

## Carnforth Town Council

### Budget and Precept Policy

**1. Purpose:** This policy outlines the framework for the preparation, approval, and monitoring of the annual budget and precept for Carnforth Town Council. It ensures transparency, accountability, and effective financial management in line with statutory requirements and best practices.

#### 2. Objectives

- To ensure the Council sets a balanced and sustainable budget.
- To provide a clear timetable for budget preparation and approval.
- To ensure the precept is set in a timely and responsible manner.
- To align financial planning with the Council's strategic priorities.

**3. Legal Framework:** This policy is governed by the Local Government Finance Act 1992 and the Accounts and Audit Regulations 2015. The Council must set its precept by the statutory deadline each year.

#### 4. Budget Preparation Process

- **September – October:** Committees and working groups review current year spending and submit budget proposals for the next financial year.
- **November:** The Finance & Governance Committee consolidates proposals and prepares a draft budget.
- **December:** The draft budget is reviewed and amended as necessary.
- **January:** The full Council approves the final budget and sets the precept.

**5. Precept Setting:** The precept is the amount the Council requires from Lancaster City Council to fund its services. It is calculated by subtracting expected income from the total budgeted expenditure. The precept must be submitted to the principal authority by the statutory deadline (usually late January/early February).

#### 6. Monitoring and Review

- Budget performance is monitored quarterly by the Finance & Governance Committee.
- Variances are investigated and reported to the full Council.
- The budget may be revised mid-year if significant changes occur.

**7. Reserves Policy:** The Council will maintain:

- A **General Reserve** of at least 25% of annual expenditure.
- **Earmarked Reserves** for specific projects or contingencies.

**8. Transparency and Public Engagement:** The Council will publish the approved budget and precept on its website and make copies available to the public. Residents are encouraged to participate in the budget-setting process through public meetings and consultations.

**9. Review of Policy:** This policy will be reviewed annually by the Finance & Governance Committee and updated as necessary.