

**TO: MEETING OF STAPELEY & DISTRICT PARISH COUNCIL
FINANCE & GRANTS COMMITTEE**

DATE: 30 NOVEMBER 2015

SUBJECT: BUDGET PROPOSALS 2016-2017

1 INTRODUCTION

Members are invited to give initial consideration to the Parish Council's budget proposals for 2016-2017 with a view to making a recommendation to the Parish Council on 14 December 2015. The deadline for precept requests to be submitted to Cheshire East Council is 15 January 2016 which is prior to the January meeting. For this reason, the budget must be agreed at the December meeting.

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

Paragraph 2	Decisions required by the Parish Council based on the Committee's recommendations.
Paragraph 3	A reminder of the budgeting approach.
Paragraph 4	Narrative to accompany the detailed proposals.
Appendix (separate document)	Detailed budget proposals.

2 DECISIONS REQUIRED

The Committee is asked to recommend that the Parish Council RESOLVES –

- (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 agreed at the meeting).

3 BUDGETING APPROACH

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.

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Although the Council receives income from the community hall, this is not generally factored in as a reliable source of income as regular users are not contracted to hire the hall, but hire for as long as it is convenient and financially viable for them.

As at 30 September 2015, a sum of £2,000+ had been received for hire of the hall. It is a matter for Members to decide if a sum of £4,000 should be included in the budget proposals for 2016-2017 as an anticipated source of income. If this sum is not reached, any deficit could be funded in part by the unallocated reserves.

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 (ZBB) 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. Although this year, it has been possible to transfer funds from one head of expenditure to another and to transfer projects from 2015-2016 to 2016-2017, this is not good governance and should be avoided.

It should be noted that the Council Tax support grant (£88 in 2015-2016) paid by Cheshire East Council, ceases with effect from 31 March 2016.

4) BUDGET PROPOSALS – 2016-2017

4.1 The enclosed schedule comprises:

Column 1	Expenditure in the previous financial year.
Column 2	Budget for 2015-2016;
Column 3	Expenditure to 30 September 2015;
Column 4	Revised estimates to 31 March 2016;
Column 5	Draft budget for 2016-2017.

The Clerk has made the following adjustments in the current year which contributes to an expected balance on 1 April 2016 of **£23,750.**

Grants (above line 19)	£1,600	This sum is unlikely to be spent during the remainder of the financial year and has been deleted.
Line 47 – Shelter	£5,000	This has been deleted from the current financial year. No attempts have yet been made to source quotations. It is for Members to decide if it should be added into the budget proposals for 2016-2017.

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Line 65 – Perimeter Fencing: Community Hall	£8,000	At its meeting held on 16 November 2015, the Parish Council revised its previous decision in respect of perimeter fencing. The consequence is that the sum of £8,000 is unlikely to be spent in the current financial year and can be transferred to 2016-2017.
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Attention is drawn to the following:

Line 1a Pension Scheme

The Parish Council might need to make provision for a pension scheme for the Clerk for the three months from 1 January 2017 (staging date) to 31 March 2017.

The salary for the Clerk is less than £486 per week and this means that an employee has a right to join a pension scheme, which must be provided by the Council, but the Council is not required to pay contributions. However, if the Council decides it wishes to pay contributions, this would be a 1% contribution and would amount to £30+ for the period to 31 March 2017. The effect on the budget for 2016-2017 is negligible, but it might be helpful to include this as a line in the budget to remind the Parish Council of its obligations.

Line 7	Newsletter printing	This assumes that the Parish Council will re-introduce the general newsletters when the Neighbourhood Plan process is completed.
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Line 26	Community Hall – hire for Parish Council meetings	Although Members were keen to demonstrate to the community that the Parish Council would also ‘pay’ for the hire of the community hall, the Internal Auditor recommended that this be removed from the accounts as it was a ‘paper-exercise’ only.
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Line 27	Hire of Broad Lane Methodist Chapel for meetings	This is to allow NP Steering Group meetings to continue to be held for as long as is necessary, but will also allow the Parish Council itself to hold meetings, if required, at the Chapel.
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Line 28	Purchase of AED	The Council included a sum of £1,500 for the purchase of two AEDs. Only one was purchased during the current financial year (£1,660). The Co-operative Store agreed that this could be affixed to its outside wall and the Parish Council proceeded with the purchase. Subsequently, the Co-operative Store reviewed its earlier agreement and has now decided that it cannot proceed with this arrangement.
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The AED is currently stored at the Clerk’s home. The Clerk has written to the Cronkinon Farm Public House to ask if the landlord would be willing to house the AED.

Line 29	Notice-board	The notice-board currently located on the wall of the Co-operative Store is neglected and it is suggested that it be replaced. Although the current notice-board was sponsored by the Co-op, the store has indicated that it has no funding to replace the board.
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This is now the only Parish Council notice-board. The board formerly on the wall at Stapeley Broad Lane Academy has been removed to make place for the notice-board made by a local resident. The new board is currently stored at Councillor Davenport’s home.

Lines 30- 42 Neighbourhood Planning

Members will recall that the NP Steering Group was seeking additional funding from CEC (through Borough Councillor Peter Groves) to assist with funding for the Neighbourhood Plan. If such a grant has been agreed, this can be reported at the meeting and will impact the carry-forward figure on 31 March 2016.

