**HEREFORD CITY COUNCIL**

**MINUTES OF MEETING OF THE FINANCE AND POLICY COMMITTEE**

**Committee Room, Town Hall, Hereford**

**Tuesday 21st February 2017 at 6.00 pm**

**PRESENT:** Cllrs Stevens (Chairman), Dykes, Edwards, Lloyd-Hayes (late arrival), Nicholls, Tawn, Wilcox.

**IN ATTENDANCE:** Steve Kerry – Town Clerk, Lesley Robinson – Administration, Finance & Information Officer.

**FP2016/17.80 APOLOGIES FOR ABSENCE**  Apologies were received from Cllrs Boulter, Griffiths and Michael.

**FP2016/17.81 APPOINTMENT OF SUBSTITUTES**

Cllr Lloyd Hayes substituting for Cllr Michael.

**FP2016/17.82 DECLARATIONS OF INTEREST**

There were no declarations of interest under the City Council’s code of conduct pursuant to the Localism Act 2011.

**FP2016/17.83 MINUTES OF PREVIOUS MEETING**

It was proposed by Cllr Edwards, seconded by Cllr Nicholls and

**RESOLVED:**

**That** **the minutes of the meeting of the Finance and Policy Committee held on 17th January 2017 be accepted as a correct record and signed accordingly by the Chairman.**

**FP2016/17.84 SCHEDULE OF PAYMENTS**

Members received a schedule of items paid since the last meeting of the Committee. In answer to a question it was noted that the Hoople payments relate to agency fees for Connor Powell, our temporary part-time member of administrative staff, who is supplied to us directly by Hoople.

The payments schedule was noted.

**FP2016/17.85 SCHEDULE OF CURRENT INVOICES**

Members received a schedule of current invoices. The Town Clerk explained that this was an additional item, which the Committee may find useful to see regularly at future meetings to keep members abreast of financial information.

The Schedule was noted, members confirmed that this was a useful report to have.

**FP2016/17.86 BANK RECONCILIATION**

Members received reconciliations for each account held by the Council for November and December 2016.

Cllr Wilcox confirmed that he had not been away and these had all now been signed off.

In answer to a question, it was advised that the scheme for Childcare Vouchers provided through Shropshire County Council would now be available for one of the administrative staff members.

It was noted that the reconciliations are now circulated and signed.

**FP2016/17.87 DEPOSIT FUNDS, RESERVES AND INTEREST RATES**

Members were asked to consider and agree a strategy for managing the Council’s funds.

The Town Clerk gave members a brief overview of his report. He stated that from time to time we look at how the Council’s funds are held on deposit and invested, particularly as it is not best practice and more risky to ‘keep all the eggs in one basket’.

Cllr Lloyd-Hayes entered the room.

The City Council presently holds all funds with one provider, Lloyds Bank. The Council’s Current Account is an Instant Access account yielding a low interest rate of 0.005%, with additional funds held in three other deposit accounts. The suggestion is to maintain the Current Account with Lloyds and have a mix of accounts with Fund Managers CCLA, who offer better competitive rates than high street banks.

For example:

* Switch the Lloyds 32 Day Notice Account to an Instant Access deposit account with CCLA.
* Also, CCLA’s 3-5 Year Deposit Account offers a far better rate on the property dividend and the property market is less volatile than it used to be.
* CCLA invest in safe property assets and have maintained dividend rates in excess of 3% and have a triple A credit rating.
* In accordance with accounting rules, money switched over to CCLA would no longer be shown as ‘reserves’ but would be shown as ‘expenditure’. Although our reserves have never been queried, holding substantial reserves could be perceived as an embarrassment for City Councils.
* This revised strategy would give the City Council an approximate figure of £12,200 projected income if no funds withdrawn for five years. In one hand we would lose about one quarter but would gain another £4,000.00 interest.
* Council would still stand to make some profit on the 3-5 Year Account if we took funds out early but it would be sensible to put money in only if certain there would be no need to draw it.

The Town Clerk stated that the recommendations stand, as set out in Section 7 of his report, under 7.1 and 7.2 – i.e. Council to retain the Current Account with Lloyds Bank and revise other bank accounts to hold two accounts with CCLA - an Instant Access Account and a 3-5 Year Deposit Account - plus Committee to consider and agree to place an initial amount of £100,000 in the 3-5 Year Account and review annually.

Members’ comments and questions included the following:

* Pleased to see the financial information and happy with interest rates for the 3-5 Year Account, with one issue - would like to see an initial deposit of £200,000 rather than £150,000. The Town Clerk expressed that within his role, this would be reasonable and prudent action to take.
* In reply to a question, the Town Clerk explained that £200,000 for the 3-5 Year Account would come out of the Lloyds 12 Months Fixed Term Deposit Account.
* Some initial uncertainty was expressed - Council should not just become a body looking after public money for investment purposes but for the overall good of the community.
* Concern about other initiatives which Council may be taking on (restoration of Town Hall building, heritage projects) which would have an impact on our healthy reserves.
* In response to a question, the Town Clerk stated that, whilst considering placing money into an ‘easily accessible’ account, the Council does not need a 5 year plan for capital costs projects. For any reasonable projection of potential spending on such projects, Council has enough in reserves for a good 12 months.
* It is wise to hold on to Council reserves in times of great uncertainty - we could easily make inroads into reserves should we take on King George V Playing Fields and Bishop’s Meadow – it’s about good financial management and getting a balance between using some reserves and spending money wisely to benefit the community.
* Section 5.1 regarding excessive reserves – In response to a question, the Town Clerk explained that it is standard for funds placed in CCLA’s 3-5 Year Account to be shown as ‘expenditure’ and definitely not as reserves and reassured members that Council would not face questions or criticism from District Auditors on this.
* Council would be able to place funds into the 3-5 Year Account indefinitely and leave it in year-on-year.
* Expressed confidence in CCLA who have proven track record of servicing municipal charities very well.
* General concern on financial uncertainty of most Councils and recognised need to retain reserves rather than reduce in view of future financial uncertainty overall.

