

Payhembury Parish Council

Budget for 2021/22

Approved dd/mm/yyyy

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Introduction

The aim of this document is to give an overview of the current financial position of Payhembury Parish Council, to provide a summary of incomes and expenses over the last 2 years and a summary of the funds required in order to service the anticipated costs for the next financial year (Apr 2021-Mar 2022), ie the budget required. A more detailed breakdown of the information is given in Appendix A. The required budget is then used to recommend a minimum precept to be requested from the parish. A breakdown showing the cost to households in different Council Tax bands over the last 2 years, for the recommended precept for next year and against the National Average for the current year is also provided.

Background information: the Parish Council financial year runs from 1st April to the 31st March. The precept for any year needs to be set by law by the March preceding the start of the financial year. EDDC ask for the precept figures to be provided to them at an earlier date (normally late January) to enable them to ensure payments are sent out to parishes in a timely manner. The amount that the parish asks for in its precept cannot be changed by EDDC.

Overview of current financial position (30th November 2020)

The Parish Council finances are in a healthy position. It is estimated that the balance at the end of the 2020/21 financial year will be £23,571.37. The balance at the end of the 2019/20 financial year was £16,283.93. The majority of the increase in funds came from a large CIL payment in April which has been earmarked towards the playing fields improvements.

This year is the first year that the Parish Council has made use of 'Earmarked Reserves' to protect funds allocated to specified expenditures. Some of these are annual costs covering, in the main, administrative and running costs, where any excess is transferred to General Reserves in-year once invoices have been paid (these are more-accurately called Allocated Funds from this year's budget). Some administrative and running costs only occur once every three or four years, and for these, small Earmarked Reserves will build gradually over the three- or four-year period to ensure that sufficient funds are available when needed. The larger Earmarked Reserves are for the bigger or longer running projects which may require time to build sufficient funds or where the source of the funds is limited in what they can be spent on (eg S106 and CIL payments). These payment areas have been identified in Appendix A by being shaded and including a value in the Earmarked Reserves column.

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General Reserves are the remaining funds for the Parish Council after Earmarked Reserves have been taken into account. They need to be sufficient to cover any emergencies or any unexpected or additional costs incurred during the year. The Parish Council have been advised by NALC and DALC that a General Reserve equal to approximately 3-12 months of administration and running costs is appropriate, with smaller parishes advised to hold more months' worth of funds. These costs are currently estimated to be around £8k for the financial year 2021/22 based on the figures in Appendix A. The total in General Reserves at the end of 2020/21 is expected to be ~£3,836 (and includes the 10% project contingency) which equates to approximately 6 months of costs and is therefore towards the lower end of what might be required, but still within acceptable levels.

Summary of incomes and expenses for last year, expected for this year and predicted for next year

		2019/20	Expected 2020/21	Budget 2021/22	
Opening Balance		7335.88	16283.93	23571.37	
Total In		16421.67	15690.76	8019.00	
	<i>Precept</i>	6590.00	7567.60	8019.00	15% increase in 19/20, projected 6% increase in 21/22
	<i>S106 & CIL</i>	8507.96	6906.56		
	<i>Other</i>	114.26	1023.98		
	<i>VAT reclaimed</i>	1209.45	192.62		
Total out		7473.62	8403.32	8019.00	
	<i>Admin & Salary</i>	4002.42	5875.44	5644.00	costs to keep the council legal and functioning
	<i>S137</i>	224.17	230.00	260.00	see note o) in Appendix A
	<i>Running Costs</i>	2051.14	2005.26	2115.00	costs to provide routine services to the parish
	<i>Other Payments</i>	314.79	0.00		No costs for projects in 20/21, but costs expected in 21/22 from Earmarked Reserves
	<i>Grants</i>	600.00	100.00		To the Parish Hall in 19/20 & 20/21
	<i>VAT paid out</i>	281.10	192.62		
Closing Balance		16283.93	23571.37	23571.37	
Earmarked Reserves		12828.80	19734.62	19734.62	
General Reserves		3455.13	3836.75	3836.75	

A more detailed breakdown of figures for the current year and budget for next year is shown in Appendix A.

Proposed Precept for 2021-22 (to cover budgeted costs)

The difference between expected incomings and expected outgoings is the net amount of money the parish needs to raise (this should take into account funds transferred to or from General Reserves). For 2020/21 there are no planned uses of General Reserves to fund outgoings or any plans to increase General Reserves.

