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## **FINANCIAL MANAGEMENT STRATEGY**

Appendices Attached as follows:

Appendix A – Financial Regulations

Appendix B – General and Earmarked Reserves Policy

Appendix C – Asset Register

Appendix D – Risk Management Policy

### **1.0 Introduction**

1.1 This Financial Management Strategy (FMS) completes the suite of documents by which Kingswood Town Councils performance may be monitored. The FMS will govern the Town Councils financial management. The FMS is designed to be read in conjunction with other policies that are referenced in this strategy. However, as finance cuts across all the Town Councils business, the FMS is written and applies across the board rather than being applied to the specific business of each of the Town Councils standing Committees. For ease of reference these policies are reproduced at the beginning of the FMS.

1.2 Whilst the Town Council's Policy Plan will be reviewed annually, it is supposed to be a 'living documents' subject to review at any appropriate points. This will be provided to the Town Councillors and officers, as well as information for the internal and external auditor and members of the public.

1.3 This FMS will be important in providing an understanding of the process by which income and expenditure is budgeted and monitored. The Town Council will ensure it has sufficient funds to cover its running costs, to maintain its assets in good condition and to provide high quality services for the residents and Council Tax payers of Kingswood. It is anticipated that the FMS will provide definition, clarity and transparency of the entire process of sound and prudent financial management in which the Town Council engages.

### **2.0 Objectives**

2.1 To determine and monitor the level of income and spending by the town council to ensure the appropriate level of funding for the provision of its services

**2.1. Kingswood Town Council will:**

- a. Ensure that sufficient funding is available to provide a high-quality standard of services, consistent with affordability.
- b. Have due regard to the effect that any increased spending will have on the Council Taxpayers of Kingswood
- c. Maintain effective control over the Town Council's expenditure by means of regular monitoring of the finances throughout the year.
- d. Review the Town Councils Standing Orders and Financial Regulations at least every four years, to coincide with elections.

**3.0 The Town Councils Financial Processes**

3.1 The Town Councils financial year commences on 1 April and ends on 31 March in each year. The Town Councils financial business is overseen on a day to day basis by the Town Clerk who is also the Responsible Financial Officer (RFO), who also carries out a monthly financial audit. The Town Clerk is supported by a Finance Officer.

3.2 The Town Councils financial business is governed by its Financial Regulations. A review of the Financial Regulations has been undertaken in October 2024.

**4.0 The Audit Regime**

4.1 The external audit regime is controlled by the Smaller Authorities' Audit Appointments (SAAA) Ltd and the audit is carried out annually. The SAAA appoints the auditors and sets the audit fee. In 2025 the external Audit is carried out remotely by the Town Councils Auditors and is PKF Littlejohn LLP. The annual fee is set at £1,680

4.2 Additionally, the Town Council is obliged by regulation to appoint an independent Internal Auditor. In 2024 and 2025 the appointed independent Internal Auditor is Tim Light of Lightatouch Internal Audit Services. The independent internal audit is carried out every six months. The council will be seeking a new internal auditor for the financial year 2025 to 2026.

4.3 The Town Council is governed by the Accounts & Audit Regulations and proper practices, which require that the Council shall maintain an adequate and effective system of internal audit that shall be reviewed annually.

**5.0 The Council Tax and Financial Resources**

5.1 The Town Council's financial resources are delivered by means of a portion of the Council Tax that is levied on residents within the town boundary. This levy is called the 'Precept'. It is collected on behalf of Kingswood Town Council by South Gloucestershire



Council, which also collects funds on behalf of itself, and the local fire and rescue service and the local police authority. The data on which the Town Council calculates the effect of its Precept on an average Band D property is supplied by South Gloucestershire Council and the funds are paid to the Town Council in April and September each year. The portion of the total Council Tax bill for Kingswood Town Council provided services is usually relatively small. In 2025 it is less than 5% of the total.

5.2 The services that the Town Council provides to the residents of Kingswood are developing but alongside these service costs are running costs that are necessary to manage these services. These costs are known as the 'revenue budget'. The current revenue budget will be the starting point for councillors and officers in preparing the following year's annual budget.

