

**TO: MEETING OF STAPELEY & DISTRICT PARISH COUNCIL**

**DATE: 16 OCTOBER 2017**

**SUBJECT: BUDGET PROPOSALS 2018-2019**

## **1 INTRODUCTION**

Members are invited to give initial consideration to the Parish Council's budget proposals for 2018-2019. A further report will be submitted to the November meeting to take account of suggestions made at this meeting. The final document will be submitted to Council at the December 2017 meeting, to enable a precept to be requested from Cheshire East Council by the third Friday in January 2018.

The report is the same format as in previous years and comprises the following information:

Paragraph 2	Decisions required by the Parish Council.
Paragraph 3	A reminder of the budgeting approach.
Paragraph 4	Narrative to accompany the detailed proposals.
Appendix (separate document)	Budget Monitoring to 30 Sept 2017 and Detailed budget proposals.

## **2 DECISIONS REQUIRED**

At the December meeting, the Parish Council will be asked to RESOLVE -

- (a) That a budget of (to be agreed at the meeting) be approved;
- (b) That the Clerk be authorised to request a precept of (to be agreed at the meeting) from Cheshire East Council; and
- (c) That the Clerk's salary be increased to (to be notified at the meeting) with effect from 1 April 2018 in line with the pay scales published by the National Association of Local Councils. [Note: the NALC pay scales effective from 1 April 2018 have not yet been published.]

## **3 BUDGETING APPROACH**

Good governance, accountability and transparency are essential to local councils and a cornerstone of the government's approach to improving public services. Those who are responsible for spending public money are accountable for ensuring that it is conducted in accordance with the law and proper practices. The style of Annual Return changed in 2015-2016 to emphasise to local councils their duty in confirming that the accountability framework is satisfactory. The preparation of an annual budget is one of the key statutory tasks to be undertaken by a Parish Council, irrespective of its size. The budget has three main purposes:

- 1) It results in the Council setting the precept for the year (ie the money which it requests from the Borough Council to fund the shortfall between its own funds held and the budget proposals for the forward year).
- 2) Subject to the Financial Regulations, it gives the Clerk overall authority to make spending commitments in accordance with the plans approved by Members.
- 3) It provides a basis for monitoring progress during the year by comparing actual spending against planned spending.

The importance of the budget should not be under-estimated. It is essential that Members understand how it is put together and how it should be used in the operation of the Council.

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**Members have a duty to ensure that the budget proposals for the forward year are appropriate and are encouraged to question them.** At its simplest, the budget compares what the Council would like to spend in the forthcoming year on local services and projects, with the amount of income which it expects to generate, with the excess of planned spending over income being made up, mainly by the precept, but also from income from the Community Hall.

Receipts from hire of the community hall has become a steady income-stream and has been factored into the proposals.

### Review of the current year budget and spending

Most Parish Councils start their process by examining the current year figures with three main purposes:

- 1) To identify activities which are being carried out this year and will also be carried out in the next year and therefore, need to be budgeted for again.
- 2) To identify items such as projects or schemes which are occurring in the current year but will not occur in the forward year and there is, therefore, no need for a budget.
- 3) To identify items, such as new schemes, which are not an activity in the current year but should be added for next year's budget.

All of the above is 'incremental budgeting' as it builds on the decisions which the Parish Council has taken in the past. Although zero-based budgeting is a 'clean sheet' approach and is not constrained by what has happened in previous years, the incremental approach is more practical. Members are, nevertheless, encouraged to question more closely each item of expenditure. **Every item of expenditure must be considered and justified, and there must be a reasonable prospect of each item coming to fruition during the financial year, to avoid criticism by the auditor and to demonstrate to the electorate that the Parish Council is a prudent manager of public money.** Each year, the Clerk, on behalf of the Council is required to provide a detailed variance schedule which shows the difference in spend between two financial years and the reasons for any significant differences. Both over-spend and under-spend represent poor budgeting.

Members should also consider carefully what additional items ought to be included to avoid spending on un-budgeted items during the year. This is not good governance and should be avoided.

## 4) BUDGET PROPOSALS – 2018-2019

4.1 The enclosed schedule comprises:

Column 1	Budget for 2017-2018;
Column 2	Expenditure to 30 September 2017;
Column 3	Revised estimates to 31 March 2018 (this represents additional spending between 1 October 2017 and 31 March 2018, rather than the cumulative for the whole year);
Column 4	Draft budget for 2018-2019.

The enclosed budget proposals amount to £52,400 (rounded) at present, but this does not include costs for the proposed up-grade of the street lighting. This will be available at the December meeting. As this is an initial budget only, it also does not take into account any new projects which the Council may wish to suggest. For this reason, the calculation of the precept requirement has not yet been included.

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As most expenditure by local councils is from the provision of statutory services (rather than discretionary), a change in precept level signals to the electors that there might have been a change in service provision. It is important, therefore, for the Parish Council to be able to justify this change in precept.

For information, precepts requested in previous years (including the current year) are as follows:

2015-2016	£18,000
2016-2017	£49,000
2017-2018	£17,000

The Council Tax base for 2017-2018 was 1,560.80 but for 2018-2019 has not yet been notified by Cheshire East Council. For each £10,000 of precept, this equates to an additional £6.40 Council Tax for a Band D property.

### **4.2 Clerk's Salary**

Members are reminded that the Clerk's salary which should be reviewed annually, is based on the contracted hours of 15 per week.

New salary rates came into effect on 1 April 2017 for the period to 31 March 2018. The rates have yet to be notified by the National Association of Local Councils, but guidance, if not national agreement, is expected to be available at the December meeting.

Carol Jones  
Clerk  
8 October 2017