

TO: MEETING OF STAPELEY & DISTRICT PARISH COUNCIL
DATE: 15 NOVEMBER 2021
SUBJECT: BUDGET PROPOSALS 2021-2022 (FIRST REPORT)

1 INTRODUCTION

At its meeting held on 25 October 2021, a budget monitoring report and draft budget schedule was submitted; however, this is the first report which provides the statutory background and a revised draft budget based on discussions on 25 October 2021.

2 DECISIONS REQUIRED

There are no decisions required at this meeting, but at its meeting on 20 December 2021, the decisions required are as follows:

The Council will be asked 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 approved at (to be agreed) with effect from 1 April 2022 in line with her contract of employment and the pay scales agreed by the National Joint Council for Local Government Services.

3 PRECEPT / BAND D EFFECT

The tax base for 2022/23 is expected to be fixed by Cheshire East Council at its meeting on 15 December 2021. For the Parish Council this is likely to be 1,728.31, compared with the current tax base of 1,716.04.

The effect on a Band D property is calculated by dividing the precept requirement by the tax base. The current Council Tax represents £19.16 on a Band D property. If there was no change to the budget, the effect on Band D would reduce to £19.02 as an adjustment factor of 99% is already included to calculate the tax base figure which allows for potential losses on collection.

Payments of precepts to town and parish councils are in accordance with the requirements of the Local Government Finance Act 1992; therefore, 50% of the precept will be paid during April and the remaining 50% in September.

The precept requirement as identified on the enclosed schedule, is £14,170.00 but this may be revised before the December 2021 meeting. The effect on a Band D property would, therefore, be £8.24.

4 REVISED BUDGET

At the meeting held on 25 October 2021, 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 that meeting; some of the changes are those recommended by Members and others have been changed by the Clerk for various reasons.

The Clerk has amended the draft budget to reflect the net figures as far as possible, rather than gross, which was on the schedule submitted to the October meeting. In previous years, this has been gross as the VAT reclaims have not always been made in a timely manner; however, the Clerk expects to be able to submit the VAT reclaim for 2020-21 and a partial claim for 2021-22 before the end of December 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 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.

This report will be updated for the December meeting to show how the figures would appear on the Annual Governance and Accountability Return (AGAR).

5 CLERK'S SALARY

The guidance from the National Association of Local Councils has not yet been published. The figure of £14,080 on the schedule represents an increase of £385 per annum.

Carol Jones
Clerk
10 November 2021