5.3 As well as revenue funding, consideration will be given each year to capital funding, defined as one-off projects for which a budget will be required in one financial year or spreading into several financial years, depending on the nature of the project. This may be a major project such as new building or play equipment. It is this type of spending that capital funding is used for, and the resultant budget heading is known as an Earmarked Reserve for a specific project.

5.4 Another type of capital funding is that produced when the Town Council sells equipment or property. In 2025 Kingswood Town Council has very few assets and no property and therefore this is not relevant at this point. However, if the council was to acquire an asset and wish to sell it, the funds raised by this method cannot be used to fund revenue requirements. Councillors must first consider whether such funds should be used to repay any outstanding loans that the Town Council has. Having considered this aspect, a decision can then be made as to whether the funds should be set aside for capital projects. This type of funding has no effect on the annual budget – it is kept in the Town Councils accounts until it is allocated to a capital project.

## **6.0 The Budgeting Process – Revenue Funding**

6.1 In October of each year, the Town Clerk/RFO will prepare a preliminary Revenue budget for the forthcoming financial year. Government issued inflation figures will be used to make an informed assessment as to what increases should be included in the budget. The proposals are submitted to the committees for their initial consideration.

6.2 At each stage of the budget setting process, each Committee will scrutinise its revenue requirements together with the projected effect on the average Band D council tax level. A balance will be struck between providing high quality services to the community and maintaining a reasonable level of Council Tax. Inflationary increases imposed by others means that the Council Tax for the town will inevitably have to rise each year, at least by the level of inflation. Any reduction in the budget and precept, and therefore in the Council Tax, will mean that savings will have to be made in the services provided by the Town Council. Even a standstill budget will

require savings to be made and making savings will mean that cuts in services will arise.

6.3 When each committee considers its own revenue budget requirements, the members of the Committee will discuss the preliminary budget proposals provided by the RFO. A recommendation will then be put to the Town Council on its proposed overall budget.

## **7.0 The Budgeting Process – Capital Funding**

7.1 At the same time that each committee's revenue budget is discussed, consideration will be given to each committee's capital budget. Capital budget consists of 'one off' items that will last for several years. Examples of capital projects are:

- Community buildings
- Acquisition of land
- New Equipment at Play Areas
- Vehicles

7.2 When a new capital project is identified, councillors will decide whether the project is to be carried out in the next financial year or in a future financial year. If the latter, then the capital requirement may be budgeted over a number of years, to effectively 'save up' to complete the project at a given point in time in the future. Other capital projects may be of a more urgent nature and the funding will be budgeted in a single financial year.

7.3 Any reports prepared by the officers for consideration by councillors will include a section detailing the Financial Implications and risks of the proposal, when appropriate. Members will aim to achieve a sensible balance between providing quality services for the residents of Kingswood at a reasonable cost.

## **8.0 Completion of the Budget Process**

8.1 Once each committee has prepared and agreed on its budget, the budgets will be combined and scrutinised by the Finance and Administration Committee and a recommendation on the level of Precept. This recommendation will then be put before a Town Council meeting specially scheduled to agree the Budget and set the Precept, to be no later than December in each year. Careful consideration will be given by all councillors to the effect of the proposed budget on the Council Tax levels for an average Band D house in Kingswood.

## **9.0 Monitoring and Reporting on the Budget**

9.1 Once the Budget is set for the coming financial year, the Town Clerk/RFO must account for any variation to the Finance and Administration Committee and ultimately to the full Town Council, by means of the monitoring process described below.

9.2 Spending is regularly monitored throughout the year by the following means:

- a. Monthly, Financial Management Reports, scrutinised by the Responsible Financial Officer with the Finance Officer.
- b. Quarterly, Financial Management Reports, presented to Full Council and the Finance and Administration Committee
- c. Half yearly, Independent Internal Audit reviews
- d. Annually, the External Annual Governance Review

9.3 The Town Clerk/RFO will report on any significant overspends on individual budget cost headings, with reasons, to the Finance and Administration Committee which will consider whether any action is required to mitigate the overspend.

9.4 Any under-spends identified at the financial year end will usually be decanted into the General Reserves, or into a specific Earmarked Reserve if saving for a capital project. However, the Town Clerk/ RFO may consider that an Earmarked Reserve be created to hold those funds into the new financial year, in effect rolling over the underspend into the next financial year on the same cost heading. A proposal will be made to the Finance and Administration Committee for their consideration and agreement.

