



Budget & 3-Year Forecast Policy

1. Purpose

This policy defines the process for setting the annual budget and maintaining a rolling three-year financial forecast.

2. Scope

This policy applies to all councillors, the Clerk, and any committees or working parties involved in financial planning

3. Budget Timeline

The budget will be prepared between October and January each year, with the precept approved before submission deadlines.

4. Responsibilities

The Clerk/RFO will prepare draft budgets. Full council will review proposals and approve the final budget and precept.

5. Forecasting Approach

The Council will maintain a 3-year rolling forecast to support long-term planning, asset management, and financial sustainability.

6. Budget Preparation

The budget will be based on prior year performance, known commitments, asset maintenance needs, and council priorities.

Year 1 forms the detailed budget. Years 2 and 3 provide indicative projections based on known trends, inflation, and planned projects.

7. Key Assumptions

Forecasts should include assumptions on inflation, staff cost increases, contract changes, and anticipated income levels.

8. Reserves Strategy

The Council will maintain adequate general and earmarked reserves in line with guidance and risk assessment.

Forecasting must consider the use and replenishment of earmarked and general reserves over the 3-year period.

9. Precept Planning

The precept will be calculated as the difference between planned expenditure and expected income.

The forecast will inform future precept levels to avoid significant year-on-year fluctuations.

10. Review and Update

The forecast will be reviewed and updated annually alongside the budget-setting process.

11. Monitoring

Performance against Year 1 budget and longer-term projections will be reported regularly.

Reports will be presented to the council by the internal controller or RFO. All variances will be explained.

Signed: *Keith White*

Date: 20th May 2026