



North Petherton Town Council

Town Council Office, Small Hall, North Petherton Community Centre

Fore Street, North Petherton, Somerset, TA6 6QA

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Town Clerk: Miss Joy Norris MSc, ACG

Minutes of the Council meeting held on Monday 20th January 2025 starting on the 19:15hrs in The Small Hall, Fore Street, North Petherton, TA6 6QA

Present:

Chair: Councillor Spencer

Town Councillors: D Baker, A Bradford, L Dennis, S Habberfield, L Hyde, S Sharman, L Selman-Ives and J Taylor,

In attendance

Cllr B Revans – Somerset Council

Miss J Norris (Town Clerk)

No members of the public attended the meeting.

1/2025 Chair's Announcements

The Secretary of State has given the Town Council approval to borrow up to £400,000 for the purposes of a grant to the Wilstockhub.

The new Priest In Charge, Dean Whittaker is to be licensed on 24 February.

Efforts continue to establish a date for a Civic Service and presentation of the 2024 Alfred Jewel Awards, alternative events are being considered for the latter.

2/2025 Apologies for Absence

Apologies for absence were received from Councillors Brown & Herbert

3/2025 Declarations of Interest

No declarations of interest from Councillors and Officers in respect of matters to be considered at this meeting were made at this stage of the meeting.

4/2025 Community Time

This agenda item provides an opportunity for members of the public to speak on matters on the agenda or relevant to the work of the Council.

Councillor Bill Revans thanked Councillor Hyde for the help that she gave to residents on Old Road in the aftermath of Storm Darragh and in particular her reports regarding a vulnerable person which helped to identify a problem with the Lifeline system when there is a power cut – this has now been rectified.

Councillor Taylor reported that there is an on-going problem with mobile / land lines.

5/2025 Minutes

Consideration was given to the draft minutes of

- (i) the Council Meeting held on 25th November 2024
- (ii) the Council Meeting held on 9th December 2024

RESOLVED

- (i) to confirm the draft minutes of the Council Meeting held on 25th November 2024 as a correct record.
- (ii) to confirm the draft minutes of the Council Meeting held on 9th December 2024 as a correct record.

6/2025 Traffic Signage

Consideration was given to supporting requests regarding advisory traffic signs at

- (i) Tappers Lane
- (ii) Malcolm Lane (signs either end on Cliff Hill & Dancing Hill)

Discussion during consideration of this agenda item included:

- Tractors and lorries seem to be getting wider
- Sat nav systems often direct people down narrow roads as alternative routes particularly when the motorway or main roads are closed

RESOLVED

- (i) to fully support the requests for advisory traffic signs at Tappers Lane and Malcolm Lane and
- (ii) advise Somerset Council that North Petherton Town Council would be willing to make a financial contribution towards the purchase and installation of the traffic advisory signs.

7/2025 Invoices for Payment

Consideration was given to invoices received for payment.

Discussion during consideration of this agenda item included:

- The amounts for payment to MMES need to be checked and amended
- When the amendments to the figures for the MMES invoice have been made the totals line on the payments list will need to be recalculated
- Bin emptying – Oct – March

RESOLVED to pay the invoices detailed in the table below:

Payee	Invoice Date	Invoice No	Net	VAT	Gross	information
Greenslades	31.12.2024	9605	£695.00	£139.00	£834.00	Cemetery tree clearance
Greenslades	31.12.2024	9604	£763.31	£152.67	£915.98	Cemetery maintance
GB Sports and Leisure	04.12.2024	16535	£2,067.60	£413.52	£2,481.12	Resetting play equipment -memorial park
GB Sports and Leisure	04.12.2024	16534	£3,721.08	£744.21	£4,465.29	Resetting of Titan and new rope swing.
MMES	16.012025	18734	£2,047.01	£409.40	£2,456.41	Christmas lights

Payee	Invoice Date	Invoice No	Net	VAT	Gross	information
Geoxphere (Parish on-line)	18.01.2025	4ouco36-00004	£232.00	£46.40	£278.40	Parish on-line (mapping software)
Taunton Tree Services	20.01.2025	xRef PO71	£680.00	£0.00	£680.00	Memorial Park Tree Setvices
Somerset Council	20.01.2025	30097298	£4,177.68	£835.54	£5,013.22	Bin Emptying
Total			£14,383.68	£2,740.74	£17,124.42	

8/2025 Recommendation from the Finance and Strategic Development Committee

To consider a recommendation from the Finance and Strategic Development Committee to write off an invoice raised or hire of the small hall with a value of £27.00

RESOLVED to write off an invoice raised or hire of the small hall with a value of £27.00

9/2025 Houses in Multiple Occupation (HMO)

Consideration was given to the connections between Somerset Council's licensing procedure regarding HMOs and the planning process and whether or not the Town Council wishes to make comment on the issues that arise from the order and timing of the various elements. (Item deferred from 25.11.2024)

Issued raised during discussion on this agenda item included:

- HMOs being used for contractors working at Hinkley Point - this causes problems for other residents e.g. parking of commercial vehicles
- Hinkley Point Liaison Meeting – will be amending list of community consultees – the list is based upon Local Community Networks and will be amended to include Hestercombe which had previously been omitted.
- Economic advantages of local businesses expanding
- Houses originally built as family homes are being changed into HMOs
- Use of “Article 4” to control HMOs – Cllr Revans will look into if this is a power which is viable to use for the situation which has raised concern i.e. houses originally built as family homes being changed into HMOs

10/2025 Willstock Roads

Consideration was given to road safety issues arising from parking in Willstock Way and whether or not the Town Council wishes to make representations to the highway authority and the developers about the introduction of parking restrictions. (Item deferred from 25.11.2024)

Issued raised during discussion on this agenda item included:

- People park on Willstock Way to catch the bus from J24

- There is no parking enforcement at present as the roads are not adopted
- Adoption of the roads is planned there are issues that need to be resolved first
- Yellow lines for parking restrictions are planned for the future

11/2025 Strategic Plan

Consideration was given to the adoption of a strategic plan for 2025 – 2028

Issues discussed during consideration of the agenda item included:

- Potential for directly employed staff to do some of the work that contractors currently do

RESOLVED to adopt the Strategic Plan attached to these Minutes as Appendix 1

12/2025 Treasury Management Policy

The Treasury Management Policy was reviewed.

RESOLVED to adopt the Treasury Management Policy attached to these Minutes as Appendix 2

13/2025 Reserves Policy

The Reserves Policy was reviewed.

RESOLVED to adopt the Reserves Policy attached to these Minutes as Appendix 3

14/2025 Application to the Public Works Loan Board

To agree that the Town Clerk makes an application to the Public Works Loan Board (PWLb) to borrow £400,000 for a period not exceeding 25 years for the purposes of making a grant to the Wilstockhub.

Issues discussed during consideration of the agenda item included:

- The interest rate was 5.87% as of this afternoon - it is reviewed and amended twice a day
- The loan should be paid direct into the Town Council's deposit account
- A procedure for draw-down will need to be agreed between the Town Council and the Wilstockhub Trustees.

RESOLVED that the Town Clerk makes an application to the Public Works Loan Board (PWLb) to borrow £400,000 for a period not exceeding 25 years for the purposes of making a grant to the Wilstockhub.

