

## Specialist Finance, VAT and investment training and advice

Lancashire Association of Local Councils (LALC) can advise member councils on all aspects of Local Council finance from general purchases, control systems, government legislation, policy and best practice materials.

LALC's officer supplies general advice and signposting has over 23 years Local Council experience, 7 years in a direct advice role working for the SLCC, is CiLCA & FiLCA qualified and a recognised CiLCA trainer.

LALC also secure the services of specialist advisors and trainers on Finance, VAT and investments. This is exclusive to LALC members.

Below are two example training courses covering Finance for Councillors and Officers.

In the following pages are details of the secured on demand 'Advice' services LALC offers to its members.

### Training

#### Finance for Councillors Training Course

– delivered by The Parkinson Partnership LLP

*Available on the following sessions (1 session): 5/9/23 10am, 26/9/23 10am, 05/10 10am, 10/10 6.30pm, 02/11 10am, 07/11 10am, 14/11 6.30pm*

£30 (non members £60)

Details: This session is for Councillors only and is designed to give them a greater understanding of their duties with regard to the Council's finances.

Topics include:

- Roles and responsibilities
- Setting a budget and precept
- Financial control
- The Annual Governance and Accountability Return
- Internal and external audit
- How VAT applies to local councils

By the end of the session you will:

- Understand the Council's duties regarding financial management
- Be aware of relevant legislation and sources of guidance
- Be aware of how the council's accounts are prepared and audited
- Recognise the importance of internal controls
- Understand how VAT law applies to your Council

## New Clerks Finance

– delivered by The Parkinson Partnership LLP

*Available on the following session: 16th November 2023 10am*

Free

This introductory session is FREE for inexperienced clerks in their first months and is designed to give them an overview of a council's year, along with a basic understanding of the RFO's role. If you have 9 month's experience or more, this session is unlikely to cover anything you don't already know. Please leave this session for very new clerks and book yourself onto the more detailed sessions on Budgeting, Internal Control, The Role of internal audit, Procurement, Year-end and VAT instead.

Topics include:

- Roles and responsibilities
- Setting a budget and precept
- Financial control
- The Annual Governance and Accountability Return
- Internal and external audit
- How VAT applies to local councils

By the end of the session you will:

- Understand the Council's duties regarding financial management
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Other relevant training courses from LALC delivered by Parkinson Partnership are:

VAT for unregistered councils (VAT126)

Internal Controls

VAT for VAT registered councils

Budgeting for clerks and finance staff

Procurement

New clerk's finance – introductory free session

Finance for Councillors Training Course

and available through LALC's training page on its website [www.lalc.org.uk](http://www.lalc.org.uk)



The Lancashire Association of Local Councils (LALC) secure the services of Parkinson Partnership for specialist advice on finance and VAT.

### **Advisory services**

We provide an advisory service to 36 county associations of local councils (CALCs), giving responses to finance-related questions such as whether VAT can be reclaimed, when expenses are taxable, how things should be recorded in the accounts, what responses councils should give to the auditor and similar queries. We provide advice under contract to the CALC, who then advise the council involved for free, as part of their membership. Typically, we respond within 2 working days, unless the issue is particularly complex. We handled around 450 CALC queries last year.

### **VAT consultancy**

Are you planning a construction or refurbishment project and wondering what VAT you can reclaim? We can help you avoid expensive mistakes and maximise your VAT recovery. Public Sector VAT is complex and understanding whether you can treat an activity as non-business or not is crucial to getting it right.

We offer friendly, practical advice and affordable consultancy, finding solutions to the most challenging VAT issues you face. From the first steps of planning a project right through to completion and the final VAT claim, we'll be there to assist you. We know how complicated VAT can seem. We spend much of our time advising on the VAT implications of public construction and renovation projects, partial exemption, options to tax, charity zero rating and other solutions to maximise VAT recovery.

The Parkinson Partnership also works in partnership with The Arlingclose Limited, who are treasury advisors, to improve the availability of investment advice to local councils. (see info below).

As the Parkinson Partnership is unable to provide regulated investment advice, we are very pleased to be partnering with treasury management advisors Arlingclose Ltd to make some general investment advice available to parish and town councils. This is the first article that Arlingclose has produced for us to share, but please note that this is general advice and may not fit every council's specific circumstances.



## Parish Councils: how should you invest your funds?

With market volatility continuing to fluctuate and short-term interest rates rapidly rising, it may be time to reassess your bank balances and short-term investments for security, liquidity and yield.

A looming recession means it is ever more crucial to ensure security of principal is maintained. One way this can be managed is to diversify funds across a number of counterparties to eliminate any sizeable losses. When investing with banks through either call accounts, notice accounts or fixed term deposits, it is important to identify whether your authority is covered by the Financial Services Compensation Scheme (FSCS).

Following discussions with Arlingclose, the FSCS extended its protections in 2015 to include 'small local authorities', which are described as authorities with an annual budget of less than €500,000 (currently £430,000 and updated annually on 3rd July). This means that authorities considered small are granted the same protections as individuals, and deposits of up to £85,000 per UK bank or building society are fully protected. Authorities covered by the scheme should have enough counterparties to ensure accounts do not exceed this limit.

For larger authorities, there is no FSCS protection and an investment strategy should be formed to help set formal criteria for investing. Not all banks run the same risks and, as investors of public money, you will want to ensure you are making your best effort to maximise security. The strategy should include minimum overall acceptable credit criteria as well as duration and monetary limits based on the type of approved counterparty and its creditworthiness. For councils with investments of over £100,000, an investment strategy prepared in line with government investment guidance is a legal requirement.

Maintaining an adequate level of liquidity is important to ensure there is funds available to draw down should unexpected costs arise. Keeping a proportion of your portfolio liquid can help avoid incurring expensive borrowing from external sources. Money Market Funds (MMFs) are a useful liquidity tool which also offer diversification.

A MMF is a pooled fund which invests in high credit quality, short-term debt instruments and typically offers daily liquidity. MMFs are actively managed by a fund manager and there are rigid guidelines regarding the makeup and transparency of the fund. For example, the fund must have a weighted average maturity of below 60 days and each holding is limited to no more than 5% of the fund. The principal objectives of a MMF are preservation of capital, high liquidity and competitive returns (or yield) commensurate with security and liquidity, aligning them closely with the requirements of the government investment guidance.

In the current high and rising interest rate environment, you also want to ensure you are not bypassing lost income from accounts still paying sub one percent returns. Generally, MMFs can react relatively quickly to rate rises as existing deposits roll off and it invests at higher rates. We have seen this recently with most funds paying close to the current Bank of England base rate.