury Strategy 2017-18

- No changes proposed to current Treasury Strategy
- **RECOMMENDED** that Strategy at Appendix 2 is adopted and remains in place until 31 May 2018

4. Debtors & Payments

- Debt outstanding over 30 days at 30 April 2017 is £138 related to 3 debtors (28 February £5,728, 7 debtors)
- Payments list 1 March – 30 April 2017 on website. Supporting vouchers can be inspected by Members during normal office hours
- **RECOMMENDED** that the Payments list, totalling £304,217.20 is approved

5. Internal Audit

- Latest Internal Audit report is attached at Appendix 3
- **RECOMMENDED** that the Internal Audit report and our response is noted

Adrian Stuart
Town Clerk

MANAGEMENT REPORT AT 30 APRIL 2017

By Spend Type	Budget £000	Profile £000	Actual £000	-Under/Over £000
Staff	682	57	56	-0
Capital Financing	49	17	17	0
Other Payments	522	99	89	-10
To Specific Reserves	141	111	111	0
Income	-195	-12	-6	6
Net Budget	1,198	272	267	-5

By Service	Budget £000	Profile £000	Actual £000	-Under/Over £000
Allotments	-2	0	0	0
Parks & Open Spaces	141	40	42	1
Cemeteries	-12	13	17	4
Corp. & Dem. Manage.	36	3	2	-1
Cultural & Twinning	39	8	7	-1
Municipal Buildings	138	84	84	-1
Other Services	89	17	14	-3
Office Team	360	56	56	-0
Outdoor Services	410	51	46	-5
Net Budget	1,198	272	267	-5

Earmarked Reserves with budgeted Expenditure In Year	Budget £000	Profile £000	Actual £000	-Under/Over £000
Borough Gardens	20	0	0	0
Play Equipment	13	0	0	0
Cemeteries	80	0	0	0
Dorchester West Railway Station	10	0	0	0
Maumbury Rings s106	13	0	0	0
Corporate Projects	410	5	5	0
Net Budget	546	5	5	0

DORCHESTER TOWN COUNCIL**TREASURY STRATEGY 2017/18****1. Introduction**

- 1.1. Dorchester Town Council will, for the foreseeable future, owe money on behalf of its taxpayers (Debt) and will routinely hold monies on behalf of its taxpayers (Investments). This document identifies how the Council and its officers will manage debt and investments to minimise financial risk; it also identifies how it will manage its investments to achieve a financial benefit commensurate with that risk.

2. Debt

- 2.1. The Council's current debt portfolio is attached at Appendix A. The current schedule will result in all debt being repaid by 2027.
- 2.2. The Council may, under certain circumstances take on new debt, but would only borrow long term from the Public Works Loans Board, part of HM Government's Debt Management Office. Any decision to borrow will be taken by the Policy Committee, who will consider the benefits of borrowing versus using the Council's investment cash. The Medium Term Financial Strategy currently shows no plans to borrow.

3. Investments

- 3.1. Any cash held in the Council's bank accounts, held as deposits in other bodies or in managed funds with third parties, advanced as a commercial loan, or used to purchase bonds will be defined as an investment.
- 3.2. On 1 April each year, after adjusting for short term (under 1 year) debtors and creditors, the Council's investments will equal its Earmarked and General Reserves. During the year this figure is supplemented by sums resulting from cash flow on the Revenue Budget, with peaks in April and September when precept income instalments are received ahead of routine payments for staff and supplies. There are thus several reasons for holding investments at any point, being:-
 - Sums held in Earmarked Reserves for spending on a planned project, typically within 1 – 5 years
 - A sum in the General Reserve held for emergency purposes, calculated annually as part of the budget process (2017/18 £200k) to be available at 3 months' notice
 - The remainder of the General Reserve, awaiting allocation to projects or transfer to the Earmarked Reserve – this might be invested for up to 5 years depending on how quickly the Council wishes to review its plans
 - Sums arising from routine cash flow in year – these need to be available when the cash flow profile requires, no longer than 6 months
- 3.3. An analysis of sums held at 1 April 2017 is included at Appendix B and is based on known and anticipated uses of Reserves.