Expected income (other than from precept) = £0.00
 Expected outgoings (see Appendix A) = £8019.00

Therefore, amount to be raised via precept = £8019.00

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Last year's precept was £7567.60 which means an increase of 6.0%.

Cost to householders (by Council Tax band) – previous, current & next year & national average this year

	2019/20		2020/21		Proposed 2021/22		Projected increase		National Average 2020/21	
Precept	£6,590.00		£7,567.60		£8,019.00					
Tax Base*	305		310		310					
Council Tax Band	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly
A	£14.41	£0.28	£16.27	£0.31	£17.25	£0.33	£0.98	£0.02	£46.59	£0.90
B	£16.81	£0.32	£18.99	£0.37	£20.12	£0.39	£1.13	£0.02	£54.36	£1.05
C	£19.21	£0.37	£21.70	£0.42	£23.00	£0.44	£1.30	£0.02	£62.12	£1.19
D	£21.61	£0.42	£24.41	£0.47	£25.87	£0.50	£1.46	£0.03	£69.89	£1.34
E	£26.41	£0.51	£29.83	£0.57	£31.62	£0.61	£1.79	£0.04	£85.42	£1.64
F	£31.21	£0.60	£35.26	£0.68	£37.37	£0.72	£2.11	£0.04	£100.95	£1.94
G	£36.02	£0.69	£40.68	£0.78	£43.12	£0.83	£2.44	£0.05	£116.48	£2.24
H	£43.22	£0.83	£48.82	£0.94	£51.74	£1.00	£2.92	£0.06	£139.78	£2.69

* Tax Base is the number of Council Tax Band D equivalent properties in the parish. A Band A property is equivalent to 2/3rds of a Band D and a Band H is equivalent to 2 Band D's, etc. EDDC calculate this figure and provide it to the Parish Council normally around mid-December for the next financial year. The method for calculating the Tax Base, and therefore the costs shown in the table above, is available if required.

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Appendix A – detailed breakdown of income & payments for previous and current year and budgets for current and next year

Opening Balance 01/04/20				16283.93					
Receipts	2019/20	2020/21		2021/22		Difference			Notes
		Budget 2020/21	Expected by EOY 2020/21	Budget 2021/22	Budget 21/22 vs budget 20/21 (£)	Budget 21/22 vs budget 20/21 (%)	Budget 21/22 vs actual 20/21 (%)		
Precept	£6,590.00	£7,567.60	£7,567.60	£8,019.00	£451.40	6.0%	6.0%		
S106	£7,708.07	£0.00	£0.00	£0.00	£0.00	~	~		
CIL	£799.89	£0.00	£6,906.56	£0.00	£0.00	~	~	a	
Other grants	£0.00	£0.00	£0.00	£0.00	£0.00	~	~		
Fundraising / donations	£0.00	£0.00	£1,000.00	£0.00	£0.00	~	~		
Bank Interest	£38.86	£0.00	£23.98	£0.00	£0.00	~	~	b	
Refunds / Misc	£75.40	£0.00	£0.00	£0.00	£0.00	~	~		
C&E Receipts (recovered VAT)	£1,209.45		£192.62	£0.00	£0.00	~	~	c	
Total receipts		£7,567.60	£15,690.76	£8,019.00	£451.40	6.0%			

Payments (exc VAT)	2019/20	2020/21		2021/22		Difference			Notes
		Earmarked funds C/F from 2019/20	Budget 2020/21	Expected by EOY 2020/21	Earmarked funds C/F to 2021/22	Budget 2021/22	Budget 21/22 vs budget 20/21 (£)	Budget 21/22 vs budget 20/21 (%)	
Clerk's salary	£2,888.40	£0.00	£3,657.60	£4,546.40	£3,940.00	£282.40	7.7%	-13.3%	d
Administration (costs to keep the Council legal and functioning)									
Clerk's expenses	£43.84		£120.00	£120.00	£120.00	£0.00	0.0%	0.0%	e
PPC Insurance	£372.19		£385.00	£357.29	£385.00	£0.00	0.0%	7.8%	f
Audit costs	£0.00	£200.00	£0.00	£0.00	£200.00	£0.00	~	~	g
Parish Hall rent / Zoom subscription	£72.00		£102.00	£131.95	£192.00	£90.00	88.2%	45.5%	h
DALC subscription	£133.99		£138.00	£145.00	£150.00	£12.00	8.7%	3.4%	
ICO annual registration fee	£0.00			£35.00	£35.00	£35.00	~	0.0%	i
Councillor & Clerk training	£230.00		£200.00	£200.00	£200.00	£0.00	0.0%	0.0%	
Bank charges	£42.00		£72.00	£72.00	£72.00	£0.00	0.0%	0.0%	b

