

Finance and Expenditure Governance Report (Aligned to Financial Regulations 2025 – Adopted 25 November 2025)

This report clarifies the legal and regulatory framework governing expenditure by Dartmoor Forest Parish Council and highlights current limitations in authority arising from:

- Absence of the General Power of Competence
- Lack of properly constituted committees
- Restrictions within the Council's Financial Regulations 2025 2.

Dartmoor Forest Parish Council does not hold the General Power of Competence (GPC) and is unable to hold it until at least May 2027.

The rules for dealing with local council finance are set by the Government and are designed to make sure that the council takes no unacceptable risks with public money. Risk management must be a main priority of a local council (along with being a responsible employer), but the good news is that the financial regulations protect your council from potential disaster and your personal liability as a member of the council.

All money that comes into the council (even from sources other than the precept, such as development bonuses and grants) is considered to be public money, and must be administered within the council's financial regulations and within the powers local councils have been granted by law.

The council shares collective responsibility for the fiscal management of public money; because of this, it must ensure that an officer known, in law, as the RFO reports all financial activity as transparently as possible on a regular basis to the council, to avoid the risk of loss, fraud or bad debt, whether through deliberate or careless actions. Robust financial checks and oversight are of immense importance. The broad principles of how a local council deals with public money are set out in its standing orders, but the finer detail, which protects the liability of individual councillors and ensures that the council gets value for money, is set out in the councils' financial regulations. These rules can be frustrating and even counterintuitive for an inexperienced councillor. An example arises when goods needed are available on a website and could be bought by a councillor with a personal credit card, with the cost subsequently claimed back from the council. This is bad practice, because unless the order for goods is placed by the council (clerk or responsible financial officer), the council cannot claim back the VAT

The Council may only incur expenditure where a specific statutory power exists This requirement is reinforced by FR 5.2, which requires the RFO to verify the lawful nature of any proposed purchase and ensure the legal power is reported and recorded in the minutes

Any expenditure without an identified statutory power is unlawful (ultra vires).

Authority to Spend Under Financial Regulations

Under the Financial Regulations: The full Council is the primary decision-making body for expenditure This is reinforced by: FR 5.15 – Council approval required for expenditure over £1,000 FR 6.7 – Payments must be authorised by Council resolution FR 1.6 – Certain key financial decisions cannot be delegated

Where delegation is absent or unclear authority remains with full Council only

Committees – The Council does not currently have properly constituted committees with delegated authority. Under FR 5.15: A committee may only authorise expenditure: If it is “duly delegated” and within an approved delegated budget

Therefore, no committee has legal authority to approve or incur expenditure Any decisions taken by informal or non-constituted groups are invalid under Financial Regulations

Individual Members – No Authority to Spend

Under FR 5.16: “No individual member, or informal group of members may... make any contract on behalf of the council.”

Additionally:

FR 5.15 limits Clerk delegation strictly:

Up to £500 (delegated)

Up to £1,000 (with Chair consultation)

Outside of these provisions no councillor has authority to:

- Commit Council funds
- Enter into contracts
- Authorise expenditure

Any such action is:

Unauthorised

Non-compliant with Financial Regulations and potentially unlawful

Procurement and Spending Controls

Under FR 5 (Procurement) all expenditure must:

Demonstrate value for money (FR 5.1)

Follow quotation/tender thresholds (FR 5.6–5.9)

Be formally authorised before commitment (FR 5.3 & 5.17)

FR 5.17 states: No expenditure may be authorised that exceeds the budget without Council resolution

FR 5.20 requires: Official orders for expenditure over £500 retention of evidence and audit trail

Without proper authorisation procurement processes are invalid

Payment Controls and Financial Safeguards

Under FR 6 (Banking and Payments):

Even where expenditure is approved payments must still be separately authorised (FR 6.2) FR 6.7 requires:

A formal schedule of payments

Council resolution before payment

Proper recording in minutes

This establishes a two-stage control system:

Authorisation of expenditure

Authorisation of payment

Failure at either stage = non-compliance

Role of the Clerk / RFO

Under FR 1.5:

The Clerk (as RFO) administers finances, ensures compliance and maintains financial control systems

However, the Clerk does not have unrestricted spending powers All expenditure must remain:

- Within delegated limits (FR 5.15)
- Within budget
- Properly authorised and recorded

Failure to comply with the Financial Regulations exposes the Council to:

Unlawful expenditure (ultra vires spending) Audit challenge under Accounts and Audit Regulations (FR 3)

Breakdown of internal control systems (FR 2)

Reputational damage and potential liability

Required Actions

- Ensure every item of expenditure cites a statutory power (FR 5.2)
- Restrict spending decisions to full Council unless properly delegated Formally constitute committees with clear Terms of Reference (if required)
- Adhere strictly to procurement thresholds (FR 5.6–5.9)
- Ensure all payments follow formal approval processes (FR 6.7)
- Reinforce that no individual member may incur expenditure (FR 5.16)

Failure to adhere to these requirements places the Council at significant governance and audit risk.