- 3.4. Security of the principal sum is the highest priority when making a decision to invest. The Council takes advice from Arlingclose, an independent advisor to the local government sector. Arlingclose provides a list of financial investment instruments that it considers suitable to meet the needs of our investment timeframe. Arlingclose review this list regularly and a summary of the most recent list will be appended to the Treasury Strategy. The current list is included at Appendix C.
- 3.5. In consultation with the Chairman and Vice-Chairman of Policy Committee the Town Clerk is authorised to use the investment instruments contained in Appendix C and must report any purchase or sale of instruments to the next meeting of the Policy Committee following the transaction taking place.
- 3.6. The requirement of the Council to have funds available to discharge its revenue responsibilities is also a priority when determining the period of an investment. Investments must take account of the Council's cash flow requirements.
- 3.7. Achieving a return on the investment is the third priority. Any investment return must, however, be fully consistent with the need to preserve security of the principal sum.

4. Budgets

- 4.1. The Treasury budgets for the current financial year, 2017/18, are: -

	£
• Principal Debt Repaid	34,000
• Interest on Outstanding Debt	14,500
• Total Debt Charges	48,500
• Interest earned on Investments, after deduction of Treasury Advice	-5,000

5. Policy

- 5.1. This Policy is to be reviewed each May by the Policy Committee as part of the financial year end process.

Adrian Stuart
Town Clerk

1 May 2017

Outstanding Debts with the PWLB

2017/18	PWLB	Maturity	Interest	01-Apr-17	30-Sep-17	31-Mar-18	H1	H2	Total
	Ref		%	£	£	£	£	£	£
1	479825	08/2022	7.125	110,000	100,000	90,000	3,919	3,563	7,481
2	487126	09/2027	4.625	154,000	147,000	140,000	3,561	3,399	6,961
				264,000		230,000		Interest	14,442
					Repaid	34,000		Budget	48,442

Appendix 2B

Investments					
			01/04/17	31/03/18	Interest
Current Position	Duration	Rate (%)	£000		£000
Lloyds Bank Babk Account	Instant	-	396	233	-
Payden Global	Instant	0.75	1,000	1,000	7.50
			1,396	1,233	7.50
Small positive cash flow each year. Debtors and Creditors at minimal levels					
Current MTFS Total Reserves					
	31/03/18		1,233		
	31/03/19		1,280		
	31/03/20		1,325		
	31/03/21		1,368		
Investment Rules					
Not prepared to lock up money beyond March 2021					
Cannot risk loss of capital					
Therefore investments limited to cash & short term cash equivalent					
No plans to use Property or Equity as investment assets					

Investment Instruments recommended by Arlingclose

	Max. Period Yrs/Mths	Max. Amount £000	Likely return %	Comment
Lloyds Bank Account	Call	2,000	0.00	AA rated. Considered secure for all short term investments
National Savings & Investments	Call	1,000	0.40	Backed by Govt. Wholly secure. Reducing to 0.45% from 1 Jul '16
Money Market Funds e.g. Aberdeen AM Liquidity Fund CCLA Public Sector Deposit Fund	Call	1,000	0.40	Risk spread across many very short term (normally under 1 year) A rated securities. Return varies. Max. 2 funds in operation at one time
Cash Plus Funds - Short/Medium Term Bonds e.g. Investec Short Dated Bond Fund Payden Global Sterling Reserve	0/3	1,000	0.70 - 1.00	Risk spread across many short-medium term (normally 1 – 2 year) “A” rated securities. Return varies
Covered Bonds e.g. Yorkshire BS Coventry BS	4/0	500	0.50 - 1.20	Individual bonds covered by specific assets owned by the bond-paying institution, e.g. property, mortgages. Rate guaranteed to maturity. Typically “AAA”
Corporate Bonds e.g. Places for People Capital Markets Network Rail Infrastructure Fin. Daimler AG	4/0	250	1.00 - 1.90	Individual bonds, dependent on credit ratings to assess risk (therefore min. “A” rating required)

**Darkin Miller Chartered Accountants 2016/17 INTERNAL AUDIT OF DORCHESTER TOWN COUNCIL
DRAFT REPORT VISIT 3 OF 3: 12th APRIL 2017 - Appendix 1 – Recommendations and Action Plan**

