



Stradbroke Parish Council Budget commentary 2021/22

The preparation of an annual budget is one of the key statutory tasks undertaken by the council.

The agreed budget will:

- Result in the council setting the precept for the year.
- Give the Clerk overall authority to make spending commitments in line with the decisions of the Council.
- Enable progress monitoring during the year by comparing actual spending against planned spending.

1. Definitions:

Financial year: for a Parish Council this runs from 1st April to 31st March.

Budget: estimate of the money needed to carry out the Parish Council's business for the next financial year. A budget is agreed in December for the following year and updated after the year end in March.

Precept: is the portion of the budget used to raise funds through the Council Tax.

CIL: Community Infrastructure Levy, a charge made against building work in the Parish of which 25% is paid to the Council to help improve infrastructure.

Tax Base: the average number of band D equivalent properties within the Parish.

2. What does Stradbroke Parish Council spend money on?

- Administration – staff salary and wages, running costs such as office costs, phone, stationery, travel expenses.
- General expenses – such as subscriptions, insurance, legal fees, audit, bank charges, meetings costs and election costs.
- Donations and grants to local organisations
- Health Centre – management, repair and maintenance
- Lighting of the path between Woodfields and the Wilby Road site.
- Maintenance of:
 - the Playing field at Wilby Road
 - play park adjacent to the Community Centre
 - Westhall playing field and play areas
 - Footpaths
 - Permissive path to cemetery
 - Cemetery
 - Closed Churchyard
 - Fitness track and exercise equipment at playing field
- Street Cleaning and tidying up at Wilby Road site
- Litter and dog bin emptying and maintenance/repair/replacement
- Public benches
- Tree, hedge and ditch maintenance
- Defibrillator in the phone box on Church Street
- Church clock winding
- Gate Locking, Coronation Gates at Wilby Road
- Community Shed – management, repair and maintenance
- Loan repayments.

Where does the money come from?

- Precept
- Grants – from Suffolk County Council and Mid Suffolk District Council
- Rent for Health Centre
- Community Infrastructure Levy
- Community Shed annual service charge
- Cemetery fees
- Reserves

3. What are reserves?

- a. Reserves are funds (money) held by the council to cover specific projects or to comply with guidance on the safe running of Councils.
- b. There are two types of reserves – ring fenced and general.
 - i. Ring fenced reserves are specific projects that the Council is saving money for. Stradbroke Parish Council's ring fenced projects are:
 - Playpark equipment maintenance/replacement
 - General maintenance
 - Community Projects
 - Churchyard and Cemetery
 - Playing Field Drainage
 - Defibrillator
 - Election costs
 - Fitness track
 - Permissive Path
 - ii. General reserves: it is recommended that Parish Council holds up to 12 months operating expenditure in reserve.
- c. Stradbroke Parish Council is also holding funds for the Shed User Group until they are able to open their own bank account and £500 for the proposed Youth Council.

4. Draft Budget for 2021/22 – explanations and assumptions:

- a. **Income**
 - Suffolk County Council grant of £566 towards footpath cutting.
 - Mid Suffolk District Council grant of £3940 towards street cleaning.
 - Cemetery fees – fees received for reservation of plots and burials at the cemetery on Laxfield Road. Receipts vary year on year and it is not possible to accurately forecast income.
 - Health Centre: 3 year review of rent is underway; new agreed rental figure is not available at the time of budget setting.
 - Reserves will be used to fund:
 - i. repairs to the Chapel £3,800,
 - ii. Legal Fees for finalising land registration £1,500,
 - iii. £3,000 of the rent for 2021/22 will be owed to general reserves to cover projected overspend in 2020/21.
 - CIL will be used as follows:
 - i. There is no forecast available for 2021/22 therefore assumed no receipts.
 - ii. c/f CIL of £18,100 will be used to finance Health Centre upgrade and Nursery feasibility study.
 - Precept is calculated by deducting all income from planned expenditure.