15/2025 25/26 Budget

Consideration was given to the Town Council's budget and financial plans for 2025/2026 and successive years.

Issues discussed during consideration of the agenda item included:

- Interest rate changes will affect the Town Council's income
- Money kept in reserves must be for specific purposes
- Spending Plans need to be implemented
- Comparison with other local councils particularly those in the Hestercombe Local Community Network(LCN)

- Funding for youth services including an LCN project

RESOLVED that the 2025/2026 budget reflects the following:

- (i) An expenditure budget of £540,397
- (ii) An income budget, excluding the precept (and Community Infrastructure Levy (CIL)) of £60,397
- (iii) That the detailed budget attached to these minutes as Appendix 4 is approved.

16/2025 25/26 Precept

Consideration was given to the level of the Town Council's precept required for 2025/2026 in order to implement the budget referred to above.

Issues discussed during consideration of this agenda item included:

- Comparison with other council particularly those in the Hestercombe LCN

RESOLVED that the precept requested from Somerset Council is £480,000 (£126.28 for a Band D equivalent)

17/2025 25/26 Draft Meeting Schedule

To consider a draft meeting for the 25/26 Civic Year

RESOLVED to defer this agenda item to a future meeting.

18/2025 Consultation – Standards and Conduct

To consider the Town Council's response, if any, to the Government's consultation on strengthening the standards and conduct framework for local authorities in England. The Consultation document is available at [Strengthening the standards and conduct framework for local authorities in England - GOV.UK](https://www.gov.uk/government/consultations/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england).

Submissions can only be made by completing a survey via the on-line consultation platform [Strengthening the standards and conduct framework for local authorities in England - Ministry of Housing, Communities and Local Government - Citizen Space](https://www.gov.uk/government/consultations/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england)

The closing date for responses is 26 February 2025.

- Freedom of speech is important
- No deterrent / sanction
- Good to raise standards
- Codified terms of behaviour would be helpful
- Respect is important

RESOLVED that a working Group comprising Councillors Bradford, Hyde and Taylor draft a response and report to a Council meeting to be held on 17 February 2025.

19/2025 Appointment of Internal Auditor

Consideration was given to the appointment of an internal auditor following the receipt of quotations.

RESOLVED to appoint Contractor D as the Town Council's internal auditor for a an initial period of 1 year at a cost of £490.00 + VAT.

20/2025 Exclusion of the Press & Public

To consider passing a resolution to exclude the press and public during consideration of Agenda Item 20, Council Office Accommodation, on the grounds that publicity would be prejudicial to the public interest by reasons of its confidential nature (legal advice and items subject to negotiation).

21/2025 Council Office Accommodation

To consider

- (i) Retention and use of the current office accommodation

The Town Clerk reported on the intention for the Town Council to maintain a presence in the office next to the library if and when the planned office move takes place.

The Town Clerk has arranged for the local police team to have access to the Town Council office next to the library so that they can have access to office facilities when working in the area.

- (ii) Acceptance of the lease for office accommodation and nomination of 2 Councillor signatories to the lease document.

The meeting closed at 20:42hrs



Strategic Plan

This plan sets out the Town Council's plans and priorities starting in 2025 and looking forwards

Approved by Council 20 January 2025

Vision Statement / Overarching Council Aims

North Petherton Town Council – Towards a vibrant, resilient community with shared aspirations

Our aims:

- To be effective, efficient and provide value for money
- To provide and improve facilities, services and projects of agreed benefit to the community's wellbeing and to regularly review their impact
- To listen to and consult with local businesses and residents from all age groups and the different areas, take appropriate actions and communicate with the community about what has been achieved, in relation to the ongoing strategic plan
- To maintain and further develop strong partnerships with organisations across the town area
- To ensure that everything we do is sustainable and takes account of the relevant risks

Introduction

The area covered by North Petherton Town Council has a population of approximately 10,000 of whom approximately 8,100 are on the electoral roll (as 1 August 2024). At the time of preparing the first draft of this strategic plan (April 2024) North Petherton is the 11th largest local council in Somerset by population size.

The Town Council area is a very diverse mixture of industrial (the edge of the area bordering Bridgwater) and very rural where agriculture is predominant, there are also areas where large scale housing development has taken place during the last 10 years - Wilstock and Stockmoor - and there are some distinct, well-established communities such as North Newton, and Moorland.

The Town Council does not currently meet the criteria to have the general power of competence so it can only fund, enable or provide projects and services where there is a legislative provision for a local council (parish or town) to do so.

The Town Council's responsibilities include the cemetery, an allotment site with approx. 70 allotments, provision of a library in North Petherton by working in partnership with Somerset Council and the Friends of North Petherton Library, public conveniences, provision of some litter and dog bins, provision of youth services including a youth club, and open spaces such as the Memorial Park and Parker's Field (acting as a sole corporate trustee).

The Town Council has a role to help shape the future of the area and the provision of services by other organisations; it does this by commenting on and responding to consultations on matters which may affect services and facilities or impact upon residents and businesses. The Town Council may also bring matters pertaining to the area to the attention of relevant bodies and organisations. This influencing role ranges from making observations on planning applications, through commenting on parking / traffic restrictions to responding to surveys etc on legislation changes and can be at a very local through to a national level.

The civic year runs from May and starts with the election of the Mayor, appointment of the Deputy Mayor and Council deciding which Councillors will sit on each committee.

There are 14 Town Councillors and elections to the Town Council are held every 4 years, the next election being due in May 2027.

Context of the Strategic Plan

This Strategic Plan (2025 – 2029) is the Council's first rolling strategic plan and has been drafted following a number of informal Councillor workshops where there have been discussions on broad topics such as branding, future projects, priorities, expenditure and funding.

The strategic plan will be reviewed and updated annually (usually at the Annual Town Council Meeting) so that ideas for projects, priorities and budgets can be amended and updated. Progress on achieving the projects and priorities identified in the plan will be reported to the full Council at least twice a year (in addition to the annual update review). The annual update will also be used to inform the budget for the following year and assist with determining work priorities.

The Town Council's resourcing levels (time and money) are finite and constrained by a number of factors, including some beyond the Town Council's control such as the impact of new legislation and the performance of partners.

The development of a 3 year rolling strategic plan and complementary medium term budget is intended to focus activity and decision making, help prioritise projects and resourcing, and provide a baseline against which progress can be measured. It is intended that the plan provides a clear indication of the Town Council's intended future activities, so that local residents are better able to understand how the Council intends to work for the benefit of the whole area and the likely timescale for projects to reach fruition.

Current Information

Staffing

The Town Council has 3 directly employed members of staff:

Town Clerk – full time 37 hours per week

Admin Assistant – Part time 21 hours per week

Cleaner - part time 4 hours per week (the cleaner cleans the Town Council office, the library and the toilets and kitchen in the library side of the building)

In addition the Town Council re-imburses Somerset Council for the cost of a part-time Library Information Assistant

Office

The Town Council moved to its current office accommodation in spring 2022; the small office is next to the library and thus benefits from the kitchen and toilet facilities. It is suitable for 1 person to work in or for 1-2-1 meetings.