Cllr Wilcox expressed agreement to recommendations and proposed on 7.2 that the initial investment amount for the CCLA 3-5 Year Account be increased to £200,000.

Cllr Lloyd-Hayes supported the recommendations with one exception, a preference to keep the investment amount at £150,000 in the 3-5 Year Account for extra assurance there would be enough funds for other projects. Discussion continued and the Chairman reassured members that Council would still be able to afford funding of other projects with the investment of £200,000. After consideration of points made, Cllr Lloyd-Hayes withdrew her earlier proposal to keep the amount at £150,000.

Cllr Tawn stated he supported the amount of £200,000 and seconded the formal proposal for this by Cllr Wilcox.

The Chairman asked members to vote and it was unanimously

**RESOLVED:**

**7.1 – That the Committee agrees to the Council revising its banks accounts to include a CCLA Instant Access and a CCLA 3-5 Year Account along with Current, Instant Access, Six Month Fixed Term and Twelve Month Fixed Term Accounts with Lloyds.**

**7.2 – That the Committee agree to place an amended amount of £200,000 in the 3-5 Year Account initially, to be reviewed annually.**

**FP2016/17.88 IT UPGRADES**

The Town Clerk gave a brief overview of the report submitted by the Civic and Community Development Officer on the proposed upgrade to City Council’s IT software:

* To upgrade our current computer system from Microsoft Office 2010 to Microsoft Office 365.
* Multiple benefits including better access. Biggest advantages would include sharing of calendars and remote office working.
* Staff access to server from the Roadshow vehicle could be a significant advantage.
* One-off costs of £1,400 to upgrade the server, plus £675 to upgrade office workstations with rest of costs breaking even.

The Town Clerk stated he was happy to endorse the recommendations set out in the report.

Members expressed their views and comments:

* A statement may be needed to show that some costs for this upgrade would be replacing other costs.
* Cost was not hugely expensive and would lead to more efficient working. (e.g. could be used by Clerk/members when working out hours and efficiencies in maintaining the Council).
* Some concern voiced about Windows 10 – Previous problems had been ironed out and the Town Clerk reassured members that the IT Support Specialist had read the report carefully and recommended this upgrade. There was no implementation date as yet, so this would be thoroughly checked first.
* Interest shown in facility to host meetings online which could prove very useful for future.
* General accessibility benefits would enable members to feed into Council systems directly from their own personal computers (e.g. MAC’s, iPads, etc).
* In response to a question the Town Clerk stated that training on the new system could be made available for members.

It was noted that the running costs would not be new expenditure but would replace the running costs of the original operation, therefore, the IT upgrade would be virtually cost-neutral.

Cllr Wilcox proposed that an amendment be made to Recommendation 2 – to show the wording as ‘Members agree to upgrade the office Workstation PC’s from Windows 7 ‘**to an upgraded Windows system’** – replacing the original wording of ‘to Windows 10’.

Cllr Lloyd-Hayes asked that an additional recommendation be added, i.e. No 6, stating that members be offered suitable training on the upgraded Windows system.

The recommendations, including an amendment to No 2 and an additional recommendation No 6, were put to the vote and it was unanimously

**RESOLVED:**

**1 – Members agree to upgrade the server to Microsoft Server 2016, estimated cost of £1,400 + VAT.**

**2 – Members agree to upgrade the office workstation PC’s from Windows 7 to an upgrade Windows system at a cost of £75 + VAT each (There are 9 PC’s at present).**

**3 – Members agree to 10 x Microsoft Office 365 Premium Business Licences at £94.00 + VAT a month.**

**4 – Members agree the general PC maintenance, servicing and IT support will continue to be provided as agreed previously at a cost of approximately £2,600 per annum.**

**5 – Members note the server upgrade would take 2 days to complete and therefore would require downtime from Friday morning to Monday morning.**

**6 – Additional Recommendation: Members agree to be offered suitable training on the upgraded Windows system.**

**FP2016/17.89 UPDATES ON ONGOING PROJECTS**

Members received a brief oral update from the Town Clerk as follows:

* **Bishop’s Meadow/King George V Playing Field** – The Town Clerk had received an email from Spencer Grogan, Herefordshire Council who had met with the Contractors on 20th February 2017 and confirmed this project was definitely going ahead subject to negotiation of prices in effort to reduce costs.
* **Town Hall Condition Survey** – A report from the Surveyors is hoped for in late March.

**FP2016/17.90 ITEMS FOR FUTURE MEETINGS**

* **City of Culture Bid** – Report on progress at next meeting of full Council.

- It was suggested that Create Associates and Nick Millington-Jones be invited to present at a full Council meeting.

- Invite Hereford College of Arts involvement for drama and music and also include the Holme Lacy College ironmongery section.

* **Finance & Policy Committee – Key Projects** – Short ‘brainstorming’ sessions to be held at future meetings to identify future major costs with evidence based information and update members on key projects.

**FP2016/17.91 DATE OF NEXT MEETING**  Tuesday 4th April 2017 at 6 pm.

The Chairman closed the meeting at 18.58pm

Signed:…………………………………………………………………………….

Dated: ………………………………………………………………………………