

POLICY, GOVERNANCE & FINANCE COMMITTEE



Agenda Item: Finance Report

Meeting Date: Monday 21 July 2025

Contact Officer: Responsible Financial Officer

Should Members have any queries about this report advance notice would be appreciated, in writing, by 12 noon on Monday 21 July to allow for a full response at the meeting.

Background

The Council has previously approved the Annual Governance and Accountability Return (AGAR) for the year ended 31 March 2025. This is the document which is submitted for audit.

To provide a fuller picture of 2024-25 the RFO now presents the detailed final management accounts for the year. These are supplemented by a statement of the Council's reserves.

This report also includes the usual statement in relation to investments since the last meeting, the formal review of investment activity in relation to 2024-25 and bar stocktake reports to 30 June 2025.

Current Situation

A Management accounts for 2024-25 (Appendix A)

The Council has appointed committees which have delegated powers to make decisions, including financial decisions, regarding the services which are included within their terms of reference, subject to the committee having the necessary budget. The Council's coding system and management accounts reflect the committee structure.

The Committee's terms of reference details the various responsibilities of the Policy, Governance and Finance Committee.

- The Committee has budgets which are its direct responsibility.
- The Committee also has the responsibility for oversight of all the Council's resources, its terms of reference including: "b. To conduct effectively the Council's budgetary, financial and precepting responsibilities in accordance with statutory requirements, and to keep the smooth functioning of the Council's work under review" and "d. To consider the resources available to meet the Council's objectives in terms of land, property, finance and manpower and to advise other committees and

the Council as required.” Consequently, the management accounts of other committees are also brought forward to the Policy, Finance and Governance Committee, by committee.

Within each committee, there are individual **cost centres**, comprising three digits, typically representing a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

The cost centres for which this committee has **direct responsibility** are:

Cost centre (CC)	Service
401	Civic activities
407	Grants and donations
502	Town Hall Maintenance
505	Precept
506	Interest received
601	Works department
602	Central support
604	Works depot, vehicles , equipment etc
700	Strategic planning initiatives
701	Corporate management
702	Democratic representation and management
800	Capital Projects

In relation to the Committee’s **oversight responsibilities** these are in the detailed management accounts and, for 2024-25, were as follows:

Committee	Cost centres
Parks and Recreation	201, 202, 203, 204, 205, 207, 208, 209, 211, 212, 213, 214, 215,216,217,218,219,299
Stronger Communities	402, 408
Halls, Cemeteries and Allotments	102, 103, 104, 105, 106, 301,302, 303, 305
Climate, Biodiversity and Planning	206, 403

Within each cost centre income and expenditure is then allocated to a four-digit nominal ledger code; these codes are common across the cost centres. Nominal ledger codes further define the costs associated with the cost centre and correspond to a specific type of account, such as materials or staffing costs. Codes commencing with “1” are income codes; codes commencing with “3” or “4” are expenditure codes.

The format of this report is as follows:

- (i) 2023-24 - the first two columns relate to the original budget from 2023/24 against the actual figures for last year.
- (ii) 2024-25. (a) Brought forward – sums brought forward from last year against specific codes. (b) Net virement – this represents in year transfers between

budget lines. (c) Agreed budget – estimate agreed by the Council in January 2025. (d) EMR – budgeted use of earmarked reserves. (e) Total – this is the total amount approved in the current year budget, the total of columns (a) to (e) inclusive. (f) Spend during 2024-25.

- (iii) 2025-26. The three columns show, respectively, the agreed budget to be funded from precept, the contribution to or from earmarked reserves and any sums which are budgeted to be carried forward.

The Omega financial programme has several different report this format has been chosen because it shows much more clearly the use of earmarked reserves by including columns showing the earmarked reserve movements. The downside is that this report format does not show the revised 2024-25 estimates agreed in January 2025 and for these I would refer Members to the report submitted to the meeting of 6 January 2025.

A full review of the budgetary position was undertaken during the budget cycle. Most areas of interest were raised at the last meeting of this committee and the subsequent Policy Governance and Finance Committee and full Council meetings. The RFO would refer members to the finance/ budget reports which were approved at those meetings for further details.

The final management accounts include the Reserve movements which were processed and as part of the year end process. This include an allowance for some underspends against specific codes to be transferred into the earmarked reserves to allow projects to continue and to provide for prudential reserves where expenditure has not been required this year but will be in future years.

B Statement of general and earmarked reserves (Appendix B)

As previously agreed, please see attached the schedule of general and earmarked reserves at 31 March 2025 and a statement of s.106 deferred grants held.

C Investment statement to 30 June 2025

At each meeting members receive the latest updates in relation to the Council's investments.

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The Council holds the following investments:

1. Public Sector Deposit Fund (CCLA Investment Management Ltd.) – Value of as of 30 June 2025 - £1,186,900 (*Value of £1,169,650 as of 28 February 2025*) an increase of £17,250 over the three-month period (1.5% over the three months).

2. The Local Authorities' Property Fund (CCLA Fund Managers Ltd.) – Value as of 30 June 2025 = £58,802 (*Value as of 31 December 2024 = £58,214*). This represents an increase in value of £588 over that period. Income is credited to the Council on a quarterly basis and the sum of £681.20 was credited on 30 April 2025.

