



NEWICK PARISH COUNCIL

FINANCIAL POLICY

This Policy is to be reviewed annually by the full Council and is the responsibility of the RFO to ensure it is enacted.

1. Operating Reserves:

The Council will always maintain three months operating budget within its reserves. This amount will be set each year after the budget exercise. This will be particularly important moving from one years budget to the next. At any time when the working funds are in prospect of falling below this level the RFO will bring this to the immediate attention of the Chairman and Vice Chairman of the Council.

This operating reserve will be calculated from the total of all the reserves held by the Council for whatever reason.

2. Saving Accounts

Reserves will be held in a number of different accounts and within FSA approved and guaranteed organizations to reduce the Parish Council's risk.

3. Revenue Expenditure

All revenue expenditure must be authorized and agreed before commitment. The RFO should be informed of the authorizing Councillor and/or body for all expenditure.

4. Budgeting:

Annual budgets will be generated bottom up each year. These budgets will be generated within an overall target for the precept agreed by full Council. Once agreed at a Full Council Meeting, Committees will be able to spend their budgets within the strategy, plans and risks that they have presented and had agreed without further reference to the full Council. Nevertheless any contract or financial obligation that could extend beyond two years must be referred back to the full Council for approval before commitments can be made.

5. Capital or Project Expenditure:

Expenditure (outside normal operating budgets) can only be finally agreed by the full Council when confirmed & committed costs are available and the Council knows and agrees how those costs are to

be met. Every proposal for such expenditure must also include estimates of the ongoing maintenance cost that will be imposed on the annual operating budgets.

See note below on the process to be included in the Council's Financial Regulations.

Scheme / Project approval and decision process:

When a Councillor (alone or as part of a sub group or formal committee) presents a scheme / project for Council's consideration and approval an estimate of costs and how those cost will be met must be included.

If these costs are estimates with varying levels of certainty (the greater the uncertainty the greater should be the contingency allowance included in the estimate) the agreement of the Council is only approval to move to greater definition of the project and costs.

Only at the point at which the costs are fully know can the Council agree to implement the scheme / project. That decision must include agreement by the Council on how the scheme / project will be funded and (if appropriate) which Councillor(s) is/are responsible. Any future annual operating costs must also be understood and agreed.

6. Contingency policy

All contingency allowances (for finally agreed projects and ongoing costs) will be maintained at a Council level and only released after a full Council session. Contingency allowances can be delegated by the full Council.

7. Risk Assessment

All expenditures that represent more than 20% of the Council's precept must be accompanied by a financial risk and obligation assessment.

8. Reserve Accounts:

The Council will maintain certain Reserve Accounts in order to manage major expenditures that are not regular annual costs. These amounts will be removed from the budget before individual operating budgets are agreed.

Election Reserves: Every 4 years the Council has to meet the costs of the Parish Council Elections (initially funded by LDC). These cost in 2007 were approximately £3500. Therefore the

reserve will be funded at £900 per year. To be reviewed in November, 2011 when preparing the budget.

Children's Play Ground: The Play area in KGVPF has cost in total some £80,000. The equipment and area will need to be renewed (as opposed to normal maintenance) over time. Assuming in general the equipment and fences etc have a life of 20 years the reserves will need to be funded an agreed sum of money each year when preparing the budget.

Sports Pavilion: Sum to be agreed at time of setting the budget.

Clerks Gratuity: Fixed calculations.

Maintenance: Sum to be agreed at time of setting the budget.

Linda Farmer
Responsible Financial Officer
Date 26th July, 2011

Signed:
Chairman for Newick Parish Council

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