The timetable for the Neighbourhood Plan has slipped. It was originally planned for completion in September 2015 but will now run into the new financial year. The Steering Group was asked to submit any requests for funding to enable these to be factored into the budget proposals. None have been received. In the meantime, the Clerk has added the following:

- General unspecified allocation £3,000
- Line 32 (High-quality finished plan) £2,000
- Line 37 (Specialist support)
Re-allocation of funding: £750 in 2015-2016 and £3,000 in 2016-2017.

There has been an over-spend during the year on items for which there was no budget allocation, most notably in respect of the Neighbourhood Plan.

Line 35 – £7,750 Housing Needs Assessment;
Line 36 – £750 Ecological survey.

These over-spends are offset in the context of the overall budget by underspends elsewhere.

Groundwork UK

A sum of £7,850 was made as a grant by Groundwork UK to fund the Neighbourhood Plan process. The grant was made on the understanding that it would be used to fund prospective items and could not be used for anything for which funding had already been allocated, or for parts of the project which had already taken place. The funding was also only available for six months or the end of the financial year, whichever was the earliest. The date on which the funding ceases is 14 December 2015.

At the Parish Council meeting on 16 November 2015, there was a suggestion by some Members that part of the unspent funds could be retained by seeking advance invoices for work not yet carried out and which could not be completed within the timeframe. The Clerk advised that this would not be acceptable. The grant was made on the clear understanding that it was for work which had been carried out during the period from the date of the award of the grant to the end of the 6-months as follows:

- Planning consultant (10 days) £3,750.00
- Broad Lane Methodist Chapel (10 meetings) £200.00
- Three x special edition newsletters £1,500.00
- Printing of Final Plan (£1,900 plus £500 design) £2,400.00

TOTAL **£7,850.00**

The funding which has already been spent, or can be spent before 14 December 2015 is as follows:

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- Broad Lane Methodist Chapel (5 x £20 per meeting) £100.00

Meeting dates and venues:

28 July	Broad Lane Methodist Chapel (BLMC)
10 August	Community Hall
3 September	BLMC
9 September	BLMC
24 September	BLMC
21 October	Brine Leas School
12 November	BLMC
23 November	Stapeley House

- Special edition newsletter (printing and distribution) £393.00
- Planning consultant (estimated half-day to 14 Dec 2015) £188.00

TOTAL **£681.00**

This leaves a balance of £7,170 to be returned to Groundwork UK.

Funding for Andrew Thomson, the Planning Consultant, was provided by Cheshire East Council through Cheshire Community Action. At the time that application for the grant was made, funding for Mr Thomson had not been exhausted and at the time of writing this report, it has not yet been exhausted.

If so minded, the Parish Council can make an additional application to Groundwork UK for funding in 2016-2017. The timing is crucial and application should not be made until the Parish Council is certain that it will be able to spend the funds within the allotted timeframe.

Line 37	Specialist support for Neighbourhood Plan: £3,750	<p>This was not included in the budget for 2015-2016 and was only added at the time that application for funding was made to Groundwork UK.</p> <p>The sum of £3,750 has been retained but has been split across two years, so that £750 can be spent up to 31 March 2016 and a further £3,000 is allocated in 2016-2017. It will be for Members to decide if this is an over-estimation given that the Neighbourhood Plan has now reached the 'skeleton' Draft Plan stage.</p> <p>£3,000 roughly equates to 8 days of time, which in turn is for attendance at 16 NPSG meetings. To date, the NPSG has held a total of 20 meetings throughout the year and it is suggested that it is not realistic to expect that another 16 meetings will be required before the Plan is completed.</p>
Lines 50 and 51	Gas supply; and Water supply	<p>No invoices have yet been received for the gas supply; however, invoices continue to be received from United Utilities for the water supply, but most of these pre-date the Parish Council's occupation of the hall.</p> <p>The Clerk has contacted United Utilities and Cheshire East Council's Assets Team on three occasions but has not received a response from either.</p>
Line 63	Industrial sized waste bin	<p>This has been deleted from both the current year and the forward year. It is suggested that the matter be reviewed at a time when the perimeter fencing project is complete.</p>

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The budget proposals shown on the appendix amount to **£58,300** requiring a precept of **£34,500**.

The tax base is likely to be 1,428.05. 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. The Parish Council needs to be able to justify any changes in precept, whether increase or decrease.

Precepts requested in previous years are as follows:

2013-2014	£28,500
2014-2015	£35,000
2015-2016	£18,000

The effect of a precept of £34,500 on the various tax bands is given below. Band D is the benchmark:

	£
Band A (6/9 th of the Band D figure)	16.11
Band B (7/9 th)	18.79
Band C (8/9 th)	21.47
Band D	24.16
Band E (11/9 th)	29.53
Band F (13/9 th)	34.90
Band G (15/9 th)	40.26
Band H (18/9 th)	48.32

4.2 Clerk's Salary

(The Clerk will withdraw from the meeting whilst this matter is discussed.)

The Clerk's salary should be reviewed annually. The Clerk is currently on Spinal Column Point 31 (annual salary of £10,996) and the Committee is invited to consider appointing her to Spinal Column 32 with effect from 1 April 2016, calculations for which are as follows and represent an increase of £324 per annum.

Spinal Column 32 is a full-time annual salary of £27,924.00.

£27,924 ÷ 52	=	£537.00 per week
£537.00 per week ÷ 37 (standard working week)	=	£14.51 per hour
£14.51 x 15 (contracted hours)	=	£217.70 per week
£217.70 x 52 weeks (to arrive at annual salary)	=	<u>£11,320.00</u>

Carol Jones
Clerk
22 November 2015