

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

**DATE: 21 DECEMBER 2020**

**SUBJECT: BUDGET PROPOSALS 2021-2022 (SECOND REPORT)**

## **1 INTRODUCTION**

This is the second report to the Council. Members are invited to consider the draft budget proposals for 2021-2022.

This report draws attention to the position in respect of reserves (paragraph 5). Members may also wish to refer to the report which was submitted to the meeting held on 16 November 2020. A further copy can be provided on request.

## **2 DECISIONS REQUIRED**

The Parish Council is asked to agree its budget, or, alternatively, defer a decision to the meeting to be held on 18 January 2021.

The decisions at that time will be to RESOLVE -

- (a) That a budget of (to be agreed) be approved;
- (b) That the Clerk be authorised to request a precept of (to be agreed) from Cheshire East Council; and
- (c) That the Clerk's salary be increased to £13,695 with effect from 1 April 2021 in line with her contract of employment and the pay scales agreed by the National Joint Council for Local Government Services.

## **3 PRECEPT**

At its meeting held on 16 December 2020, Cheshire East Council approved the 2021-22 tax base for Stapeley and District as 1,716.04. The effect on a Band D property is calculated by dividing the precept requirement by the tax base. The draft budget proposals require a precept of £32,880 and this would result in additional Council Tax of £19.16 per Band D property.

The precept in 2020-2021 was £45,000 and the additional Council Tax on a Band D property was £25.95.

## **4 REVISED BUDGET**

At the meeting held on 16 November 2020, the Parish Council made a number of suggested amendments, and these have been incorporated into the revised document attached as a separate schedule. The yellow highlighted cells are where changes have been made since the November meeting. Some of these reflect changes suggested by Members, but others have been included by the Clerk to address the likely reserves position at the end of the financial year (31 March 2021).

## **5 RESERVES**

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. There is no specified minimum level of reserves which should be held. It is the responsibility of the Responsible Financial Officer to advise the Council about the level of

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reserves and to ensure that there are procedures for their establishment and use. However, as a broad guide, this should be set at a level which will allow the Council to operate for a period of between three and twelve months. The rationale is not explained, but it is assumed that this is to cover a situation where payment of the precept may be delayed.

At the end of each financial year, the balance available on 1 April is automatically transferred to reserves, and these can be general or earmarked. Where the general reserves are significantly higher than the annual precept, a full explanation needs to be provided to the auditor (Internal and External).

Authorities have no legal power to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes. Whenever an authority's year-end general reserve is significantly higher than the precept, an explanation must be provided to the auditor.

The budget proposals as discussed on 16 November 2020 indicated that the general reserves (i.e. the balance available on 1 April 2021) would be £74,115, and the precept requirement was only £13,305.

This is how it would appear on the Annual Governance and Accountability Return (AGAR). The balances carried forward from 2019-2020 were £44,047 and the precept was £23,000, but the Auditor did not make any adverse comments on this.

	2019-20	2020-21	
Box 1 (Opening balance)	56,786	44,047	Total balances and reserves at the beginning of the year to agree with Box 7 of previous year.
Box 2 (Precept)	23,000	45,000	
Box 7 (Balance carried forward)	44,047	74,115	Total balances at the end of the year.

This would mean that the reserves carried forward would be difficult to justify to the Auditor.

In view of this, the Clerk has moved several budget lines into 'earmarked reserves' to allow the reserves on 1 April 2021 to be significantly reduced. This is not an artificial means of avoiding criticism by the auditor, as the items moved relate to budget provision in the current financial year but are unlikely to be spent by 31 March 2021. It would be acceptable to carry them forward as earmarked reserves, but the Council would need to make a specific resolution if any items are to be treated in this way. These are –

Line 38	Now line 47	Larger planters outside Community Hall	£3,000
Line 39	Now line 48	Seat at Bishop's Wood near to bus stop, and additional seat on Peter de Stapleigh Way	£2,000
Line 43	Now line 49	Conservation Project at Victorian Orchard	£5,000
Line 44	Now line 49	Pond adjacent Clarendon Court	£5,000

This represents £15,000 which was planned to be spent in 2020-2021 but owing to the pandemic, no progress could be made. During the year, the Parish Council also received a discretionary grant of £10,000 from Cheshire East Council and as this had not been factored into the budget proposals for 2020-2021, this also has an impact on the accounts as it will form part of the reserves at the end of the financial year.

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The following shows how the boxes on the AGAR would appear if these adjustments are made.

	2019-20	2020-21	
Box 1 (Opening balance)	56,786	44,047	Total balances and reserves at the beginning of the year to agree with Box 7 of previous year.
Box 2 (Precept)	23,000	45,000	
Box 7 (Balance carried forward)	44,047	44,440	Total balances and reserves.

### 6 PARISH COUNCIL DECISION

The Parish Council is asked to consider the draft budget proposals, particularly in respect of the reserves position and make the decisions as recommended in paragraph 2 (as follows) or defer making a decision until the meeting to be held in January 2021.

- (a) That a budget of (to be agreed) be approved;
- (b) That the Clerk be authorised to request a precept of (to be agreed) from Cheshire East Council; and
- (c) That the Clerk's salary be increased to £13,695 with effect from 1 April 2021 in line with her contract of employment and the pay scales agreed by the National Joint Council for Local Government Services.

Carol Jones  
Clerk  
19 December 2020