

<b>Report No. TC04819</b> <b>Appendix: F</b> <b>Agenda Item: 12</b>	<b>Council</b>  <b>27<sup>TH</sup> November 2019</b>
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<b>OAKHAM TOWN COUNCIL</b>
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<b>Report Author: Alan Walters</b>	<b>Title: Councillor</b>
<b>Subject: Recommended changes to financial policies</b>	
<b>Applicable Strategy:</b>	
<ol style="list-style-type: none"> <li>1. Ensure robust financial controls are in place to enable the delivery of cost-effective services as required now and in the future</li> </ol>	

Council has already considered version 1 of the indicative discussion budget for the financial year 2020/2021.

It is anticipated that version 2 will be discussed at the December Full Council meeting, with a final decision in January 2020

It is important that all policies dovetail together in January so that policies and budgets do not contradict each other.

This indicative budget has been discussed again by the Finance Working Group, and the following recommendations are now made to Council for their determination:

1. Grants Policy.

Discussion around version 1 of the draft budget indicated support that the Council should move away from gifting grants to outside bodies and should instead commission services to meet identified need which is currently unmet.

To remove the "Grants" section from the budget and replace it with the heading "Commissioned services" requires the revocation of the Grants Policy.

A commissioning policy will be written, recommended and ultimately agreed thereafter.

2. Reserves Policy.

The current reserves policy has a complex list of highly detailed earmarked reserves with automatic increases regardless of need. This has been recommended by the internal auditor to be changed.

Additionally, the Policy has had the unforeseen impact of increasing the overall reserves of the Council, in a manner that current councillors may wish to change.

The Finance Working group is aware that the policy will need to be re-written, recommended and approved before the budget setting process is complete, and whilst working on the Policy wishes to confirm the direction of Council on the overall level of reserves.

## RECOMMENDATIONS:

1. That Council determines to revoke the Grants Policy with effect from the last day of the Financial Year 2019/2020.
2. That Council authorises the Finance Working Group to continue with its work on amending the Financial Reserves Policy, which will be amended with effect from the last day of the Financial Year 2019/2020, and directs that the overall level of reserves to be held is within the range 45% to 65% of the relevant year's total precept income, where 40% is the budgeted unallocated reserves total, and up to an additional 25% may be held for specific earmarked purposes as determined by Council.

### **NOTES TO RECOMMENDATION 2**

The most recent reserves level is £180,608 unallocated and £75,587 earmarked, total £256,195 being 96.61% of the total precept income.

The indicative figures for reserves level after this change (assuming 7.5% precept growth which may change) are £114,027 unallocated and £14,702 allocated reserve, total £128,729 being 45.16% of total precept income.

**It should be noted that the actual level of reserves will depend on any agreed use of the existing balances between now and the end of this financial year, together with any further alterations Council may wish to make to the 2020/2021 budget.**