



## Minutes of Kingsclere Parish Council Finance and Establishment Meeting FE 03/21 Held at 7.30pm on Monday 19<sup>th</sup> July 2021 in the Village Club

### **FE 03/21 – Present:**

Cllrs: Bowes; Farey; Mussett; Peach R; Sawyer F; Sawyer J. Clerk – Ackrill; RFO – Porton;  
Assistant Clerk – Read.

### **03/21.1 – Apologies:**

None.

### **03/21.2 – Declarations of Interest:**

None.

### **03/21.3 – Matters Arising:**

None.

### **03/21.4 – Review of Reserves Policy:**

Document circulated prior to meeting. Policy was reviewed and amendments suggested. It was noted that the distinction between the 3- or 6-months reserve running costs and the general reserves is made clear and is preserved. Agreed to refer to OM for adoption, with amendments.

**Action:** RFO. Jul OM.

### **03/21.5 – Review of Grants Policy:**

It was noted that KPC is sometimes not compliant with its Grants Policy when grants are approved for the operational expenditure of charities such as CPRE and Victim Support. It was agreed that the Grants Policy should be attached to the grant form and that the grant form should request an explanation of how the grant will be of benefit to the community. Agreed to refer to OM for adoption, with amendments.

**Action:** RFO. Jul OM.

It was agreed to take item 7 next.

### **03/21.7 – Review of Investment Policy:**

No comments. Agreed to refer to OM for readoption.

**Action:** Jul OM

### **03/21.6 – Financial Planning:**

Draft document circulated prior to meeting. CM went through document and explained it to Cllrs. It was stressed that this document is only a first draft and needs reviewing before it is ready to be adopted. Following on from the discussion at June OM (Minutes reference: OM 06/21.6) it was reiterated that the current budget makes no provision for budget variance and that building up the reserves from the precept alone takes a considerable amount of time. It was noted that the “Other Expenditure” budget line has been used for unforeseen expenditure, and the reserves have been used as a “dipping in” pot when expenditure has not been foreseen and budgeted for. It was emphasized that recognition needs to be given to the difference between unforeseeable expenditure and unexpected expected expenditure due to shortcomings in budgeting. This draft document lays out 13 recommendations.

**Recommendation 1:** Implement a 5% variance for 2022/23 budget and review in autumn 2022. This would be to account for any genuine fluctuations in expenditure that would not have been budgeted for, to prevent KPC “dipping into” the reserves to cover operational costs and balance the budget at the year end

**Recommendation 2:** The expenditure from budget line “Other Expenditure” should be kept to a minimum. By adopting an approach toward the “Other Expenditure” budget line to review, and detail the expenditure on it at quarterly F&E meetings, it will help keep track of miscellaneous expenditure and help ensure the budget is kept managed with appropriate controls.

**Recommendation 3:** Amend Grants Policy to cap the grants budget at 2% of precept income and review in autumn 2022. This will keep grant expenditure at a consistent proportion to KPC’s precept income and prevent overspending. For accountability, it was also recommended to amend the Grant Application form to include a section where the benefit of the grant to the community is explained by the applicant and the policy is attached to the form.

**Recommendation 4:** Include a discrete budget line for overtime, suggested to be 20% of budgeted salary as overtime. The payment of any overtime should be budgeted for, in addition to the known salary costs for the year. It was stressed that 20% is just a suggested figure, a review of the working hours undertaken would provide a better measure of the % needed to cover the cost of paying flat rate overtime. It was suggested that a set number of overtime hours be budgeted for, and when they are met then no additional work gets completed. The current salary budget is already overbudget by 13.5% to date for this financial year.

**Recommendation 5:** Include inflation rate of 3% for 2022/23 budget and review in autumn 2022. It was noted that inflation is already included in the budget unless the actual figure is known for the next year, for example the mowing and maintenance cost as this is currently a three-year contract. It was queried if KPC should work out the 3% increase from the budgeted cost or the actual cost from the previous year. CM and the Finance Officer agreed to discuss this offline to clarify and report back.

