

Briefing Note

Budget & Precept 2018/2019

1.0 BACKGROUND TO BUDGET & PRECEPT

1.1 The Parish Council is required to agree a budget for the coming year and make application to Cornwall Council to collect a precept before 31 December 2017. This briefing note sets out the options open to councillors for agreeing a budget, a level of reserves and the level of precept to be charged.

2.0 THE BUDGET

2.1 The Finance Committee have reviewed the projected costs for 2018/19, and their estimates and notes are attached to this document in Appendix 1. The total figure is £21,000. They bring to your attention these changes:

1. An increase in the cost of grasscutting (£6,800 based on informal assessments with potential contractors)
2. A budget for maintenance of council assets (£1,300) to cover a backlog of repairs
3. Increase in clerk's salary (£3,476 the previous clerk had a zero hours contract)
4. The setting up of a small grants and donations fund worth £250pa
5. A budget for projects arising from consultations with councillors (£4,900)

3.0 RESERVES

3.1 Councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes. The general fund balance is to be maintained at a level based upon a risk assessment carried out annually by the Responsible Finance Officer (RFO) when setting the budget for the forthcoming year.

Best practice is that parish councils should hold the equivalent of six months precept income as a contingency against uneven cash flow or delayed payment.

Any surplus on the reserve above the required balance may be used to fund capital expenditure, be appropriated to 'earmarked reserves' or used to limit any increase in the precept.

3.2 The Finance Committee has made proposals for £1,300 to cover historic repairs and £4,900 for councillor projects, making a total of £6,200 to be ringfenced from the Earmarked Reserve. This figure is shown under 'Precept & Other Income' in the budget. The impact this will have on council funds is shown in Appendix 2.

4.0 THE PRECEPT

4.1 Parish councils may raise a 'precept' on the council tax bills produced by their local billing authority (Cornwall Council). It is the only source of tax revenue available to parish councils.

4.2 By setting aside £6,200 of Earmarked Reserves, the Finance Committee propose to limit the increase in precept from £12,737 to £14,600 (increase of £1,863 or 15%) for the next financial year.

5.0 THE OPTIONS

5.1 At the public meeting on 20 December 2017, councillors will be asked to vote on three separate resolutions: to accept the budget as presented at the meeting; to agree the

proposal for Contingency and Earmarked Reserves for the balance; to agree the precept for 2018/19.

5.1 The budget for 2018/19 (including maintenance and project costs) reflects the increased cost of providing council services and is calculated at £21,000.

5.2 The level of Contingency Reserve will vary according to the precept that has been agreed. The proposal is for 6 months equivalent precept income, which is £7,300. Earmarked reserves will form the balance of funds available for council projects.

5.3 The Precept based on these proposals is £14,600.

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