

Report for Town Council Meeting Agenda Item 8: To review and agree the actions to be taken in order to implement the approved Reserves Policy.

1. Situation:

Malmesbury Town Council has agreed its Reserves Policy

This Reserves Policy identifies a number of actions and steps to be taken to bring it into effect. These actions (referenced against the Reserves Policy) and proposed next steps (**in bold**) are identified below:

1. Reserves Policy 3.4.3: The Working Group will check and reasonably verify or amend the asset list, asset values, replacement costs and asset lifetimes attached to assets in Attachments 3 and 4 of the Reserves Policy.

Next Step: The methodology to be used and the sign off process for this activity to be agreed.

2. Reserves Policy 3.4.4: MTC will apply more rigorous monitoring and reporting to project implementation. The creation of a rolling list of projects for which reserves have been generated in accordance with this proposal will help the responsible committees and P&R with this task. The list of current approved projects for which funding has so far been assessed to be held in reserves, as at the start of the FY 2018/19, is shown in Attachment 1 to this report. This list will be maintained and updated by the Town Clerk, with an overview given at each P&R meeting with the financial report. In addition, each Committee managing one or more incomplete project will be tasked with establishing a standing project review agenda item.

Next Step: The process to achieve the actions in 3.4.4 to be agreed and implemented.

3. Reserves Policy 3.4.5: The allocation and the subsequent movements in S106/CIL funds, is recorded and reported to P&R by the Town Clerk.

Next Step: This process to be implemented.

4. Reserves Policy 3.4.6: The level and categorisation of reserves is kept under close scrutiny by P&R based on reports produced by the Town Clerk and action is taken to manage reserves in a timely and effective manner.

Next Step: The means by which P&R will achieve and sustain these actions to be confirmed

Reserves Policy 3.4.7: The proposed budget numbers for FY 2019/20, when agreed, are reviewed against the application of this Reserves Policy and consideration may be given to making adjustments to the proposed budget for FY 2019/20 before it is finalised and approved.

Next Step: The process to achieve this action and to recommend adjustments for consideration by P&R to be agreed

5. Reserves Policy 3.4.8: That the reserves policy categories and allocations are incorporated in MTC's financial management and reporting systems with effect from FY 2019/20.

Next Step: The means to achieve this action following completion of the steps to implement 3.4.7 to be agreed

6. Reserves Policy 4.2: The reserve and income and expenditure situation at the end of FY 2018-19 will need to be assessed before any actions can be taken in relation to the identified level of over reserve.

Next Step: The means to achieve this action to be agreed.

7. Reserves Policy 4.3: An annual replacement value for each new project still to be implemented will need to be calculated for inclusion in future Income and Expenditure budgets. There may be further budget decisions required concerning the utilisation of reserves and the allocations of Income and Expenditure budgets as a consequence of these assessments.

Next Step: This activity to be completed and any further budget considerations brought to P&R for consideration and action as appropriate.

8. Reserves Policy 4.4: Future new capital spending proposals for which approval is being sought should include:

4.4.1 An estimate of the life expectancy of the asset being purchased and the consequent annual replacement value for inclusion in Income and Expenditure budgets.

4.4.2 A realistic estimate of likely additional annual maintenance costs.

Next Steps: The Town Clerk and P&R to agree an acceptable format for project/ spending proposals, and

Timely support given to report authors to produce reports with the required information.

9. Reserves Policy 5.1: The Town Clerk and staff will maintain and report on MTC's financial performance as identified above, (3.4 to 3.6), so that reserves and capital refurbishment and replacement can be managed in accordance with the Reserves Policy. This will include regular review and updating of the asset register. It has previously been confirmed that this can be reasonably achieved using the current accounting system.

Next Steps: The identified reports to be developed, agreed and implemented, and

A review and updating schedule for the asset register to be agreed and implemented.

2: P&R is invited to discuss and agree how it will take the next steps required to give effect to the agreed Reserves Policy.

3. Operational Implications: Not completing the next steps will mean that the Reserves Policy is not implemented.

4. Financial Implications: If the Reserves Policy is not implemented Malmesbury Town Council will not maintain effective control of its finances.

Campbell Ritchie

7th March 2019