

Report to Lydiard Millicent Parish Council setting out proposed Budget requirements for the Financial Year 2019-20.

Purpose of Report

This report is produced to help new members understand, and to act as a reminder to experienced members, how the budget process is carried out. The Report will give members information with which to agree a precept demand on Wiltshire Council.

Background

Historically, Parish Councils have been able to raise a tax from the time of their establishment in 1894. It was first linked to parish councils' duties under the Poor Laws, when rates were levied on non-domestic and domestic property. In 1990 rates were replaced by the Community Charge and the National Non-Domestic Rate. Since that time Parish Council precepts have only been charged against domestic property, at present this is through the Council Tax system. Council taxpayers can not refuse to pay it, and Billing Authorities can not refuse to levy it.

Collection

Each year the billing authority will calculate the tax base against which these demands can be levied; this is expressed in terms of Band D households. The billing authority (in this case Wiltshire Council), will issue demands on behalf of itself, the Local Constabulary, Fire Authority, Parish Council, and (if there are additional tiers) local authorities within its area; for example harbour authorities.

A Council Tax demand will be sent to each household detailing how much they must pay to the billing authority; in turn the billing authority must pay the full amount demanded by each organisation levying a precept. It should be noted at this point that Parish Councils are fully funded locally, unlike Principal Authorities who receive additionally a Rate Support Grant from the Government who raise this from business taxes, corporation tax, income tax and so forth.

In recent years the Ministry of Housing, Communities & Local Government¹ have attempted to control increases in Parish Council expenditure by portending to make them subject to referendum principles like those that apply to principal authorities.

¹ Previously Dept for Communities & Local Government (DCLG)

The Secretary of State for Housing, Communities & Local Government announced last year:

“that the Government intends to defer the setting of referendum principles for town and parish councils for three years.”

This is to allow Parish Councils the ability to take on new duties if they wish, and to budget accordingly. The Government will reconsider this approach again, hopefully in readiness for the setting of budgets at the end of 2020 for financial period 2021/22.

Policy, Budget, Precept

In order to set its precept a Council should carry out the following process as indicated in Audit Regulations.

Policy: There should be clear policy as to what the Council wishes to achieve, or what projects the Council wishes to pursue.

Budget: Global figures should be discussed for these projects and aspirations. How much is it worth to the Residents? Can these projects and aspirations be justified to residents?

Precept: How will the finance be raised for the above projects and aspirations? Will finance need to be raised in one year, or over a period of time?

In accordance with the Local Government Finance Act 1992, the setting of the precept cannot be delegated, the decision must be taken by the council. In calculating its precept, the council must, as far as possible, secure that it will suffice for four classes of items, namely:

- next year’s expenditure, including an allowance for contingencies;
- outstanding expenditure incurred in previous years;
- expenditure likely to be incurred before the precept becomes available;
- payments to financial reserves.

Annual Estimates of Income and Expenditure

Good Governance dictates that each year an appraisal of the Councils Income and Expenditure is undertaken, in readiness to levy its precept.

Attached is an estimate for the financial year ending March 2020. As in previous years, this is split between Expenditure and Income, with headings to highlight history.

Expenditure is split broadly between different management areas', highlighting how much is spent for each function. Income is measured against the Council as a whole and is not, at this stage, measured against individual activities.

In preparing these figures, caution has been used with expenditure and income. The draft budget (included) will allow for the Council to honour its commitments to services it already provides, and to honour its duties and obligations as laid down in legislation, which must be adhered to.

Although inflation is approximately 3%, no percentage increase has been applied universally but adjustments are made to expenditure as appropriate, to reflect current costings.

An additional amount has been added to Salaries, allowing for the appointment of other part-time staff and the additional employer costs relating to new pensions regulations.

Training/Publication line: As the role of Parish Councils grow it will be necessary for staff to be adequately qualified. At the present workload it is recommended that Lydiard Millicent have a level four (CertHE Community Governance: Local Council Management) qualified clerk; enabling the Council to progress efficiently and legally with projects already considered and started. In April 2018 (min ref 051/18) the Council resolved to support the Clerk in obtaining this qualification, contributing 50% towards the cost of this two year course. There is also an amount for member training, which is considered best practise by National Bodies.

Extras: In addition to these estimates the Council can add extra amounts to allow for any projects it may wish to budget for in the next 12 months; some adjustments can be carried out in the meeting, in order to calculate the precept.

It is important to remember that although the Opening Balance looks large, Government guidelines state that approximately four to nine months expenditure should be held in General Reserves. It is also good practise to include a "sinking fund" within the budget for the replacement of capital equipment (play equipment, heating boilers etc).

Cost to Residents

The draft budget can be translated into what the charge will be for each household. This year (2018/19) the Tax Base for Lydiard Millicent is: **761.49**, the precept demand was £51,010 costing a Band D property £66.99; an increase of £6.90 from 2017/18.

For reference, the average Band D property parish contribution was:

Nationally: £64.05, (£1.24 per week) an increase of £3.02 from 2017/18
In Wiltshire: £108.39, (£2.09 per week) an increase of £13.04 from 2017/18.
In Cornwall: £115.51, (£2.22 per week) an increase of £4.98 from 2017/18

Lydiard Millicent Parish Tax Base for calculation next year (2019/20) is: **769.00**.

Recommendations:

1. The Council adopts the draft budget, as attached to this report.
2. The Council considers the options detailed separately.
3. The Council authorises a precept demand of £54,490 as shown on the attached sheet.
4. A medium and long term plan is prepared, which will encourage residents to have confidence in the Councils performance.
5. The Clerk is authorised to send the Precept Demand to Wiltshire Council on behalf of Lydiard Millicent Parish Council.

DEBORAH BOURNE
Parish Clerk/RFO
Lydiard Millicent Parish Council
30 November 2018