

TO: MEETING OF STAPELEY & DISTRICT PARISH COUNCIL

DATE: 10 NOVEMBER 2016

SUBJECT: BUDGET PROPOSALS 2017-2018

1 INTRODUCTION

Members are invited to give initial consideration to the Parish Council's budget proposals for 2017-2018. A further report will be submitted to the December 2016 meeting, amended to take into account suggestions made at this meeting to enable the Council to finalise its proposals.

The deadline for precept requests to be submitted to Cheshire East Council has not yet been notified but is usually the third Friday in January.

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

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

- (a) That a budget of (to be agreed at the December meeting) be approved;
- (b) That the Clerk be authorised to request a precept of (to be agreed at the December meeting) from Cheshire East Council; and
- (c) That the Clerk's salary be increased to £11,435 with effect from 1 April 2017 in line with the 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**

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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.

As at 30 September 2016, a sum of £4,750+ had been received for hire of the hall. It is a matter for Members to decide if a sum of, say, £5,000 should be included in the budget proposals for 2017-2018 as an anticipated source of income.

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. This is not good governance and should be avoided.

It should be noted that the Council Tax support grant will no longer be provided by Cheshire East Council.

4) BUDGET PROPOSALS – 2016-2017

4.1 The enclosed schedule comprises:

Column 1	Budget for 2016-2017;
Column 2	Expenditure to 30 September 2016;
Column 3	Revised estimates to 31 March 2017 (this represents additional spending rather than the cumulative for the whole year);
Column 4	Draft budget for 2017-2018.

The enclosed budget proposals amount to £50,260, but this is an initial budget only and does not take into account any new projects which the Council may wish to suggest. The budget will require a precept of only £17,000 which is significantly lower than the current financial year (£49,000). 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. When the accounts for 2016-2017 are audited, the Clerk will provide a variances explanation to show where there has been a significant increase or decrease in expenditure.

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

2014-2015	£35,000
2015-2016	£18,000
2016-2017	£49,000

The tax base has not yet been set and the effect on Band D properties cannot be calculated at this time, but will be available for the December meeting.

4.2 Budget Proposals

Members' attention is drawn to the following items:

Line 7	Newsletter Printing	
		<p>The sum of £1,000 is included each year on the basis of four newsletters a year. Only three have been issued in the current financial year, with the last one being reduced to a two-sided A4 document.</p> <p>Members might wish to consider ceasing the delivery of newsletters to each household, and provide an on-line version only. For those residents who do not have access to the Internet, copies can be made available for them on request.</p> <p>It is suggested that if this approach were to be adopted, Johnsons should continue to design the newsletter.</p> <p>The new parish notice-board is to be installed week commencing 14 November and once in place would provide an opportunity to inform residents of this change. The newsletter itself could be displayed in the notice-board.</p>
Line 16	Grants	No application for grants was made during the year and this needs to be promoted more. Again, with the new notice-board, the availability of grants can be published.
Lines 27-29	Neighbourhood Plan	Is there a need for any further funding?
Line 31	Speed Watch	A quotation from TWM is awaited, for the provision of an additional unit to be located on Broad Lane.
Line 35	Shelter	As this matter has now been put on hold in view of the vandalism at the community hall, Members will wish to consider if this should be reinstated for 2017-2018.
Line 36	Website contract	The contract for the website is due for renewal in June 2017 and the Parish Council will be invited to consider this in April.
Line 47	Ring-fenced funds for future maintenance of the community hall	<p>A sum of £5,000 is showing in revised estimates to 31 March 2017. Carry-forward of funding is not permitted; however, as this is ring-fenced funding and is being allowed in the revised estimates, it will, in fact, be a sum available in the Parish Councils accounts.</p> <p>The £5,000 indicated for 2017-2018 is intended to build on this so that the Council has sufficient funding for continued maintenance.</p> <p>As this is a Cheshire East Council building, the Parish Council has limited responsibility.</p>

4.3 Clerk's Salary

This is an allocation only at this stage; the Clerk will withdraw from the meeting in December whilst this matter is discussed.

Members are reminded that the Clerk's salary which should be reviewed annually, is based on the contracted hours of 15 per week. In 2016-2017, an additional paragraph was added to the resolution at the request of Members, viz *In agreeing to this increase, it was noted that this was to reflect additional work being carried out in respect of the Neighbourhood Plan.*

The argument put forward for this was to enable the Parish Council to be able justify the increased salary to the electorate. The Parish Council's justification for paying its Clerk appropriately is that there is a contract of employment in place and pay scales are agreed nationally by the National Association of Local Councils. Moreover, the Clerk's contract of employment allows for the payment of overtime for any additional hours worked. If additional work begins to feature regularly, the Clerk has the opportunity to present a case to the Parish Council for increasing the contracted hours.

New salary rates come into effect on 1 April 2017. The Clerk is on Spinal Column 32, which at present is a full-time annual salary of £27,924. With effect from 1 April 2017, this rises to £28,203, and the calculations for the Clerk's part-time role are as follows:

£28,203 ÷ 52	=	£542.36 per week
£542.36 per week ÷ 37 (standard working week)	=	£14.65 per hour
£14.65 x 15 (contracted hours)	=	£219.87 per week
£219.87 x 52 weeks (rounded to arrive at annual salary)	=	<u>£11,435.00</u>

Carol Jones
Clerk
7 November 2016