The Town Council is in negotiations for larger office accommodation within the Town Council area

Finance

The precept for 2024/2025 is £463,300. The estimated income (other than the precept) is £95,007 and the estimated expenditure is £529,797

Use of contractors to provide services

For anything other than administration work the Town Council uses contractors. Some of the work is on a long-term contract e.g. regular tasks such as grass cutting at the

cemetery, litter picking around the Town Council area, bus shelter cleaning, whilst for specific tasks individual prices may be sought.

Where there are no significant differences between the best value offered by contractors preference will be given to those who are based within or close to the North Petherton Town Council area.

Future Opportunities and Service Provision

As the number of houses and residents in the area grow so do the needs, wishes and expectations of the people who live, work and visit the area.

Following the merger of all the district councils and Somerset County Council in April 2023 and the resultant financial emergency, Somerset Council is open to discussion about devolving assets and service delivery to local councils; this may be an opportunity for the Town Council to enable services at a level it believes appropriate for the area.

Enabling more services, and possibly direct provision of some, may assist with transparency, accountability and improve response times, as the general public will know where to contact and local knowledge will assist in finding solutions and implementing them.

When deciding whether or not to enable a service or undertake a project the considerations are likely to include:

- Will it be possible, as a minimum, to maintain the current level of service?
- Will it be possible to improve the service e.g. standard of work, frequency, responsiveness?
- Can any economies of scale be realised- perhaps by working with other councils, or within the Local Community Network?
- Would it be possible to offer the service / deliver the project by working in partnership -perhaps with Community Interest Companies or local charities?
- Is the service better delivered in-house or by using contractors – remembering that employing staff carries significant legal responsibilities?

If it is agreed that a service or project will be delivered using contractors the Town Council's Financial Regulations will be followed and the steps to obtaining pricing information will include:

- Identifying the overall scope of the work / project
- Identifying the specific work for each element of the service delivery / project
- Specifying the price assessment criteria
- Assessing prices received and suitability of contractors
- Managing the contract / contractor

North Petherton Town Council SWOT Analysis

Councillors were asked to identify what, in their opinion, the strengths, weaknesses, opportunities and threats were for the Town Council, the responses are detailed below.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Different skill sets • Local Knowledge • Longevity • Knowledge / experience • Continuity • No clear ideology • Flexibility • Diversity of opinion • Represent more than one area • Continued growth 	<ul style="list-style-type: none"> • Need a stronger team to pull together • Not diverse enough • Not enough youngsters • We [Councillors] are all older than the average population / generation gap • Conceit • No clear ideology – difference perceptions of ? at council • Denial of responsibilities • Differing views of our responsibilities • Council has got too big for unpaid Councillors • Communication skills • Bypass • Lack of training • Time restraints of Clerk • Lack of understanding local government • Lack of strategy • Structures • Lacking a process to set priorities • Lack of out reach • Lack of action plans • Lack of young people
Opportunities	Threats
<ul style="list-style-type: none"> • Endless – they are always there, its finding them at the right time and acting on it • We could do anything • Thinking outside the box • Collectivity • Individuality • Bus service • Doctors & Chemist • Playing Fields • Banks • Continued growth • Willingness to understand other communities • Increased pool of potential councillors • Use of existing assets for different purposes 	<ul style="list-style-type: none"> • No input from enough councillors • Changes in revenue coming in from government • Community trust • Not enough vision • Politics • Bad clerk • Weak leadership • Government controls and policy • Developers • Private sector • Government • Somerset Council • Climate Change • Red Tape • Lack of health services • Housing • Class differences • Doing nothing • Budgets • Uncertainty • Councillors are not social workers • Lack of humour • Lack of volunteers to be councillors • Lack of input from community • Areas not feeling part of North Petherton

Work Undertaken in Current Year (2024/2025)

- Employed an Admin Assistant

Agreed January 2025

- Improved cemetery record keeping and started to manage the cemetery and its records
- Increased allotment inspections and continued to enhance the management of the allotment site
- Meeting held with allotment holders
- Repairs to the surface of Maunsel Lock Car Park
- Replacement of the ceiling in the ladies toilet
- Christmas Lights – changing from the small Christmas trees to illuminated motifs on street light columns
- Negotiated for new office accommodation
- (Annual Play Inspection commissioned and report received – no high risk items, work to rectify medium risks underway)
- Quotations considered to replace cemetery hedges and order placed for work.
- Quarterly bus shelter cleaning started
- Road Safety Public meeting held
- Summer holiday youth club sessions held and detached youth work took place throughout the Town Council area during the summer holidays
- Youth Club venue changed from the Church rooms to North Petherton Community Centre
- Application to borrow for grant to Wilstock Hub submitted and approved
- Christmas competitions held – including a new competition for a wreath using foraged or recycled materials.
- Councillor workshop on community resilience planning scheduled for February 2025

Routine / Operational Work

The Town Council has a number of responsibilities and provides or enables services which could be described as routine or operational, these include:

- Dealing with general enquiries from the public
- Convening, providing reports and minuting formal meetings of the Town Council and its Committees
- Providing support and guidance to Councillors
- Cemetery administration, including interments and Exclusive Rights of Burial
- Allotment administration, including inspections, lettings
- Administration for North Petherton Playing Fields Charitable Trust
- Financial Administration, including checking invoices, bank reconciliations, VAT return
- Commenting on planning applications
- Grant administration
- Communications – media releases, facebook posts
- Maintenance administration and contractor liaison e.g litter picking, grass cutting, bus shelter cleaning

Priorities and Future Projects

Councillors were asked to undertake an exercise (a pairing exercise in which each potential project was prioritised against every other project) to prioritise projects that had already been identified, the results are given in the table below.