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Election expenses	£0.00	£0.00	£250.00	£0.00	£250.00	£250.00	£0.00	0.0%	~	j
IT - email provision	£0.00			£39.99		£40.00	£40.00	~	0.0%	k
IT - website support costs	£220.00		£180.00	£175.00		£180.00	£0.00	0.0%	2.9%	l
IT - laptop 3-yearly software	£0.00	£0.00	£90.00	£52.81		£30.00	-£60.00	-66.7%	-43.2%	m
IT - laptop replacement	£0.00	£0.00	£50.00	£0.00		£50.00	£50.00	£0.00	0.0%	~
S137 (costs for which there is no specific power to spend)										o
Poppy Wreath	£29.17		£30.00	£30.00		£30.00	£0.00	0.0%	0.0%	
Grants to village clubs	£150.00		£200.00	£200.00		£200.00	£0.00	0.0%	0.0%	
Special events	£45.00	£0.00	£30.00	£0.00		£30.00	£30.00	£0.00	0.0%	~
Running costs (on-going costs to provide services to parishioners)										
EDDC dog bin emptying (2 bins)	£175.00		£180.00	£182.00		£190.00	£10.00	5.6%	4.4%	
Church clock service	£287.00		£295.00	£296.00		£305.00	£10.00	3.4%	3.0%	
Playing field rent	£383.14		£308.00	£307.82		£340.00	£32.00	10.4%	10.5%	q
Playing field RoSPA inspection	£0.00		£83.00	£75.50		£80.00	-£3.00	-3.6%	6.0%	
Grass cutting	£900.00		£900.00	£900.00		£900.00	£0.00	0.0%	0.0%	
Ditch clearing	£0.00		£0.00	£0.00		£0.00	£0.00	~	~	
Defibrillator phone costs	£204.00		£157.00	£152.00		£160.00	£3.00	1.9%	5.3%	
Defibrillator consumables & training	£102.00		£40.00	£0.00		£40.00	£40.00	£0.00	0.0%	~
Assets maintenance	£0.00		£100.00	£91.94		£58.06	£100.00	£0.00	0.0%	8.8%
Other Payments & Projects										t
Other Payments & Projects	£6.90		£0.00	£0.00			£0.00	~	~	
Grants	£600.00		£0.00	£100.00			£0.00	~	~	u
P1708 - Payhembury sign - flowers	£0.00	£50.00	£0.00	£0.00						s
P1904 - Tale Bus Shelter	£0.00	£2,000.00	£0.00	£0.00		£2,000.00	£0.00	£0.00	~	~
P1905 - DADBRF tree replacement	£0.00		£0.00	£0.00			£0.00	£0.00	~	~
P1906 - Playing fields improvements	£0.00	£8,500.00	£0.00	£0.00		£15,406.56	£0.00	£0.00	~	~
P1907 - Barrow Road speed issue	£0.00	£1,700.00	£0.00	£0.00		£1,700.00	£0.00	£0.00	~	~
P1908 - Allotments	£0.00		£0.00	£0.00					~	~
VAT paid out	£281.10			£192.62			£0.00	~	~	c
Totals		£12,450.00	£7,567.60	£8,403.32		£19,734.62	£8,019.00	£451.40	6.0%	

Closing balance 31/3/21 (predicted)

£23,571.37

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Earmarked Reserves	£19,734.62
General Reserves	£3,836.75
Project contingency (10%)	£1,910.66
General Reserves minus project contingency	£1,926.09