## **10.0 General Reserves**

10.1 The town council has adopted a General and Earmarked Reserves Policy. It is considered prudent that the Town Council should set aside no less than twenty five percent of the precept value each year, as General Reserves, to cover unexpected and unforeseen events. An example of the type of event that may occur is South Gloucestershire Council facing delays in collecting its Council Tax and be unable to pay the Town Council when it should, therefore jeopardising the Town Councils ability to pay its debts. General Reserves may also be used to cover expenditure on opportunities that may be presented during the financial year.

10.2 Any expenditure from General Reserves must first be approved by the Town Council. Councillors will scrutinise any request very carefully before giving approval for expenditure. The only exception to this rule is when a matter is so urgent that it must be dealt with immediately. Standing Orders and Financial Regulations state clearly what action must be taken in such circumstances.

10.3 The Town Council has set its General Reserves figure to be £210,000 as at 31st March 2026.

## **11.0 Investment Management**

11.1 Any surplus funds held by the Town Council will be invested in a low risk monthly investment. The Town Council is creating a Treasury Management Policy to govern how these investments are made, and this will be attached to the Council's Financial Regulations. When the town council makes its first investment it will create an Investment Register.

11.2 The Town Councils portion of the Council Tax is paid over by South Gloucestershire Council twice per year in April and September. This money will not be utilised immediately and will produce a surplus of funds at certain times of the year. Capital funds will usually be spent during the year and the reserves must be kept intact as far as possible. It is from these sources that the surplus funds arise.

11.3 Any investment will be for up to twelve months with provision to ensure that sufficient funds are available to make payments due, but without leaving a large surplus in the Town Councils current bank account.

11.4 Although surplus funds will be invested as described above, a certain amount of funds will be kept in the Town Councils current bank account. This will be an interest bearing account, even though at a lower rate than the monthly investment.

## **12.0 Asset Management**

12.1 The town council's Asset Register is published on the website. The town council currently has very limited tangible assets at the end of 2024/25 and the register is updated when the council purchases assets over the value of £100. The Asset Register will be updated as and when new items are purchased, or items are disposed of. This valuation of tangible assets will form the basis for insurance cover required. This register will identify the equipment and its location. This is essentially for Insurance purposes, but also to control the replacement of items at an appropriate time. The Asset Register will be updated on an ongoing basis, as old equipment is disposed of and new equipment purchased.

## **13.0 Insurance**

13.1 The Town Council requires insurance cover for a variety of risks, as well as its assets. In 2025 the Town Council's insurers are Zurich Municipal. An Insurance Schedule has been drawn up and the Town Council will review its insurance requirements annually, to ensure that all required risks are covered. The risks that are covered include:

- Furniture and equipment,
- IT Equipment
- Civic Regalia
- Public Liability Insurance (this covers events under 2,000 visitors)
- Employers Liability Insurance
- Fidelity Guarantee Insurance
- Legal Expenses

13.2 The insuring company will be reviewed on a triennial basis by obtaining quotations from at least three reputable insurance companies. The next review will take place in June 2026.

## **14.0 Banking**

14.1 In 2025 the Town Council's bankers are Unity Trust Bank and authority has been given for the town clerk to open a new account with Lloyds Bank.

14.2 The banking arrangements will be reviewed on a quinquennial basis, to ensure that the Town Council's needs are fully met at the lowest possible cost available.

#### **15.0 Risk Assessment and Management Policy**

15.1 The Town Council has a Risk Management Policy and Strategy. The Town Clerk will ensure that a robust and proportionate method of Risk Assessment and Management of all the Town Councils activities is in place and will report to the Town Council at least annually.

15.2 All reports for consideration and agreement by councillors will contain a section on Risk Assessment.

#### **16.0 Payroll**

16.1 The council has outsourced management of the monthly payroll function to PATA Payroll. This ensures that the staff are not calculating their own rates of pay and ensures that the correct rates of National Insurance and other taxes and deductions and pension contributions are applied. The council is part of the Local Government Pension Scheme and makes its employer contributions to the Avon Pension Fund.

#### **17.0 Review of the Financial Management Strategy**

16.1 This Financial Management Strategy will be reviewed every four years. However, councillors or the Town Clerk/RFO may request an intermediate review at any other time as circumstances may dictate.