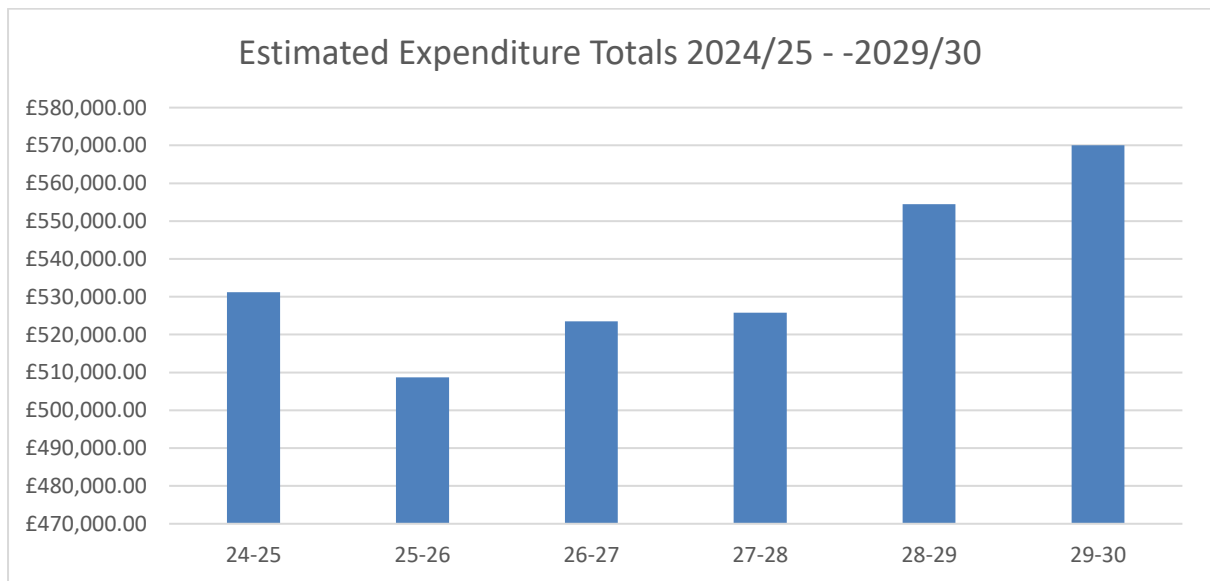
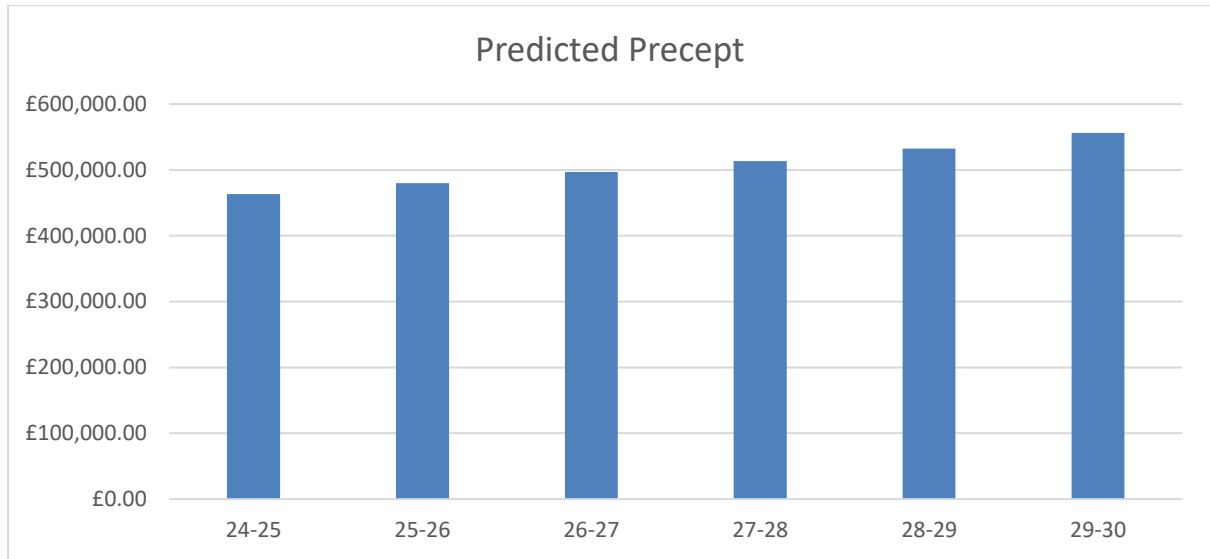
Some of the items listed may include enhancing facilities / services provided by other organisations including Somerset Council.

Project	Score
Road safety (incl 20mph zones & SIDS)	59
Leisure Facilities at Wilstock & Stockmoor including play areas and country park	51
Wilstock Hub	48
Encourage tourism e.g solar walk, toilets, Maunsel aire, Macmillan Way,	41
Maunsel Lock Car Park – resurface car park & upgrade picnic benches	40
Welcome to North Petherton Good bye / thank you signs	30
Provision of more allotments	28
Cemetery Chapels	26
Parker’s Field Car Park (responsibility of the North Petherton Playing Fields Charitable Trust of which the Town Council is the sole trustee)	19
Parking at the Cemetery	10
Resilience Planning (not scored)	
Health & Wellbeing (not scored)	

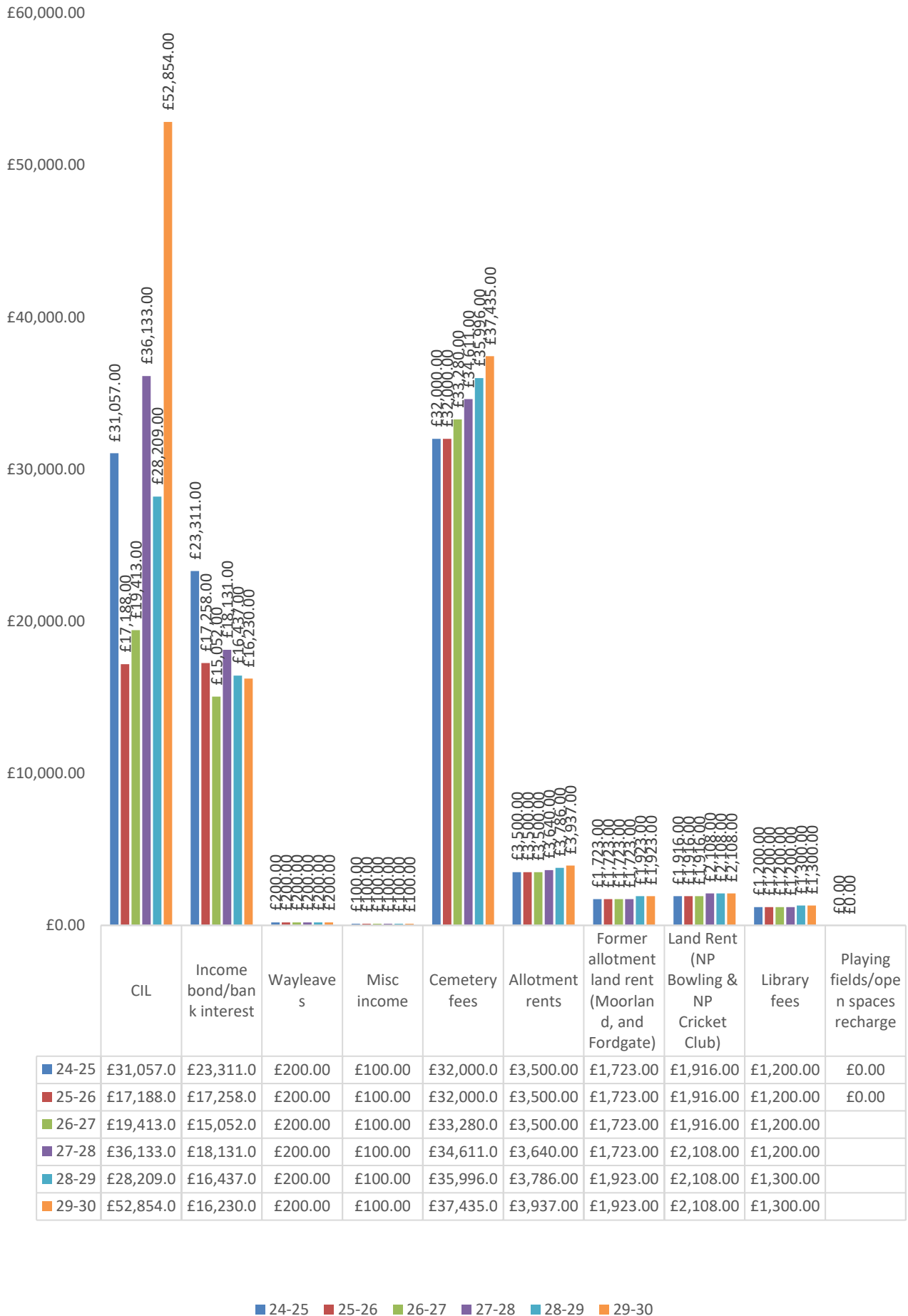
Discussion at the workshops also brought forward a number of new potential projects:

- Mayor’s Ball / fundraiser for nominated local charity
- 20mph speed limits in Wilstock & Stockmoor
- Footpaths / Bridges e.g. on footpath between Wilstock & North Petherton
- Macmillan Way improve signposting & promotion
- Signs for Wilstock & Stockmoor saying “Welcome to.... Part of the town of North Petherton”
- Bus shelter at bus stop in North Newton
- Cycle Route signs
- Neighbourhood Plan
- Community Resilience Planning

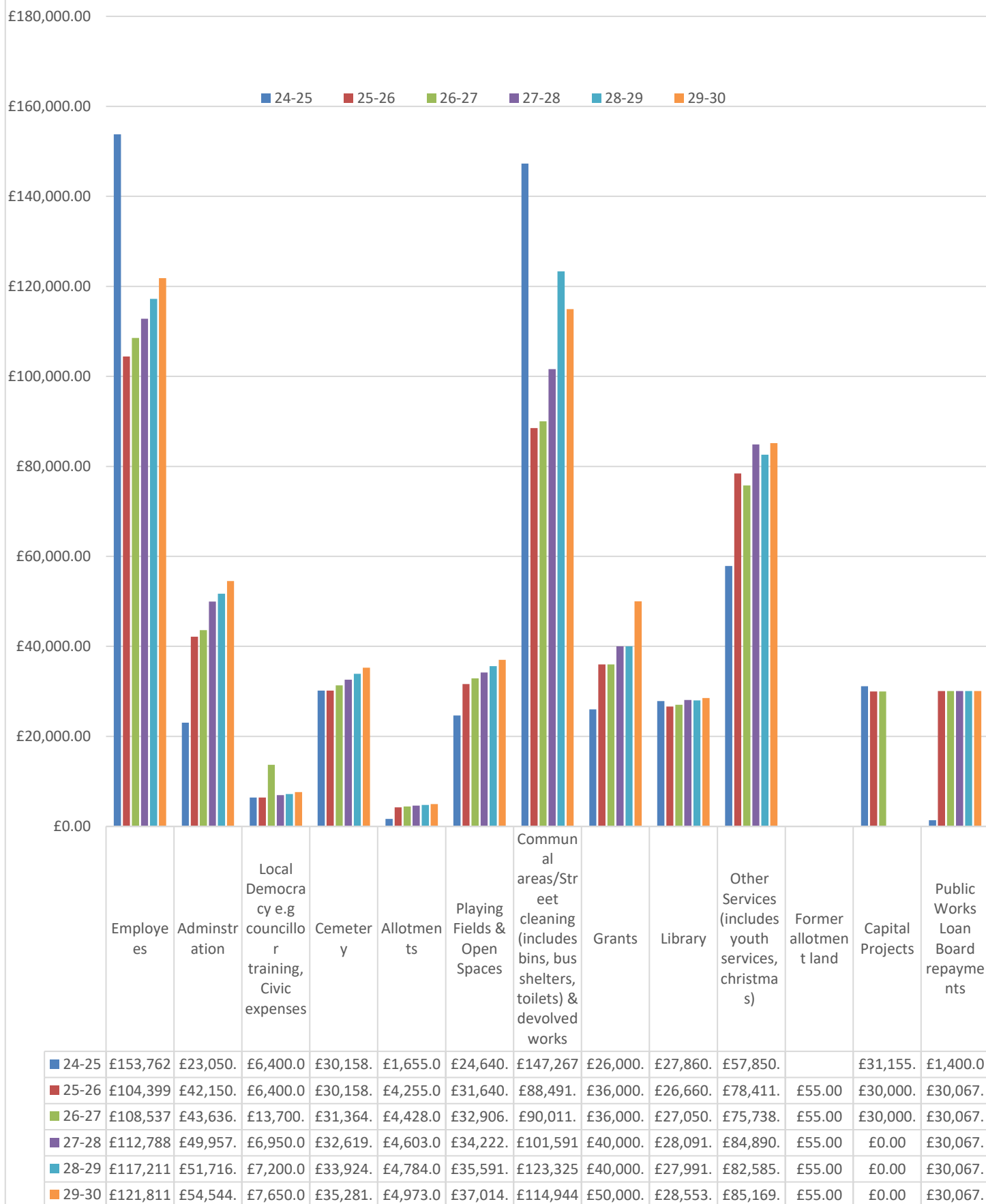
Financial Information



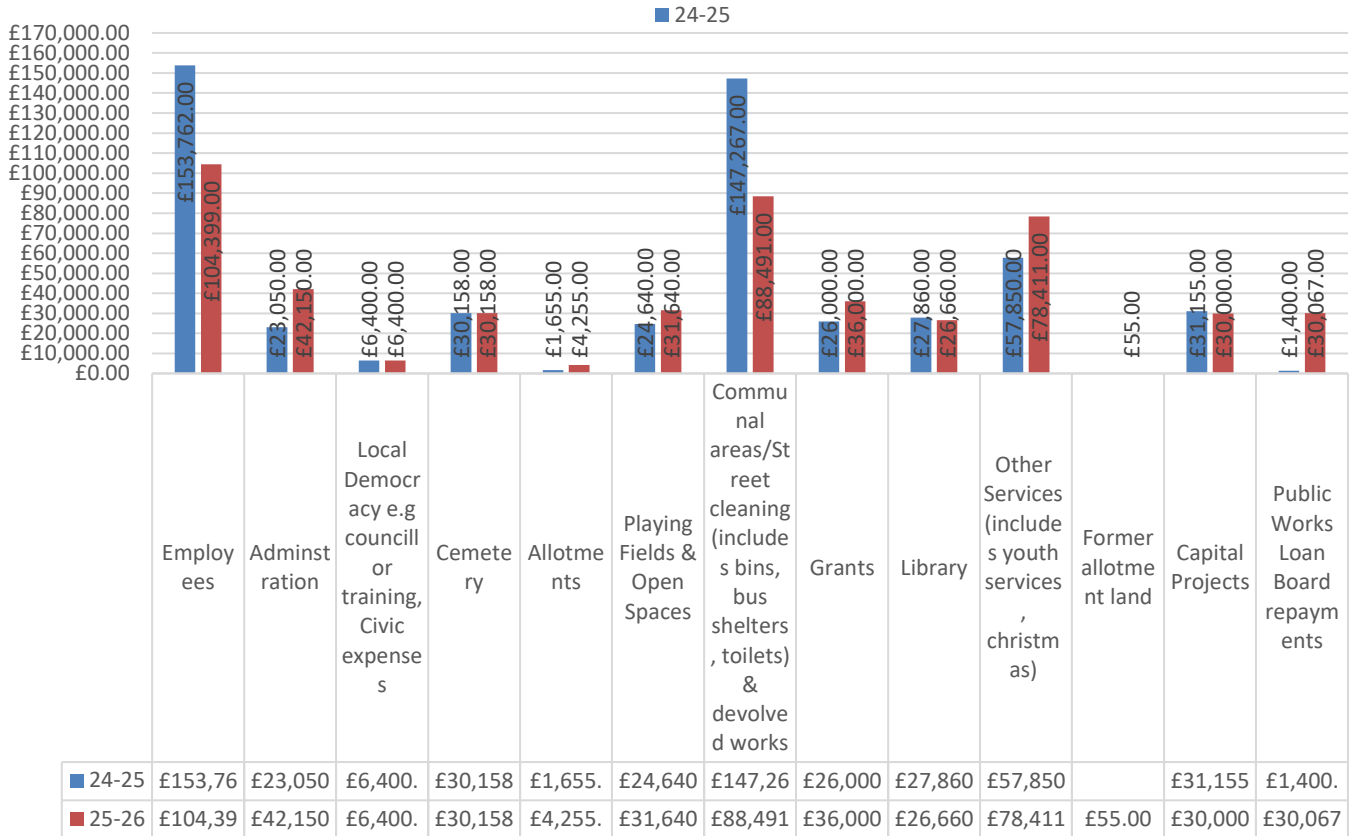
Predicted Income Excluding Precept



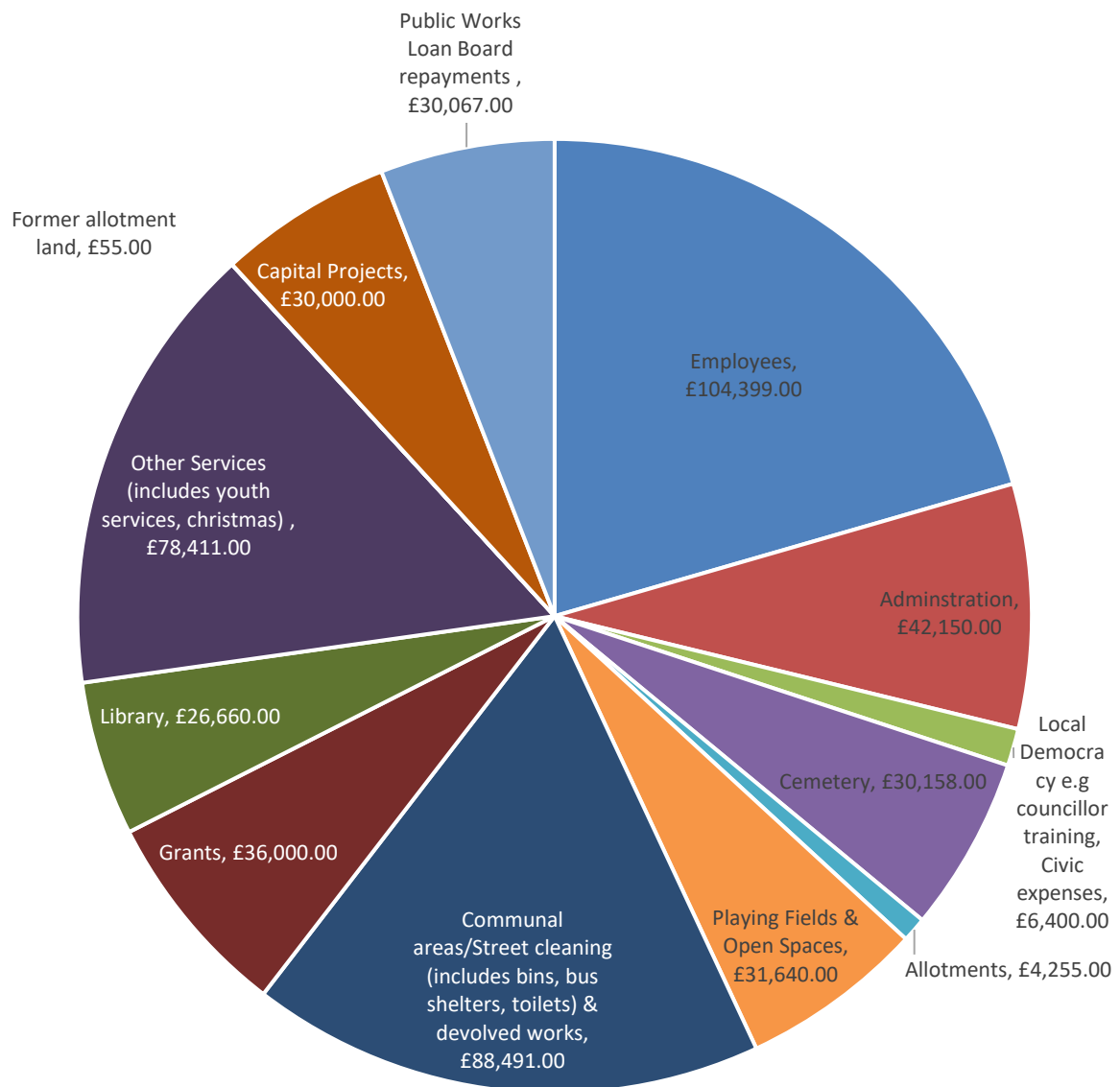
Estimated Expenditure 2024/2025 - 2029/2030



Estimated Expenditure 2024/25 - 2025/26



Proposed Expenditure Budget 25-26



North Petherton Town Council



Minutes Council 20 January 2025

Treasury Management Policy

Approved By the Town Council 15 May 2023
Reviewed 20.01.2025

This policy sets out the Town Council's policy regarding
investments, lending and borrowing

Introduction

1. Treasury Management covers the borrowing, investment, loaning and cash flow activities of the Town Council and the effective management of risks in relation to those activities. Treasury Management is an important element in the overall management of the Town Council's financial affairs.
2. The Council's Treasury Management activities are controlled by the Local Government Act 2003 and any associated Regulations (e.g. the Local authorities Capital Finance and Accounting Regulations 2003).
3. In accordance with best practice, the Town Council will also give heed to CIPFA publications, such as The Treasury Management Code of Practice and the Prudential Code for Capital Finance in so far as they are relevant to the Town Council's circumstances and activities.
4. Treasury Management is concerned with how organisations manage their cash resources. Risk is inherent in all treasury management activities and it is necessary to balance risk and return. In the public services it is generally considered that the priority is to protect capital rather than maximise return.

Loans

5. The Town Council provides grants to support local organisations (see separate Grants Policy and Procedure) but occasionally an organisation may request a loan or the Town Council decides a loan is more appropriate.
6. The Town Council will consider provision of a loan from community organisations that are based within the area covered by the Town Council and provide a benefit to the residents of the town.
7. Each loan application will include a business case and the Town Council's evaluation will include the financial viability of the project, the demonstration / evidence of community need, value for money, the delivery time-scale and the ability of the organization to repay the debt.
8. Loans will be subject to the principles and conditions of the investment strategy section of this Treasury Management document.
9. The Loans policy section of this Treasury Management document is to be considered as guidance for when a loan is considered.

Loan Principles

10. A loan will usually only be considered to fund capital expenditure
11. The recipient organisation must be able to demonstrate that it has the ability to repay the debt.
12. The application for a loan must be made before any works relating to the application have been started.

