

## **Medium Term Financial Strategy 2023-2026**

### **FINANCE STRATEGY**

The financial strategy aims to ensure that the Parish Council (PC) keeps effective control of its budget(s) and to ensure that expenditure is made in a prudent and proper manner.

The financial links to the forward strategy of the council's general activities and the 'direction' which it decides to take in carrying out its duty of care to the people of the Parish.

### **A) GENERAL MONITORING AND CONTROL**

- 1) The Responsible Financial Officer (RFO) to maintain effective control systems to ensure recording of all income and expenditure.
- 2) The RFO to prepare and present details of income and expenditure at each Parish Council meeting, on what has occurred since the previous meeting.
- 3) A Councillor to be allocated responsibility of assisting the RFO with financial control, not in the role of overseer, but to provide advice and assistance to ensure that reports presented to the PC are correct and accurate.
- 4) An annual budget (Precept) to be prepared and agreed by the PC for the following financial year.
- 5) An income and expenditure report to be prepared by RFO for presentation at each PC meeting. On a quarterly basis the RFO will present to Council a more detailed report showing income and expenditure against agreed budget. This to ensure that that finances are on track and where potential savings or areas of over expenditure might be occurring, so that early action can be taken as required.
- 6) A full annual report on income and expenditure to be presented at the Annual Parish Meeting so that Parishioners have ability to raise questions on any matter.

## **B) ACCOUNTS AND RESERVES**

1) The PC operates different accounts and reserves each of which have their own responsibility and reason for existence. These reasons and responsibilities, however, differ greatly in need and direction. A financial strategy must cater for these differences and try to co-ordinate the differing needs and requirements.

### a) General Account

This account covers the day-to-day financial requirements of the PC. This account needs to meet a wide variety of different types of expenditure, as it is responsible for all areas of expenditure, statutory costs, operational costs, and general maintenance. The Account should maintain a reasonable balance at the end of any financial year, this to ensure that the PC always has an appropriate level of funds in hand with which to operate in the following financial year until Precept income is received. Any excess cash reserves are placed into a savings account.

### b) Savings Account

The cash reserves from the general account are placed into a savings account so the money that isn't needed on a day-to-day basis can earn a higher level of interest but also be available at short notice if required to cover any unforeseen contingencies.

### c) Investment Accounts

The council currently has 2 investment accounts with the CCLA.

The first, and larger value account, is the money that has been given from developers as a dowry along with the parcels of public open space for the council to own and maintain. This money has been invested to give enough of an annual return in dividends to enable the council to maintain those public open spaces in perpetuity without having to use any of the capital funds. Any further dowries received for any additional areas of public open space that the parish council take ownership of, will be added into this fund.

The second account holds the rental received from Sandymoor Ormiston Academy for their use of the playing fields. This investment is to pay for the replacement of the playing field facilities once they have become worn out. The day-to-day maintenance of these facilities is the responsibility of the school so the dividend received from this fund will be reinvested into the fund, along with the monthly rent, to ensure this fund had built up sufficient capital to cover the cost of replacement of the 4G pitch or any other major assets at the end of their lifetime.

### **C) KEY AIMS**

- 1) The Council notes that the continued increase in the number of houses means that the product of the precept will increase annually for the next five years. The Council will seek to increase the precept by no more than the prevailing rate of inflation.
- 2) The Council recognises that its investments in CCLA produce a modest return and that higher yields may be possible. The Council is satisfied that the benefits of CCLA are its stability and will therefore continue to invest with them.
- 3) The Council has healthy reserves in the savings account. Recognising that proposed expenditure may be above the precept in some circumstances the Council will aim not to use reserves to support revenue expenditure by more than 10% of the annual spend in any financial year.
- 4) For new capital projects the Council will seek external funding whenever this is possible or appropriate.
- 5) An unallocated budget to be held in the General Account to meet unexpected costs or unforeseen maintenance issues. In 2023-2024 this will be £6000
- 6) The Council recognises that in a given year it may be necessary to use reserves to support the annual budget but would aim not to do this for more than one year.



16<sup>th</sup> February 2023

**Signed and dated on behalf of Sandymoor Parish Council (Chair)**



16<sup>th</sup> February 2023

**Signed and dated by Sandymoor Parish Council RFO**