List of Parish Council Legal Powers and Duties

Function	Powers & Duties	Statutory Provisions
Allotments	Power to provide allotments. Duty to provide allotment gardens if demand unsatisfied and if reasonable to do so	Small Holding & Allotments Act 1908, s.23
Baths (public)	Power to provide public swimming baths	Public Health Act 1936, s.221
Boating Pools/Lakes	Provision of boating pools	Public Health Act 1961, s.54
Burial grounds, cemeteries and crematoria	Power to provide, acquire and maintain or contribute towards expenses of cemeteries	Local Government Act 1972, s.214 (6)
Places of public recreation	Power to provide, maintain, encourage the use of facilities & acquire and maintain land for recreation or to provide recreation grounds, public walks, pleasure grounds and open spaces and to manage and control them. Power to provide gymnasiums, playing fields and holiday camps	Public Health Act 1875, s.164 Local Government Act 1972 s14 ss27; Public Health Acts Amendments Acts 1890 s44; Open Spaces Act 1906 ss9 & 10; Local Government (Miscellaneous Provisions) Act 1976 s19; Commons Act 1899
Mortuaries and postmortem rooms	Power to provide & maintain	Public Health Act 1936, s.198
Charities	Duties (various) in respect of parochial charities & Duty to receive accounts of all local parochial charities	Charities Act 2011, ss.298-303 Charities Act 1960 s32
Clocks	Power to provide public clocks	Parish Councils Act 1957, s.2
Closed Churchyards	Powers as to maintenance	Local Government Act 1972 S215
Commons and common pastures	Powers in relation to Enclosure, regulation, management and provision of common pasture	In closure Act 1845; Small Holdings and Allotments Act 1908, s.34
Conference facilities	Power to provide and encourage the use of facilities	Local Government Act 1972, s.144
Community Centres, Village Halls and public buildings	Power to provide and equip buildings for use of clubs having athletic, social or educational objectives & Power to acquire, provide	Local Government (Miscellaneous Provisions) Act 1976 s.19 Local Government Act 1972,
	and furnish community buildings for public meetings and assemblies	s.133

Crime prevention	Power to spend money on crime detection and prevention measures	Local Government and Rating Act 1997, s.31
Employment	Power to employ persons to carry out Council functions	Local Government Act 1972 ss101, 111 & 112
Entertainment and the arts	Provision of entertainment and support of the arts	Local Government Act 1972, s.145
Environment	Power to issue fixed penalty notices for litter, graffiti and offences under dog control orders	Clean Neighbourhoods and Environment Act 2005, s.19, s.30, Part 6
Flyposting & Graffiti	Power to take enforcement action against those that fly post or graffiti	Cleaner Neighbourhoods & Environment Act 2005
Gifts	Power to accept	Local Government Act 1972, s.139
Highways	Power to repair and maintain public footpaths and bridle-ways.	Highways Act 1980, ss.43, 50
Highways	Power to provide parking places for vehicles, bicycles and motor-cycles.	Road Traffic Regulation Act 1984, ss.57, 63
Highways	Power to provide roadside seats	Parish Councils Act 1957, s.1
Highways	Power to provide certain traffic signs and other notices	Road Traffic Regulation Act 1984, s.72
Highways	Power to plant trees and shrubs and to maintain roadside verges	Highways Act 1980, s.96
Honorary titles	Power to admit to be honorary freemen/ freewomen of the council's area persons of distinction and persons who have, in the opinion of the authority, rendered eminent services to that place or area	Local Government Act 1972, s.249
Investments	Power to participate in schemes of collective investment	Trustee Investments Act 1961, s.11
Land	Power to acquire by agreement, to appropriate, to dispose of land and to accept gifts of land	Local Government Act 1972, ss.124, 126, 127, 139
Litter	Provision of bins	Litter Act 1983, ss.5, 6
Lotteries	Powers to run and promote a lottery	Gambling Act 2005, s.252, 258
Markets	Power to establish or acquire by agreement markets within the council's area and provide a market place and market buildings	Food Act 1984, s.50
Neighbourhood planning	Powers to act as lead body for a neighbourhood development plan or a neighbourhood development	Localism Act 2011, Schedule 9; Town and Country Planning Act 1990, ss.61E- 61Q, Schedule 4B; Planning

	order.	and Compulsory Purchase Act 2004, s.38A
Open spaces	Power to acquire and maintain land for open spaces	Open Spaces Act 1906, ss.9 and 10
Parish Documents/Records	Powers to direct as to their custody & provide proper depositories for all the specified papers belonging to the parish	Local Government Act 1972 S226 & S227
Precept	Power to raise money through the precept	Local Government Act 1972 s150
Public Toilets	Power to provide & maintain	Public Health Act 1936, s.87
Publicise Functions	Power to publicise council and local authority functions	Local Government Act 1972 s142
Right to nominate and bid for assets of community value	The right to nominate assets to be added to a list of assets of community value and the right to bid to buy a listed asset when it comes up for sale	Localism Act 2011, ss.87-108
Subscriptions	The right to pay reasonable subscriptions annually or otherwise to any association of local authorities formed to consult upon matters of common interest or relating to local Govt, this applies to NALC membership and SLCC membership.	Local Government Act 1972 s143
Town and Country Planning	Right to be notified of planning applications if right has been requested	Town and Country Planning Act 1990, Sched.1, para.8
Tourism	Power to encourage tourism to the council's area	Local Government Act 1972, s.144
Traffic Calming	Powers to contribute financially to traffic calming schemes	Local Government and Rating Act 1997, s.30
Transport	powers to spend money on community transport schemes and Power to conduct surveys to establish the transport needs of the community, the use of and need for roads and the management and control of traffic	Local Government and Rating Act 1997, s.26-29
Training	Powers to spend on train Councillors and employees	Local Government Act 1972 s175
Water	Power to utilise a well or spring for obtaining water	Public Health Act 1936 S125
War memorials	Power to maintain, repairs, protect and adapt war memorials	War Memorials (Local Authorities Powers) Act 1923, s.1

POWER = Something a Parish Council has a legal power to do so if it chooses

DUTY= Something a Parish Council has a Legal Requirement to do so.