13. Loans must not represent more than 30% of the total project costs. All other funding must be confirmed before the loan is advanced.
14. Security on the loan must be guaranteed.
15. The Town Council will assess and decide all loan applications and reserves the right to refuse an application if it considers that the risk is unacceptable or that the benefit to the community is not commensurate with the loan.
16. Loans must be repaid within an agreed time-frame, which will not exceed the period for which the expenditure is forecast to provide benefit to the Town Council i.e. useful life of the asset. The maximum loan period will be 50 years for acquisition of, or work on or to, land, buildings roads or structures and 10 years in all other cases. (See also section 34)
Consideration may be given for a payment holiday, normally up to two years.
17. The exact terms of any loan will be written into a legal Loan Agreement.
18. Interest will be payable but the Town Council may offer an interest free period, normally for up to two years.
19. Interest will usually be charged at the appropriate Public Works Loan Board (PWLB) rate for the amount and duration of the loan plus a premium of 0.5%; the rate will be determined on the date that the loan offer is made.
20. Cumulative interest will be charged therefore late repayments will result in additional interest becoming due. The interest rate will be charged from the date the loan advance is made. There will be no penalties for early repayment.
21. Loans must be repaid at the intervals / on the dates stated in the loan agreement and made by direct debit / standing order and include the capital and interest repayment. A repayment model will be included in the Loan Agreement.
22. A loan will not be made if the organisation does not have land or buildings (or other assets / personal guarantees) on which a charge of the value of the loan can be made.
23. All loans will normally be for capital spend only.
24. Work must commence within 12 months of the application or the agreed timescale sent out in the Loan Agreement. Should the work not be carried out in the agreed time frame the Town Council must be informed and reserves the right to withdraw the offer.
25. The Town Council requires quarterly or six monthly progress reports, as stated in the Loan Agreement, on the project and the use of the loan.
26. Applications for loans can be made at any time.
27. If loans are not repaid, any outstanding debts will be pursued and may result in legal action including debtors being taken to court where all other means to secure payment have failed.

External Borrowing

28. The Town Council acknowledges the importance of borrowing funds and the financial impact on the Council and the local community. The Council will agree borrowing for specific capital projects (as defined in section 16 of the Local Government Act 2003); all borrowings must be approved by full council.
29. Approval for borrowing will be made following the appropriate guidelines and any relevant Regulations applicable and in force at the of submitting the application, at the time of drafting this strategy (February 2023) applications are made to the Secretary of State via Somerset Association of Local Councils.

30. Before a Council can borrow a sum of money, it must first receive an approval to borrow (loan sanction) from the relevant Secretary of State, (unless it is for a sum required temporarily to meet revenue expenditure).
31. The process to be followed and the criteria applied in deciding whether or not approval should be forthcoming are detailed in the Guide to Parish and Town Council Borrowing In England (jointly published by NALC and the Department)
32. The Town Council will apply the following criteria when considering requesting a borrowing approval:
- The borrowing should only be used for the purposes of enabling a capital project
 - The borrowing amount should not be less than £5.00 multiplied by the number of local government electors in the area covered by the Town Council on the first day of the current financial year (1 April – 31 March)
 - Any unallocated balances including, where appropriate capital receipts beyond those required for the prudent financial management of the Town Council, should be used in the project for which the borrowing is required.
 - The Town Council should have a realistic budget for the servicing and repayment of the debt, considering affordability and the future effect on the council's precept and cash flow.
 - The Town Council must not mortgage or charge any of its property as security for money borrowed.
 - Any borrowing must reflect the priorities of the Town Council
33. Interest Rates
- The Town Council will research in order to get best possible terms when borrowing but will usually use the Public Works Loan Board (PWLb). (The Town Council feels that the fixed term rates offered by the PWLB are relatively cheap and offer stability for the financial planning of the Town Council).
34. Period Of Loan
- The Town Council will determine the period of each loan which should not exceed the period for which the expenditure is forecast to provide benefit to the Town Council i.e. useful life of the asset.
- The maximum period will begin on the date on which the money is borrowed, and will be;
- 50 years for acquisition of, or work on or to, land, buildings roads or structures
 - 10 years in all other cases.
35. Current External Borrowing
- The Town Council currently (January 2025) has no external borrowing
36. Further Anticipated External Borrowing
- The Town Council has resolved to provide grant funding towards the construction costs of the Wilstock Hub and the approval of the Secretary of State has been granted (borrowing approval reference SRP 5/23/05 2024-25(038))

Investment Strategy

(Originally Approved by Town Council 15 August 2022 (Minute 96/2022) and then subsequently incorporated into the Treasury Management Policy)

1. Introduction

- 1.1. The power to invest money is provided in section 12 of the Local Government Act 2003. Section 15 of that Act requires a local authority to have regard to such guidance as the Secretary of State may issue. The current guidance is set out in “Guidance on Local Government Investments” issued in 2018 by DHCLG.
- 1.2. The guidance applies to all local authorities in England, but insofar as parish and town councils are concerned, those not expecting its investments to exceed £10,000 in any financial year can ignore the guidance, those expecting their investments to exceed £100,000 are bound by it, and those in between have to decide the extent to which they take it into account. North Petherton currently has funds available for investment of around £250,000, and so is bound by the guidance
- 1.3. North Petherton Town Council acknowledges its responsibilities to the community and the importance of prudently investing the temporary surplus funds held on behalf of the community.
- 1.4. The Town Council will ensure it has adequate though not excessive cash resources or standby facilities to enable it all times to have the level of funds available which are necessary for the achievement of service objectives.
- 1.5. The Department of Communities and Local Government maintains that borrowing monies purely to invest or lend and make a return is unlawful and the Town Council will not engage in such activity.

2. Principles

- 2.1. The main thrust of the guidance is that the council should have an Investment Strategy that is reviewed at least annually. The strategy then forms the basis against which any particular investment decision is taken.
- 2.2. The objective of the strategy should be firstly to ensure that the funds invested are secure, secondly that they will be available to the council as and when they are needed, and lastly (and least importantly) that a good return is achieved. This is the SLY approach – *Security, Liquidity and Yield – in that order*.
- 2.3. The Town Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity
- 2.4. In balancing risk against return, the Town Council will be careful to avoid risks rather than maximise returns.
- 2.5. Investments are categorised into two types.
 - 2.5.1. Specified investments – these are in sterling, are not long term, i.e. for greater than 12 months, are not to be treated as capital expenditure, and are made with a body or in an investment scheme of *high credit quality* or with the UK government or a local authority in England or Wales.
 - 2.5.2. Non-specified investments – these are the rest.

- 2.5.3. The guidance also covers investments in non financial instruments, such as property, but this is not likely to be relevant to local councils.
- 2.6. The guidance requires the use of non-specified investments to be closely prescribed in the Strategy, setting out where, when and how they can be use and who has authority to make decisions in relation to them.
- 2.7. In determining investment risk, the Strategy should make clear the extent to which credit ratings are to be used, and if they are, the frequency with which they are reviewed, and what other sources of information are to be used.
- 2.8. The Strategy should also cover the use of investment advisers and set out procedures for determining the maximum period for which funds may prudently be committed.

