

SECTION B: FINANCIAL PLANNING – REG 6 (Financial Planning)

REGULATION 6: FINANCIAL PLANNING[Quick Link](#)

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6.1 THE FINANCIAL STRATEGY

This is a medium term document laying out the Councils' projected resources and commitments over a 3-year period, and any actions needed to meet corporate aims and objectives.

- 6.1.1 **Production of Strategy:** The Statutory Chief Finance Officer (SCFO) must ensure that a Financial Strategy showing a 3 year forward assessment, including commitments, for both revenue and capital expenditure is prepared for the Executive and taken to the Council for approval.
- 6.1.2 **Pay Policy Statement:** The annual review of the Council's Finance Strategy must include the Pay Policy Statement for the following year, in a format that meets the requirements of section 38 of the Localism Act 2011.
- 6.1.3 **Council Strategies:** Other Council strategies should be aligned to the corporate aims and objectives and should take account of the Council's Financial Strategy.
- 6.1.4 **Significant Service Proposals:** The SCFO must ensure that when capital projects or significant revenue proposals are considered, the relevant Director includes detailed financial implications of the decision in their report, including the impact on current and future years.

6.2 ASSET MANAGEMENT PLAN

This is a medium term document laying out the strategic objectives and priorities for capital expenditure and asset utilisation.

- 6.2.1 **Production of Plan:** The SCFO must ensure that an appropriate Asset Management Plan is prepared for the Executive.

[N.B. Rules on controlling priorities and spending on the Capital Programme are laid out in [Regulation 9](#).]

6.3 MAINTENANCE OF PROVISIONS & RESERVES

These cover balances and earmarked reserves put aside to cover future revenue and capital expenditure.

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- 6.3.1 **Level of Reserves:** When formulating the Financial Strategy and setting the annual council tax, the SCFO must advise the Executive and the Council on a prudent level of reserves that needs to be maintained in order to protect the authority's stability.
- 6.3.2 **Section 27 Report:** Where a reserve is likely to be inadequate during the forthcoming year, the SCFO must make a report to the Council on the reasons why the situation has arisen and the remedial action to be taken. *(N.B. Relates to s.27 of the Local Government Act 2003.)*
- 6.3.3 **Use of Reserve:** Any proposal to incur expenditure from a provision or a reserve must be approved by the SCFO.
- 6.3.4 **Earmarked Reserves:** Provisions or earmarked reserves must only be used for the purpose for which they were originally approved, unless agreed by the Council.

6.4 FINANCING ARRANGEMENTS

These set the limits and controls on methods by which expenditure of the Council can be met. Further guidance on leasing of assets is available in [Financial Regulations Support Document 12](#).

- 6.4.1 **Council Tax Setting:** An annual General Fund, Housing Revenue Account Budget and Capital programme proposal shall be agreed by the Executive. These should then be submitted to the Council to approve the budget, set the council housing rents and agree the Council Tax for the following year, in the context of the Financial Strategy.
- 6.4.2 **Grant Claims:** The relevant Director must ensure that all claims for funds, including grants, are made by the due date and in the manner prescribed by the funding body. Significant grant claims should be supported by appropriate documentation and checks.
- 6.4.3 **Use of Specific Finances:** The relevant Director must ensure that all resources from donations, grants or partnerships are being used for the purpose for which they are intended.
- 6.4.4 **Fees and Charges:** Fees and charges must be reviewed at least annually to take into account the budget setting principles of the Council's Financial Strategy.
- 6.4.5 **Other Financing Options:** Expenditure which involves any leasing, hire purchasing or rental agreements for more than 1 year must not be incurred without the SCFO's approval.

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Other Points of Reference (underline denotes a hyperlink is available)

[Regulation 9: The Capital Programme](#)

[Regulation 12: Treasury Management](#)

[Regulation 13: Fixed Assets](#)

[Financial Regulations Support Document 12 – Leasing of Assets](#)

[Financial Regulation Support Document 26: Treasury Management Policy](#)

[Financial Regulation Support Document 27: Treasury Management Practices](#)

[Constitution Part 3: Procedure Rules – Chapter 4 – Strategic Plans, Policy and Budget Setting + Chapter 6 – Urgent Decisions](#)