



Climate Change Working Group Terms of Reference

1. The working group shall be called Paddock Wood Town Council Climate Change Working Group

2. **Background**

Paddock Wood Town Council will embed climate change risks and adaptation measures into their plans and policies and the way they carry out their business, to support Local Climate Change and Emergency.

3. **Objective:** To review and investigate the idea of Paddock Wood Town Council supporting and signing up to the Local Climate Change Emergency

In addition, the specific objectives are as follows:

- I. To establish ideas of what Paddock Wood TC can achieve to ensure local commitments and actions are implemented, to reduce carbon emission and build resilience to the changing climate.
- II. Assess the risks of a changing climate and embed adaptation into it' the Council's core activities.
- III. Consider the creation of a Climate Change Policy/Strategy document for Council to adopt, the ensure the Council meets the climate change requirements.
- IV. Collect information and report on the group's progress.
- V. To consider town-wide activity to promote awareness of the climate emergency and encourage actions to reduce carbon emissions.

4. **Membership**

- i) The group shall consist of up to three Councillors appointed at the Town Council meeting on 30th May 2022
- ii) No members of the public can be appointed by the Group. It is a close Town Council Working Group
- iii) The Group will elect a Chair from Council Members at it's first meeting
- iv) The quorum for a meeting will be a minimum of two Council Members.

5. **Meetings**

The Group will meet as necessary and will report back to full Council at every available opportunity.

6. **Voting Rules and Regulations**

- I. The Councillors' Code of Conduct will apply to all members of the Group
- II. The conduct of meetings (declarations of interests, debates, voting etc) will be governed by the Council's standing orders.
- III. Decisions will be determined by majority vote.

7. **Rights and Powers**

The group will have limited delegated powers to:

- I. Power-to-spend unless approval has been granted by the Council
- II. May make recommendations to the Council for consideration and approval.
- III. Convene Special Meetings in accordance with the Council's Standing Orders.
- IV. The Clerk has delegated authority to approve minor expenditure up to £500.00 within the agreed budget, if required.

8. **Responsibilities**

When recommending undertaking a new activity/event/service provision for the Town, the Group will provide an assessment of potential risk/benefits and estimated costs of the undertaking.

PADDOCK WOOD TOWN COUNCIL RESERVES POLICY

PURPOSE

The Purpose of the policy is to set out how the council will determine and review the level of reserves.

Paddock Wood Town Council is required to maintain adequate financial reserves to meet the needs of the organisation but has no legal powers to hold reserves other than those for reasonable working capital needs or for specifically earmarked purposes. As part of the year-end Annual Return (now referred to as an AGAR – Annual Governance & Accountability Return) submitted to the External Auditor, whenever the total of the council's reserves (total reserves -Box 7) is more than twice the annual precept value (precept – Box 2), the council is requested to provide an explanation of the high level of reserves.

Reserves can be used for long term planned or exceptional (unbudgeted or higher than expected) expenditure on the following conditions: -

- the expenditure must not be recurring
- income in the reserves from the sale of fixed assets (capital receipts) such as the sale of land can only be used for capital projects, such as the acquisition and enhancement of land, building, vehicles, plant and machinery.

Budget allocations can be moved from one budget line to another during the course of a financial year, with approval from the council, so long as the total expenditure for the financial year is not exceeded. This is commonly referred to as "virement".

TYPE OF RESERVES

Reserves can be categorised as: -

- Earmarked
- Ring Fenced
- General

EARMARKED RESERVES

Earmarked reserves are a means of building up funds over several years to deliver a defined project, predicted liabilities or for known significant expenditure. **They are not to be used for emergency operations.**

Earmarked reserves must be reviewed (and usually established) by the council during the annual budget setting process. Every earmarked reserve proposal must include reasonable costing for each project and an estimated timescale

Earmarked reserves will be administered by the relevant committee in consultation with the RFO. Any changes to the proposed use of reserves must be agreed by full council.

The RFO will note earmarked reserves movements at the end of the financial year.

Earmarked reserves can be held for: -

- Renewals - to enable services to plan and finance an effective programme of equipment replacement and planned property maintenance. These reserves are a

mechanism to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets or excessive Precept increases.

- Carry forward of under spend - some services commit expenditure to projects, but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources.

RING FENCED RESERVES

Ring fenced reserves are money or grants (legacies / bequests) allocated for a specific project only. Section 106 funding and the new Community Infrastructure Levy (CIL) funding passed down to parish/town councils are effectively a ring-fenced reserve.

Grants/legacies/bequests often come with strict criteria as to how and when the money provided must be spent.

GENERAL RESERVES

General reserves are funds which do not have any restrictions placed upon them as to their use. These can be used to smooth the impact of uneven cash flows, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies.

Paddock Wood Town Council considers a prudent level of general reserves to be no more than **6 months or 50%** of its annual expenditure/precept. However, the amount of general reserves should be annually risk assessed and approved by the council.

OPPORTUNITY COST OF HOLDING RESERVES

In addition to allowing the council to manage unforeseen financial pressures and plan known or predicted liabilities, there is a benefit to holding reserves in terms of the interest earned on funds which are not utilised.¹ This investment income is fed into the budget strategy.

However, there is an "opportunity cost" of holding funds in reserves, in that these funds cannot then be spent on anything else. As an example, if the funds were used to repay a debt, the opportunity cost would equate to the saving on the repayment of interest, offset by the loss of investment income on the funds. However, using reserves to pay off debt in this way would leave the council with no funds to neither manage unexpected risks nor provide a mechanism to fund unplanned expenditure for which the reserves were earmarked.

Given the opportunity costs of holding reserves it is critical that reserves continue to be reviewed each year as part of the budget process to confirm that they are still required and that the level is still appropriate.

As approved by the Council at the meeting held on 28th January 2019.

Chairman of the Council

Clerk/RFO to the Council

¹ This is more relevant in times when interest rates for deposits are high. However, it should remain as a note within the policy for such times when the economic downturn reverses and the financial markets become buoyant again. Opportunity costs would be advantageous and should be considered more carefully.