b. **Expenditure**

- Salaries and wages: assumed to increase in line with contracted terms; with no nationally agreed rises included due to public sector pay freeze but including a rise in the minimum wage to £8.91 per hour.
- Allowances, mobile phone costs, postage, stationery and travel expenses are forecast to remain in line with current expenditure.
- General expenses are forecast to rise in line with inflation, with the exception of website and emails – the annual cost of this will increase by £700 to cover the cost of supplying councillors with Parish Council email accounts. £1500 is included to cover any potential legal fees to resolve the land registration issue.
- Health Centre:
 - i. Assessments – due in 2021/22: fire health & safety and legionella
 - ii. Maintenance – includes annual fee for gardening and air con service
 - iii. Repairs & Renewals – to cover any repairs that may be needed
 - iv. Upgrade – includes additional air conditioning units and flooring
- Grants & Donations – no change from previous years
- Highways:
 - i. 3 year grass cutting contract signed in 2019/20, agreed figures are included.
 - ii. A figure of £1,000 has been budgeted to cover works on trees, ditches and hedges that may be required throughout the year, any balance will be used to increase maintenance reserved fund.
- Other:
 - i. Cemetery & Churchyard – in addition to annual grass cutting, figure of £3,800 is included to cover costs of repairs to the Chapel at the cemetery.
 - ii. Community Shed - £150 for electricity usage; this should be covered by annual service charge to Shed User Group.
 - iii. Recreation - £1,000 has been budgeted to cover any repair and maintenance costs in the year including ROSPA inspections and to rebuild reserves for play equipment.
 - iv. Repayment of loan taken out to convert street lights and to resurface car park at Wilby Road annual cost £5,787 paid in half yearly instalments (final payment due June 2023).
 - v. Nursery feasibility – this project is carried over from 2020/21
 - vi. Clock winding – an annual payment is made to match fund that made by the Church.
 - vii. Defibrillator – a reserved fund is required for replacement pads and battery.
 - viii. Election costs, permissive path and fitness track – funds are being raised and reserved to cover future costs.

5. Tax Base

a. **How tax base is calculated:**

The tax base is produced from Mid Suffolk District Council's Council Tax System. This produces a listing of all the properties in each Parish, it then adjusts this to account for any discounts that are given, for example, single occupancy, second homes, homes that are empty or exempt. The properties are then translated into Band D equivalents. The estimated number of Band D equivalents to be built in the year is added on and a collection rate is applied. This then gives the total number of Band D equivalent properties to use for the tax base and is used to calculate the cost per Band D property.

b. **Why might the tax base go down?**

The tax base could do down due to more properties in the Parish claiming for discounts, most commonly an increase in the number of properties claiming single occupancy discount. Other factors include homes being demolished, becoming empty, becoming second homes, boundary

changes or a change in collection rate. The 2021/22 tax base figure included in the draft budget is provisional, and has decreased by 1.5% to 567.73 from 576.73 in 2020/21.

This is the latest information received from Mid Suffolk regarding the tax base for 2020/21:

As you are aware, the Council is required to calculate the council tax base by 31st January at the latest for the financial year ahead. In normal years, there is very rarely any difference between the tax base that we inform you of at this point in the year and the final approved tax base – allowing you to gauge the likely effect of your proposals on local residents.

However, this year the impact of the Covid-19 pandemic means that calculation of the tax base is subject to a very high degree of uncertainty, both in respect of the factors affecting the tax base and the Government's response to these. As far as the factors affecting the tax base are concerned, the two key areas of concern that will reduce the tax base are: rising numbers of Local Council Tax Reduction Scheme (LCTRS) reliefs and reduced collection rates. Unfortunately, at this stage in the year, the impacts of these factors on the tax base are very difficult to forecast.

These concerns have been raised with the Government and it is monitoring the position. As far as the Government's response is concerned, it is possible that some support might be provided in the Provisional Local Government Finance Settlement, which is generally issued just before Christmas. In addition, another key factor on collection rates is whether the Government extends the Council Tax Hardship Fund arrangements for another year.

*As a result of these uncertainties, we intend to recalculate the council tax base in early January 2021 following the Provisional Local Government Finance Settlement. Consequently, the council tax base information for your town or parish provided in this email is **for information only**, and we will not be formally requesting your precept until we notify you of the confirmed tax base in early January.*

Councillors approved the budget on 14th December 2020.

On 8th January 2021 MSDC issued updated advice. This revised the tax base of 564.77 from 576.73 in 2019/20 and advised the following:

In the one-year Spending Review announced on 25th November 2020, £670m additional grant funding was announced to provide support to authorities in respect of the impact on council tax bases arising from increased LCTRS reliefs. This funding has subsequently been confirmed in the Provisional Local Government Finance Settlement. Major precepting authorities will receive a Local Council Tax Support Grant allocation proportionate to their share of the council tax bill in the district, based on the increase in the value of LCTRS reliefs in the year between the October 2019 CTB1 and October 2020 CTB1 returns, together with an allowance for forecast increases at a national level. The information provided from government suggests that our allocation of £102,000 includes a share for Town and Parish Councils and Mid Suffolk has agreed to pass this grant on in full (£31,880).

The allocation of this grant to individual councils has been calculated in proportion to the reductions in the calculated tax base for the parish resulting from increased LCTRS reliefs and the use of a reduced collection rate in the tax base calculation as mentioned above.

The share of the grant allocated to Stradbroke is £528 and the precept has been adjusted accordingly. Precept is now proposed at £36,620.

Revised commentary dated: 8th January 2021