Rec. number	Detail	L/M/H	Management Response	Resp Off	Due Date
3.2 – Signing minutes at meeting	The minutes of the Town Council meeting of 28 March 2017 record the confirmation and signing of the minutes of the Town Council meeting of 24 January 2017. However, the copy of the minutes of 24 January 2017 in the minutes file was not signed at the date of the final internal audit visit of 12 April 2017. It is recommended that minutes are signed at the next meeting of the relevant body in order to confirm that they are the set of minutes that were approved.	M	Accepted	AS	18/4/17
10.1 – Invoicing of debtor	One of the Council's customers has changed their payment frequency during the year. They were paying by cheque in advance of the service being performed, and now pay by BACS for a number of service provisions after the event. The customer provides a schedule of the services they have received and these are checked back to the Council's records to confirm that the value is correct. As the Council does not raise an invoice in relation to these amounts when the service is performed, there is a risk that some income may be overlooked. It is recommended that the Council raises an invoice each month for the services provided in order to ensure that the income, and related debtor are recorded on the financial system.	M	Rejected. The current procedure will be documented so that more than one member of staff is able to check the schedule received.	NH	18/4/17
10.2 - Adjusted errors	The following errors were identified during the audit and adjusted for in the annual return and/or financial statements: The current and prior year fixed asset registers were increased by £12 to account for a £1 nominal value being attributed to 12 community assets held by the Council, as required by the Practitioner's Guide; Travel costs for the current and prior years were originally included in other payments (£1.3k and £1k respectively). These have been transferred to staff costs as required by the Practitioner's Guide; Five minor corrections were made to the draft financial statements.	Info	Noted	NH	18/4/17
10.3 – Unadjusted errors	The following errors were identified during the audit but not adjusted for in the annual return and/or financial statements: £350 of income relating to the part exchange of a vehicle was netted off against expenditure. This was not material to adjust. The £1m investment has been shown in the debtors section of the balance sheet on p5 of the financial statements. Although the Practitioner's Guide governs only the presentation of the Annual Return (and requires such investments to be shown as part of Fixed Assets), as the Council has produced financial statements these would be governed by accounting conventions which ordinarily require investments to be shown as fixed assets and placed at the top of the balance sheet.	Info	£350 noted. Pg5 headed Reconciliation & does not purport to be a Balance Sheet.	NH AS	18/4/17 -

DORCHESTER TOWN COUNCIL**POLICY COMMITTEE – 16 MAY 2017****CORPORATE PLAN**

1. The Corporate Plan was due to be revised in time for re-adoption at this meeting. Member activity was suspended, however, when first the Local Plan Review and, more recently, elections have become the focus of Member attention.
2. Indications are that the review could be quite significant, possibly covering:
 - The level of grant support we may wish to offer to new capital projects
 - Whether we wish to make Affordable Housing land available
 - Our approach to long term planning issues
 - Implementing steps to improve our Heritage Tourism offer
 - New Recreation provision
 - Practical responses to the recent Traffic and Parking review
 - Positioning the Town Council for Local Government Reorganisation
 - Allocating our spare resources (£400,000 Corporate Projects Reserve, £70,000-£120,000 ongoing Revenue support) to support the above
3. In order to adopt a revised Corporate Plan at Council on 25 July the following will take place:
 - Two informal meetings will take place on Tuesdays 13 and 20 June from 6.00pm – 9.00pm to discuss the key issues from the above list that the Council needs to determine its position on
 - A report will be presented to each Committee during the next cycle identifying any material changes to the Corporate Plan in respect of the work of that Committee
 - A final informal briefing session will be arranged prior to Council on 25 July if required
4. The pace of change now affecting issues covered by our Corporate Plan is accelerating. The Town Clerk is working with the Mayor Elect and the Chairman of the Policy Committee to consider how the need for a mechanism to capture the early views of Members can be achieved without altering the Council's formal governance arrangements. This is likely to involve regular informal meetings with Committee Chairmen and Vice-Chairmen during 2017/18.

Adrian Stuart
Town Clerk