Notes

- a) CIL payments from developments in the parish, paid in April and October. Amounts unknown until payments made so budget for potential of no payments. CIL payments must be used for infrastructure within the parish which can include play areas, parks and green spaces.
- b) Interest rate set to 0% from May 2020 due to pandemic. Before that interest payments were covering bank charges (£6 per month paid quarterly in arrears).
- c) The Parish Council can reclaim VAT paid; however, there is a time lag of several months between when the VAT is paid out and when it can be reclaimed (a minimum claim of £100 is required by HMRC) so figures for C&E receipts do not always match the VAT paid out at the end of each financial year.
- d) budget includes annual spine point rise from April 2021 (from £10.41 p/h to £10.62 p/h) and up to 3% annual pay increase. Clerk's salary now paid by SO on 28th of the month.
- e) stationery, stamps, phone etc - big reduction in costs since moving to online banking. Anticipated printer cartridges / printer before end of financial year.
- f) annual insurance cost is reduced as PPC committed to a 3-year deal, paid annually. 2021-22 is the 2nd of the three years.
- g) Parish Councils with a turnover of less than £25K can apply for an audit exemption certificate provided they are able to publish their relevant documents online on their website. This means that an external audit is not normally required, saving the Parish Council ~£200 per year. A light touch check is still performed by the appointed external auditor (PKF Littlejohn for all Local Councils in Devon) and they can still 'request' a full audit if they feel it is necessary. It is recommended that funds are held in Earmarked Reserves to cover one year's costs (~£200) in case this happens (which would not be until around August/September).
- h) Hall hire is £72 pa for Council meetings, plus extra for any additional events. Zoom £120pa or £12pm. Budget assumes both are required, due to uncertainty caused by pandemic.
- i) ICO registration is £40 per year, reduced to £35 if paid by direct debit.
- j) the cost of a Parish Council election is estimated at £1000. Budget of £250 per annum over 4 years towards, target to reach £1000 by May 2023. EDDC did not charge for the paperwork to be sent out to the parishes for the May 2019 election, but WDDC did for their parishes. EDDC may do so in future.
- k) cost of hosting corporate emails for the Parish Council. Started during 202/21 so initial payment from General Reserves and costs added to budget for next year.
- l) Annual cost of hosting and supporting the Parish Council website.
- m) 2020 - 3-year McAfee purchased & one-off licence for Office 2019 (more cost-effective). Both to be updated in Oct/Nov 2023. Budget £30pa & earmark funds.
- n) Laptop replacement: the Parish clerk's laptop is now 3 years old and was bought with funds from the Transparency Grant in 2017. A replacement of similar specification currently retails at ~£300. A budget of £50 per year is suggested to raise sufficient funds to enable a replacement to be bought in approximately 6 years (when the current one will be 8-9 years old).
- o) S137: All expenditures by a Parish Council have to be covered by a power that allows them to spend the money. The Local Government Act 1972 s137 gives Parish Councils the power to grant money to clubs, societies and businesses that they have no other specific power under which to do so (a 'power of last resort'). S137 is the power that can be used when no other power exists. However, the total amount that can be spent in one year is limited (calculated by multiplying the number of electors in the parish on 1st April each year by the rate for the year (for Payhembury for 2020/21 that figure is 627 electors x £8.32 = £5266.56)). This is not additional money; it is the maximum that can be spent under S137. Figures for 2021/22 are not yet available.
- p) earmarked funds towards special events eg Death of Royal, Coronation, Jubilee etc.

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- q) Playing field rent should rise each year but Savills may leave it a few years before increasing it & then request arrears as well. Budget covers arrears for 20/21 and increase for 21/22 at 3% increase pa. Earmark additional funds.
- r) Defibrillator consumables and training: pads need replacing every 3 years or so and refresher training is also required (hall hire and possibly may also need to pay a trainer). Costs in 2019/20 were £102 so a suggested budget of £40 each year for 3 years.
- s) to build a small fund to pay for general maintenance and replacement of things such as seats, fences, replacement scalplings on the footpath, etc. £50 added from Payhembury sign flowers project during 20/21 - project (1708) now closed.
- t) money earmarked for projects can come from grants, donations, fund-raising and general reserves. Projects often overrun the end of the financial year or take more than a year to complete so the earmarked funds are carried forward to the following year. Any excess once a project is completed is transferred to general reserves unless the funds are from S106 or CIL payments (in which case they will be re-allocated to an appropriate project). A contingency of an additional 10% for each project is also budgeted for from general reserves.
- u) £600 grant in 2019/20 was for Internet access in the hall and came from the Transparency Grant; £100 in 2020/21 was towards new kitchen.
- v) S106 and CIL receipts can only be spent on specific projects and therefore the CIL receipts from 2020/21 have been earmarked towards the playing fields improvement project.
- w) purchase of road calming equipment