

TO: MEETING OF STAPELEY & DISTRICT PARISH COUNCIL

DATE: 17 DECEMBER 2018

SUBJECT: BUDGET PROPOSALS 2019-2020 (SECOND REPORT)

1 INTRODUCTION

Members are invited to consider consideration to the Parish Council's budget proposals for 2019-2020. This is the second and final report and the Council is asked to approve a budget to enable, to enable a precept to be requested from Cheshire East Council by 11 January 2019.

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 2018 and detailed budget proposals.

2 DECISIONS REQUIRED

The Parish Council is 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 £12,979.00 with effect from 1 April 2019 in line with her contract of employment and the pay scales agreed by the National Association of Local Councils. (See paragraph 4.2 and attachment.)

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 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 2018-2019;
Column 2	Expenditure to 30 September 2018;
Column 3	Revised estimates to 31 March 2019 (this represents additional spending between 1 October 2018 and 31 March 2019, rather than the cumulative figure for the whole year);
Column 4	Draft budget for 2019-2020.

The enclosed budget proposals amount to £60,100 (rounded down) and this would require a precept of £20,900 (or £21,000 rounded up).

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.

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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
2018-2019	£30,200

The Council Tax base for 2018-2019 was 1,620.52 but for 2019-2020 is likely to be 1,639.38 (to be confirmed at full Council (CEC) on 13 December 2018). A precept of £21,000 would be an additional £12.80 for each 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.

In accordance with her contract of employment, the Clerk's salary should be increased by one spinal column point each year, to a maximum of four points, to reflect the fact that she is a qualified Clerk, having gained the Certificate in Local Council Administration. The first point added to her salary to reflect this was in 2017-2018. This increase would be the third point.

New salary rates came into effect on 1 April 2018 for the year 2018-2019 but were not notified in time for this to be implemented on 1 April 2018. The salary scales which applied in 2018-19 were those published for the period 2016-2018. New pay scales for 2019-2020 are to be implemented from 1 April 2019 and notification from the National Association of Local Councils has recently been received. (copy enclosed)

Carol Jones
Clerk to the Council
12 December 2018