3. Investment Strategy

- 3.1. Subject to para 3.2 decisions on investing surplus funds should be made by full council after having considered the advice of the Finance and General Purposes Committee and the Responsible Finance Officer and should be in line with this strategy.
- 3.2. Funds not needed immediately to meet on-going requirements can be invested in the Council's Reserve Account with its bank.
- 3.3. Where possible investments should be spread so that not more than £75,000 is invested with a particular counter party at any one time, in order to take advantage of the council's inclusion the Financial Services Compensation Scheme.
- 3.4. No more than 40% of the council's invested funds at any one time should be in non-specified investments, and such investments should be denominated in sterling and be with bodies with a credit rating at least equivalent to that of the Council's banker.
- 3.5. All specified investments, will be made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency (i.e. Standard and Poor's, Moody's Investors Service Ltd, Fitch Ratings Ltd). For the purposes of this strategy "high credit rating" is an organisation with a credit rating of A or higher that is domiciled in the UK or a sovereign rating of AA+ or higher for organisations domiciled in a foreign country.
- 3.6. Before investing in an investment with a maturity date exceeding twelve months, the council should consider a report from the RFO outlining the council's likely funding requirements.
- 3.7. The Town Council may use the following:
- Deposits with banks, building societies, local authorities or other public authorities
 - Other recognised funds specifically targeted at the public sector
- 3.8. The use of independent financial advisers is permitted if deemed advisable by the RFO in conjunction with the Chairman of Council and the Chairman of the Finance and General Purposes Committee. Where external investment managers are used, they will be contractually required to comply with this Strategy.

4. Quantative Indicators

4.1 The quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions will be used as at Appendix 1.

Definitions (from the Statutory Guidance on Local Government Investments)

Investments (S4)

The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

Specified Investments (S31)

An investment is a specified investment if all of the following apply:

- *The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.*
- *The investment is not a long term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option*
- *The making of the investment is not defined as capital expenditure by virtue of Regulation 25 (1) (d) of the Local Authorities (Capital finance and Accounting (England) Regulations 2003 (as amended)*
- *The investment is made with a body or an investment scheme described as high quality (see paragraph 33 [of the Statutory Guidance] or with one of the following bodies:*
 - i The United Kingdom Government*
 - ii A local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland; or*
 - iii A parish or community council*

Non Specified Investments (S35)

A non specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specified investment

Security (S26)

Protecting the capital sum invested from loss

Liquidity (S26)

Ensuring the funds invested are available for expenditure when needed

Debt to net service expenditure (NSE) ratio	<i>Gross debt as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.</i>
Commercial income to NSE ratio	<i>Dependence on non-fees and charges income to deliver core services. Fees and charges should be netted off gross service expenditure to calculate NSE.</i>
Investment cover ratio	<i>The total net income from property investments, compared to the interest expense.</i>
Loan to value ratio	<i>The amount of debt compared to the total asset value.</i>
Target income returns	<i>Net revenue income compared to equity. This is a measure of achievement of the portfolio of properties.</i>
Benchmarking of returns	<i>As a measure against other investments and against other council's property portfolios.</i>
Gross and net income	<i>The income received from the investment portfolio at a gross level and net level (less costs) over time.</i>
Operating costs	<i>The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-financial investments expands.</i>
Vacancy levels and Tenant exposures for non-financial investments	<i>Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure</i>

(Source: Statutory Guidance on Local Authority Investments (3rd Edition))



North Petherton Town Council

Reserves Policy

Approved By the Town Council 26 September 2022

Reviewed and updated 20 January 2025

This policy sets out the Town Council's stance regarding maintaining financial reserves

1. Introduction

1.1 North Petherton Town Council is required to maintain an adequate level of financial reserves to

- Protect against risk
- Ensure contingencies are in place
- Accumulate funds for known or planned policy initiatives or projects

1.2 Sections 32 and 43 of the Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

1.2 The 2024 Joint Panel on Accountability and Governance Practitioners Guide states *“as with any financial entity, it is essential that authorities have sufficient Reserves (general and earmarked) to finance both its day to day operations and future plans. Smaller authorities have no specific right to accumulate funds via the precept. All reserves should be reviewed and justified regularly (i.e. at least annually). It is good practice to transparently publish both the level and rationale of all reserves.”* (5.31 – 5.32)

1.3 The 2025 Good Councillors Guide to Finance *“Local Councils need to hold an amount in reserves to meet unexpected expenditure, otherwise they could run out of money before the end of the year.....Local councils have no legal powers to hold revenue reserves other than for reasonable working capital or for specifically earmarked purposes,”* (p21)

1.4 There is no specified minimum level of reserves that an authority should hold.

2 Policy Purpose

2.1 The purpose of this policy is to enable the Town Council to make financial decisions relating to expenditure and budget proposals whilst keeping the reserves at an appropriate level.

3 Types of Reserves

3.1 North Petherton Town Council maintains two types of reserves earmarked reserves and general reserves.

3.2 Earmarked Reserves. (EMR)

Earmarked reserves are a way of accumulating funds (“saving”) for use in a later financial year to meet a known or planned policy initiative or for projects; such initiatives or projects may well incur expenditure over more than one financial year.

3.3 An EMR must be for a genuine purpose and separately identifiable.

3.4 Amounts in earmarked reserves are set by the Town Council as part of the annual budget process.

3.5 If a specific EMR is no longer considered necessary, or the project has been completed and there is surplus in the EMR the Town Council will decide how the balance in the EMR should be allocated.

3.6 EMRs will increase through decisions of the Town Council and will decrease as they are spent on their specific purpose.

3.7 General Reserves

The purpose of the general reserves is

- to provide a contingency to minimise the possible financial impacts to the authority from situations such as emergencies, unforeseen events, ad hoc emerging issues

- to operate as a working balance to manage the impact of uneven cash flows.
- 3.8 The primary means of building the general reserve will be through reallocation of funds e.g. where a project comes in under budget or through an allocation from the precept.
- 3.9 Balancing the budget by drawing on reserves must be viewed as a legitimate short term option only.

4 Reserve Levels

General Reserve

- 4.1 The Good Councillors Guide to Finance and Transparency 2025 (p21) says
*“A council should typically hold between three and 12 months expenditure as a general reserve. If the general reserve is too low then it may not be enough to cover unexpected expenditure or emergencies, whilst if the general reserve is too high then local electors have paid a tax which is not being used for the benefit of the local community.
 Local councils have no legal powers to hold revenue reserves other than for reasonable working capital or for specifically earmarked purposes, therefore the year end general reserve should not be significantly higher than the annual precept.”*
- 4.2 The 2024 Joint Panel on Accountability and Governance Practitioners Guide states
“5.33 The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.
- 5.34. *The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority’s general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.*
- 5.35. *The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.*
- 5.36. *In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income .*
- 5.37. *Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.” (5.33 – 5.37)*
- 4.3 The Town Council will set the level of general reserve to be maintained as part of the annual budget setting process. The level will
- Be between 3 months and 12 months expenditure
 - Generally, will be maintained at approx. 6 months expenditure

- Not exceed the annual precept except in extreme circumstances.

Earmarked Reserves

4.4 The 2024 Joint Panel on Accountability and Governance Practitioners Guide section 5.39 states

“There is, in practice, no upper or lower limit to EMR/CRRs save only that they must be held for genuine and identifiable purposes and projects, and their level should be subject to regular review and justification (at least annually and at budget setting), and should be separately identified and enumerated. Significant levels of EMRs in particular may give rise to enquiries from internal and/or external auditors.”

Bibliography

2024 Joint Panel on Accountability and Governance Practitioners Guide

2025 The Good Councillors Guide to Finance

