

TO: MEETING OF STAPELEY & DISTRICT PARISH COUNCIL

DATE: 20 NOVEMBER 2017

SUBJECT: BUDGET PROPOSALS 2018-2019 (SECOND REPORT)

1 INTRODUCTION

At its meeting on 16 October 2017, Members gave initial consideration to the Parish Council's budget proposals for 2018-2019. No amendments were made at that time.

This is the second report and Members are asked to agree the budget as far as possible, so that only minor revisions will be required at the December 2017 meeting.

The precept request to Cheshire East Council is required 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.
Appendices (separate document)	Budget Monitoring to 30 Sept 2017 and Detailed budget proposals. Copy of Receipts & Payments statement to 30 September 2017 as submitted to the October meeting.

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 £12,102.00 with effect from 1 April 2018 in line with the Clerk's contract of employment and pay scales published by the National Association of Local Councils.

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.

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 have become a steady income-stream and have 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.** Members should also consider carefully what additional items ought to be included to avoid spending on un-budgeted items during the year.

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.

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 £57,000 (rounded) at present, but this does not include costs for the proposed up-grade of the street lighting. This is expected to be available at the November meeting, but at the latest, the December meeting. As this is an initial budget only, it

includes some minor items recently suggested by Members, but there may be other projects which the Council may wish to suggest.

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.

Attention is drawn to the following:

Line 1	Clerk's salary	See paragraph 4.2 below.
Lines 24-26	Neighbourhood Plan	No budget provision has yet been made for 2018-2019.
Line 33	Youth Initiative	<p>A sum of £5,000 has been added to the budget each year for the last three financial years and there has been no evidence of intent to spend this money.</p> <p>PC Sarah Marson and PCSO Nick Jarvis were asked for suggestions to enable this to be spent before 31 March 2018, but no suggestions have been forthcoming.</p> <p>The Clerk's advice remains that this should not be included in the budget for 2018-2019.</p>
Line 49	Street Lighting	<p>The Clerk accompanied a Cheshire East Highways engineer on a survey of the street lighting in the parish.</p> <p>At the time of publication of this report, the estimate for upgrading has not been received, but is expected to be available for the meeting.</p>

Exclusion of Press and Public

The Council is asked to exclude the press and public during discussion of item 4.2 below on the basis that this relates to the personal details of the Clerk's employment by virtue of Paragraph 1(2) of the Public Bodies (Admission to Meetings Act) 1960

4.2 Clerk's Salary

Details of this item have been withdrawn from public circulation and deposit as they refer to the employment of the Clerk, and the subject matter is not appropriate for public discussion.