



AUDLEM PARISH COUNCIL
Clerk: Belen Lopez Bloor
1 St Chads Way, Norton in Hales
Market Drayton, Shropshire TF9 4AW
Telephone: 07432 332857
e-mail: audlemc@gmail.com

AUDLEM PARISH COUNCIL BUDGET REPORT

1. INTRODUCTION

The Parish Council is invited to consider budget proposals for 2020-2021.

In accordance with section 25 of the Local Government Act 2003, this report provides members with information concerning the current financial situation, the recommended budget and adequacy of balances and reserves, to meet the financial requirements of the next financial year.

Cheshire East Council will require precept requests by **17th January 2020**.

Documents that accompany this report are:

- Current financial spreadsheet;
- Draft budget proposals for 2020-2021.

2. DECISIONS REQUIRED

At the meeting on Monday 6th January 2020, the Parish Council will be asked to RESOLVE –

- (a) That the 2020-2021 budget be approved; and
- (b) That the Clerk be authorised to request a precept of £52,152 from Cheshire East Council, the same level of precept as 2019/20; and
- (c) That budgeted cash balances be allocated to contingency funds or future expenditure as detailed in section 6 of this report; and
- (d) That the public conveniences reserve set at March 2019 is reduced in March 2020.

3. BUDGETING APPROACH

The preparation of an annual budget is one of the key statutory tasks to be undertaken by a Parish Council and has three main purposes:

- It results in the Council setting the precept for the year (i.e. the amount which it requests from the Borough Council to fund the shortfall between its available funds on the 1 April 2020 and the amount required to fund the budget proposals for the forward year).
- Subject to the Financial Regulations, it gives the Clerk overall authority to make spending commitments in accordance with the plans approved by Members;
- and it provides a basis for monitoring progress during the year by comparing actual spending against planned spending.

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 by the precept. Councillors should not strive to keep the precept at the same level, but rather understand what residents want and facilitate this through precept funding. Further, the budget identifies funds that are required for future projects and the availability of these funds.

4. REVIEW OF CURRENT FINANCIAL YEAR (2019/20) & PREVIOUS PRECEPT LEVELS

The category of expenditure classed as "committed spend" is regarded as "core" expenditure which is expenditure which cannot usually be avoided and therefore will occur. This is expected to be £48,326 for the

2019/20 year. Total discretionary expenditure is expected to be £5,351 and total income is expected to be £86,924 at year end. The projected bank balance at 31 March 2020 from these cash flows is £144,058.

The total income figure of £86,924 includes unexpected income received of £29,075 in respect of the Community Infrastructure Levy which was adopted by Cheshire East in March 2019. This arose from changes in the planning application made by Anwyl Homes. Cheshire East Council has not been able to give any guidance as to what future sums may be receivable. It is assumed that there none will be received during 2020/21.

Listed below are the precept requests for the last five years.

Year	Precept	Taxbase	Band D
2015/16	£37,529	875.73	£42.85
2016/17	£38,280	893.72	£42.83
2017/18	£38,280	898.43	£42.61
2018/19	£39,539	927.98	£42.61
2019/20	£50,000*	950.92	£52.58

* Turnpike Field was purchased in 2018 and the precept was raised considerably to repay the Public Works Loan Board loan of £250,000.

5. BUDGET FINANCIAL YEAR 2020/21

The “committed spend” figure budgeted for 2020/21 is £51,278. Discretionary expenditure is budgeted at £19,500 and expenditure on asset renewal is budgeted at £9000 (see details in respect of these below).

The main source of income is the proposed precept of £52,152. It has been assumed that the amount for 2020/21 will increase due to the new developments in the village but there is no inflation increase. In November Cheshire East Council gave an indication that our taxbase for 2020/21 was likely to be 991.86 but they have since advised there will be a slight increase in our taxbase to 996.63. This figure will be confirmed after approval at the Cheshire East Council meeting held on 19th December.

Other income is relatively small and has been budgeted in line with the income expected for the current financial year. This other income of £6,340 comprises the Parish Compact, £3,600 from other income (in line with other income of a similar amount received in the 2019/20 year), £600 rent from Longhill Moss, £530 for projected bank interest, and projected monies from the honesty box in the public conveniences.

Many items have been budgeted in line with this year’s expenditure plus an increase of 3% to allow for inflation but also where relevant adjusted for known factors that are likely to impact the numbers.