**Recommendation 6:** Implement that Cemetery and Allotment expenditure be scrutinised by RFO to ensure it is fully captured into expenditure lines. A few years ago, KPC agreed to capture the full costs of running the allotments over a rolling three-year cycle. At the same time, it was agreed to ensure that cemetery costs are fully captured for reporting purposes. The actual cost of running the cemetery to KPC is more than ordinarily recognised, due to the considerable amount of administration resource that it demands.

**Recommendation 7:** Adopt a principle to scrutinise sundry expenditure requests, from October 2021. It was suggested that expenditure that is not genuinely unforeseen, is not budgeted for, and is not a health and safety issue should not be approved unless in exceptional circumstances. Relying on the reserves for unbudgeted expenditure is not sustainable and poor practice. A council approved, clear project plan for each scheme of expenditure should assist in adhering to this principle moving forward. There was recognition that these schemes need to be planned and reviewed for the Autumn 2021 budget setting process.

**Recommendation 8:** Accept the discipline to manage the alignment of budget and expenditure. The budget should be self-sustaining, and it should be an expectation that budgets for items should be spent within the financial year and ordinarily not overspent.

**Recommendation 9:** Adopt a longer planning horizon or agree an alternative. A rolling annual 1-, 3-, and 10-year financial plan would be more realistic to use for financial planning. KPC needs to start including discussions about planned expenditure in future years, as well as the regular discussion about the next immediate financial year. Council approved project plans would assist in this, as a clear basis for decisions would be available in future years and to future councils.

**Recommendation 10:** Accept and implement changes to the Reserves Policy. At present KPC has not formally adopted a policy that allocates a cash reserve for operational running costs, if such a scenario were to occur that required them. It was recommended to split the reserves in two parts, one for a cash reserve for operation running costs of 3- or 6-months, and the other for allocation to approved projects. This would ensure that KPC has a resilience budget should genuine unplanned, unexpected events occur causing a strain on cashflow. The operational expenditure reserve should only be spent if the situation were to require it, and the remaining reserves would be a "savings pot" of agreed and specific and approved future projects. After discussion it was agreed that 3-months operational cost reserve would be sufficient, as KPC's insurance would more than likely cover any unforeseen circumstances that would require the use of these reserves for many situations.

**Recommendation 11:** Accept with immediate effect the treatment of remaining unallocated reserve funds. Removing the 3-month operational cost reserve, and the approximately £13,000 that KPC is already contractually committed to spending, the remaining reserves should be subject to review against projects and schemes before allocation and spending. They should no longer be used for non-urgent unforeseen expenditure. It was noted that for auditing purposes, the remaining reserves may need to be "soft allocated" as KPC does not yet have a list of approved project plans which would include financial timescales for building up reserves.

**Recommendation 12:** An action to identify the list of projects and schemes for 2022 before July 2021 OM. To assist in the financial planning for the 2022/23 budget, a list of projects and schemes that would have a financial impact needs to be compiled. This list of projects would help to create projects plans, and the project plans in turn will assist with the future financial modelling. It was agreed for Cllrs to identify projects and schemes for next OM.

**Recommendation 13:** An action to circulate a draft template for the list of projects for July OM. It was agreed for CM to circulate a template for Cllrs to include their projects and schemes in, for July OM. This will help provide clear figures for discussion at September OM with solid figures being available for November FE when the budget 2022/23 budget is discussed.

Over the years KPC has lost grant funding from places like HCC and BDBC, and the precept is currently the largest source of income. Looking at the long-term financial planning for KPC will likely require a significant increase in the precept and it was agreed that KPC need to show the benefit and reasons for increasing the precept. KPC may need to look at alternative sources of income. It was suggested that some reserves could be used to cushion the % increase in the precept in the first year. The cemetery was given as an example, as after it is full and no more burials take place, there will be no further income; however, there will still be ongoing expenditure for things such as administration and maintenance costs. The Tennis Club and Bowling Club leases will be up for renewal soon, considering all that is being discussed it may be required to increase their rent. It was noted that currently, all of KPC's budgeted expenditure is ongoing running costs that are required to run the council. This topic will be discussed at July OM, it was suggested to add financial Planning to every meeting agenda for discussion.

CM to review draft Financial Planning document, and create template for the list of KPC projects, and circulate for next OM.

