

# HANKELow PARISH COUNCIL

## DRAFT BUDGET PROPOSALS 2020-21

### Report to Parish Council Meeting – 6 January 2020

#### 1 INTRODUCTION

The Parish Council is invited to finalise the budget for 2019-20. Precept requests must be submitted to Cheshire East Council by **17 January 2020**.

#### 2. DECISIONS REQUIRED

The Parish Council is asked to RESOLVE –

- (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 annual gross salary of £1,450 be approved.

#### 2 PRECEPT REQUESTS

The following is the list of precept requests made in previous years.

2015-2016	£3,780
2016-2017	£3,260
2017-2018	£4,500
2018-2019	£5,000
2019-2020	£2,500

The expected balance in the bank as at 1 April 2020 is £3741.14. The budget for 2019-20 was £7,705.00. The actual spend to the end of November 2019 is £3,188.60 with a further £3,707.25 predicted to be spent until the end of March which equates to a total spend of £6,895.85. This represents an underspend against the original budget which in the main is attributed to less spent than anticipated on administering the work of the Parish Council following the appointment of the new Clerk and, whilst some spend was made against amenities, this has been less than budgeted for during this financial year. It is noted, however, that additional expenditure over and above the budget has been incurred as a consequence of the Parish Council consulting on its Neighbourhood Plan this year.

The tax base for 2020-21 has been confirmed as 220.79. The budget as shown on the enclosed schedule, subject to any amendments at the meeting, is £8595.00, and requires a precept for the forward year of £4900. The effect on a Band D property is an additional £22.19 in Council Tax. The effect on Band D properties is calculated by dividing the precept requirements by the tax base.

#### 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:

- (a) 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 should also note that an allocation in the budget is not an authority to spend; it is simply an allocation. Each item of expenditure must be specifically approved at a Parish Council meeting.

**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.

#### 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 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.** Each year, the Clerk, on behalf of the Council is required to provide a detailed variance schedule which shows the difference in spend between two financial years and the reasons for any significant differences. Both over-spend and under-spend represent poor budgeting.

Members should also consider carefully what additional items ought to be included to avoid spending on un-budgeted items during the year. It is suggested that Members pay particular attention to the budget for the Neighbourhood Plan process.

## 4 BUDGET PROPOSALS

The following documents are attached:

- Budget monitoring schedule to end of November 2019 together with a draft budget for 2019-20
- Ledger showing receipts and payments up to 30 November 2019.

Calculations are given to show how the likely balance available on 1 April 2020 has been calculated.