The Council has received notification from CCLA that, subject to regulatory approval, they are being acquired by Juniper Investment Management Group Ltd. Please see link [here](#) for further details. I will report further at a future meeting in this regard.

D **Report on investment activity during 2024-25**

Under the Council's investment policy the RFO presents a report on the Investment activity to Full Council following the end of each financial year (31 March).

The Council invests in the two funds above – [the Public Sector Deposit Fund](#) and the [Local Authorities' Property Fund](#).

These funds are managed by the CCLA (Churches, Charities and Local Authorities (CCLA) Investment Management Limited) an organisation owned by local authorities, charities and churches.

A summary of the returns on these two funds is detailed in the following table:

Name of fund	Fund value 01.04.24	Fund value 31.03.25	Increase/ (decrease) in value	%age change 24-25	%age change 23-24	Notes
Public Sector Deposit Fund (CCLA Investment Management Ltd.)	£1,116,735	£1,173,745	£57,010	5.1%	5.0%	Dividends are automatically reinvested in the Council's fund holding
The Local Authorities' Property Fund (CCLA Fund Managers Ltd.)	£57,600	£58,710	£1,110	1.9%	-3.9%	Although the fund lost value during the year, dividends of £2,974 were paid to the Council and credited to code 1190/506
Inflation rate – year to March 2025 (CPI)				2.6%	3.8%	

With regard to the Public Sector Deposit Fund, this comprises the bulk (95%) of the Council's investments. This a low-risk investment but is good to note that the increase in fund value was significantly higher than the rate of inflation for the period.

The Fitch rating for the Fund was 'AAAmf (December 2024), the same as previously reported and their report states: "The affirmations are driven by the stability of the funds' credit, market and liquidity risk profiles during the review periods. The ratings are also driven by the funds' key risk metrics, which are all within Fitch's ranges for their current ratings. The ratings also reflect the capabilities and resources of CCLA as investment manager."

The Council holds shares in the fund (1,173,745 as at 31 March 2025) and shares can be sold on a daily basis.

The Council's investment in the Local Authorities' Property Fund is much smaller (5% on investments). The Fund's objective is that it "provides facilities exclusively for local authorities and other public sector organisations to invest in commercial and industrial property on a collective basis so as to obtain a spread of risk with constant expert property management. The Fund aims to provide investors with a high level of income and long-term capital appreciation." After losses in recent years during 2024-25 there was a profit of £1,110 against the value of the Council's holdings and dividends paid of £2,891 - (23-24 £2,974) . Members will be aware that there can be significant variation in property values which is why this type of investment is considered one for the long-term.

The RFO previously reported in relation to the sustainability of the funds and for the purposes of this report I would confirm that in the judgement of the RFO the CCLA investments deliver on the Council's investment objective 7 which requires that:

"The power to invest must be exercised in accordance with the provisions of this Strategy and what is best for the financial position of the Council in terms of investment returns. However subject to these requirements, the precise choice of investment may then be influenced by wider social, ethical or environmental considerations. The Council has declared a Climate Change Emergency and therefore places a high priority on sustainability in order to meet the needs of the present without compromising the ability of future generations to meet their needs. The Council will consider these matters when making investment decisions but also recognises that there are limitations on the extent to which it can make environmental, social and governance comparisons and assessments including:

"(a) Multiple and diverse sustainability frameworks and standards including on sustainability disclosure.

"(b) The lack of common definition of sustainable activities.

"(c) Greenwashing (a difficulty establishing the depth of claimed green credentials)."

As previously reported the CCLA are an organisation owned by local authorities, charities and churches.

The RFO considers that the Council's investments are low risk and currently returning a good yield. I recommend that the Council's investments should continue to be with CCLA.

Previously the RFO has mentioned consideration of investment in the CCLA Better World Cautious Fund, which had enhanced sustainability criteria. The products on offer from CCLA

have now changed, with this product no longer on the market, at least not in that name. I will explore this further in terms of the criteria, liquidity and yields and report back to Members.

E Bar stocktake reports (Appendix C)

Bar stocktake reports for the quarters to 31 March and 30 June 2025 are attached.

These reports show that the bar stock is being well-managed, with reasonable levels of stock, appropriate margins and minimal wastage. The RFO does not consider that there are any matters of concern arising from these reports.

Members are requested to note these reports.

Impact Assessments

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council's Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report.
- b) Biodiversity - no implications directly resulting from this report.
- c) Crime & Disorder - no implications directly resulting from this report.
- d) Environment & Climate Emergency - no implications directly resulting from this report.

Risk

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

The provision of regular financial reports and associated matters is part of the Council's risk management system.

Social Value

Social value is the positive change the Council creates in the local community within which it operates. Social value is not quantified in the financial reports but clearly the creation of social value is dependent on setting adequate budgets to meet the Council's objectives.

Financial implications

This report forms part of the Council's due diligence and a process in line with its Financial Regulations. The financial implications are detailed above and also in the attached appendices.

This report forms part of the Council's mechanisms for budgetary control, as it enables income and expenditure incurred to be reviewed and to be compared with the Council's budgets.

Recommendations

Members are invited:

1. To approve the report and the management accounts of the Committee's services to 31 March 2025.
2. To approve the statement of Council reserves as at 31 March 2025.
3. To approve the report on investments to the period to 30 June 2025.
4. To approve the report on investment activity during 2024-25.
5. To note the bar stocktake report for the quarters to 31 March and 30 June 2025.