**Action:** All Cllrs, CM, July OM.

**03/21.8 – Cemetery Fees:**

The Clerk has recently been dealing with a complex cemetery issue that has required the use of various administrative forms that the previous Clerk never had to complete. Due to this, KPC had never agreed admin costs for completing these forms. After contacting the Institute of Cemetery and Crematorium Management (ICCM) it was recommended to KPC that all forms except the Statutory Declaration form should be charged at £25 and with the Statutory Declaration being charged at £50. After a short discussion it was agreed that KPC would adopt the suggested charges and add an additional charge of £30 per hour for any additional, more complex administrative tasks required. It was noted that KPC would expect people to pay these charges, and perhaps there should be a rule in place of charges being paid in full before any deeds are handed over. Agreed to refer to OM for full council approval.

A separate issue regarding the Exclusive Rights of Burial (ERoB) was raised. The Clerk is currently dealing with a case where a resident would like to purchase ERoB for more than 25 years. Currently, KPC do not sell ERoB for more than 25 years. After contacting the ICCM it was recommended to the Council that KPC can charge for ERoB on a pro rata basis up to 100 years. After a short discussion it was agreed that KPC will sell ERoB for 25, 50, 75, and 100 years on a pro rata basis, based on the cost of the ERoB for 25 years at the time it is purchased. It was noted that there would also be an option for a resident to purchase ERoB for 25 years and then purchase a further 25 years before the initial 25 years expires, however it would be the responsibility of the resident to approach the council at that time to purchase a further 25 years. It was also noted that there is no guarantee the cemetery would still be in use in 50 years, for example, however it was agreed that this would be a risk that the buyer should be prepared to take. Agreed to refer to OM for full council approval.

**Action:** Jul OM

**03/21.9 – Accommodation:**

As the current office only has one exit and is not big enough for three desks for the three members of office staff, the suggestion for KPC to permanently rent the committee room at the Kingsclere Village Club (KVC) as an additional office was put forward. The rent would be slightly lower than what KPC currently pay, as KPC’s current lease includes renting the hall for council meetings and the storeroom. The suggestion of renting the holding room was considered, but it was concluded that KVC would not consider this as it would be of detriment to the community to lose this room for private hiring. It was agreed for FS to contact KVC and enquire if it would be willing to permanently rent the committee room to KPC, and report back to September OM. It was noted that if this proposal is considered at September OM, KPC need to ensure there is sufficient funds in the budget to update and revive the existing office, as well as furnishing the new office.

**Action:** FS. Sep OM

**03/21.10 – Review of Cashflow and Budget Forecast:**

**10.1. Cashflow:**

Document circulated prior to meeting. It was noted that the insurance expenditure is higher than expected. It was noted that this document should be renamed to “Spending to Date” as it is not technically a Cashflow. No other comments or concerns.

**10.2. Budget Forecast:**

Document circulated prior to meeting. It was queried how likely it was to receive the war memorial grant in this financial year. This is unknown, JS is currently working on this project. It was reported that the grant would probably be less than KPC originally thought. Currently there is estimated to be a £5000 underspend, however it was noted that the salaries expenditure is currently over budget. No other comments or concerns.

**03/21.11 – Date of next meeting:**

Monday 18<sup>th</sup> October 2021 7:30pm in the Village Club.

**03/21.12 – Exempt Business:**

**12.1. Staffing Concerns:**

After discussion, it was agreed for JS to contact HALC and enquire the difference between and in-person and a virtual HR review. Confidential minutes refer.

**Action:** JS

**12.2. Responsible Financial Officer Contract:**

After discussion it was agreed to extend the RFO’s contract for another 6 months. Confidential minutes refer. Referred to OM for full council approval.

**Action:** Jul OM

Meeting closed 21:49

Signed:.....Chairman

Date:.....

Signed:.....Clerk

Date:.....

**Distribution: Cllrs:** S Adams; I Bowes; M Farey; C Mussett; N Peach; R Peach; A Price; F Sawyer and J Sawyer.  
Noticeboard; Website: [www.kingsclere-pc.org.uk](http://www.kingsclere-pc.org.uk).