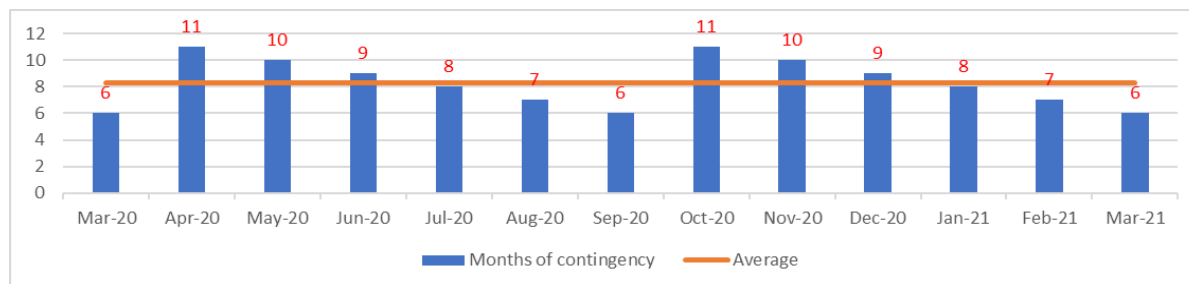
The key items are as follows:

- Salary costs have been increased to £13,000 to account for the employment of a new Assistant Parish Clerk and associated employer pension and national insurance costs. Provision of the Clerk’s salary has also increased due to a salary review as there will be a national incremental salary increase in April 2020.
- Transfer of the playing field complex from Cheshire East to Audlem Parish Council has been assumed and so £4,000 has been budgeted in connection with maintaining these facilities.
- Professional fees have been budgeted at £1,500 to allow for legal costs in connection with the playing field complex.
- Budgeted discretionary and asset renewal expenditure includes costs for the purchase and installation of a CCTV camera, expenditure on playground equipment and the cost of a speed detection device.
- Grants have been budgeted in 2020/21 at £8,500 to allow for an underspend against budget in the current year, effectively carrying forward the current year underspend.
- Maintenance costs as a result of the transfer of the playing field complex to APC have been assumed at £4,000 in the budget.
- £5,000 has been budgeted in 2020/21 for miscellaneous expenditure for Turnpike Field.

6. FUTURE PROJECTS COMMITMENT/CASH CONTINGENCY

Further to Sections 32 and 43 of the Local Government Finance Act 1992 and NALC guidance that Parish Councils should keep (cash) reserve levels between 3 – 6 months of committed expenditure to protect against unforeseen budget pressures and possible funding cuts.

Following discussion by Councillors at the finance meeting in November a preferred level of reserves of 9 months was identified. With this in mind, a chart of the number of months reserves at each month of the budget year was produced showing how the monthly cash reserve figure would vary assuming monthly committed expenditure at an even rate and receipt of 50% the Precept in April and a further 50% in October (see below).



The chart shows that establishing cash reserves at the level of 6 months contingency expenditure at March 2020 would produce an average contingency of 8.3 months over the budget year which is close to the 9 months of reserve level that the Councillors felt comfortable with. Therefore, the contingency figure has been set at March 2020 at 6 months (£24,163) with an equivalent figure at March 2021 of £25,639 (see Earmarked Funds table below).

The 2020/21 budget as presented produces net cash balances, after all budgeted income and expenditure, of £144,048 at March 2020 and £122,772 at March 2021.

The Earmarked funds table below shows commitments to future projects where the cash balance is being earmarked for those projects and is therefore future cash spend. It also includes the contingency cash figure explained previously. The main items are:

Earmarked Funds	2019/20	2020/21
Refurbishment of toilet block	£5,000	£5,000
Turnpike car park	£60,000	£60,000
Contingency for expenditure per APC policy	£24,163	£25,639
Longhill Moss	£1,195	£1,795
Asset renewal	£5,000	£2,500
Donations for Turnpike Field held pending expenditure	£17,683	£17,683
Total	£112,441	£112,017

These items are NOT actual expenditure - it is the earmarking of funds planned to be spent at a future point in time. Budgeted Cash Balances at March 2020 and March 2021 can therefore be analysed as follows:

	Mar-20	Mar-21
Total Budgeted Cash in Hand at year end	£144,058	£122,772
Total Earmarked Funding as above	£112,441	£112,017
Budgeted additional cash balances held pending deployment	£31,617	£10,755

7. BUDGET PROPOSALS 2020-2021 & CALCULATION OF PRECEPT

Each parish forecasts how much money it is going to need the following year. This is then divided by the number of properties in the parish that fall into Band D Council Tax bands. This figure is adjusted to take account of such things as exempt properties and planned new houses to get the precept each Council Tax payer in the parish will contribute. It is estimated that there are approximately 216 Band D equivalent properties in the Audlem parish.

The budget proposals as per section 6 above require a precept of £52,152. This is the same level of precept as 2019/20.

8. RISK ASSESSMENT

The budget has been prepared in accordance with key principles of prudence and transparency, and the levels of balances, reserves and contingencies within the budget are adequate.

9. RECOMMENDATION

The Parish Council is asked to consider the issues raised above and to agree (or otherwise) its budget and corresponding Precept for 2020/21 as proposed.

If the Parish Council is unwilling to approve the suggested budget, then it will need to agree both a revised figure for total expenditure and the corresponding changes required to individual budget headings.

Belen Lopez Bloor

Parish Clerk & Responsible Financial Officer

November 2019