

YATTON PARISH COUNCIL

Full Council, 23 January 2012

Agenda item 6: 2012/13 budget and precept

Report of the Clerk

For convenience I am repeating paragraphs 1 to 3 of my earlier report to Council on 9 January although there is no change to the background information there.

1. A parish council has power to raise money from council tax payers in its area. It does this by sending a demand called a 'precept' to the billing authority (North Somerset Council). North Somerset Council includes the precept on council tax bills, along with precepts from the police and fire authorities, and the money it needs itself. Council tax bills are itemised so that council tax payers can see how much is raised by each authority. North Somerset Council pays over the precept in two instalments, one in April and one in September.

2. Parish council expenditure is not capped and a parish council can for 2012/13 set whatever precept it thinks fit¹. The 2011/12 precept was £177,279. The amount payable by council tax payers varies according to what council tax band their property is in. For 2011/12 £177,279 gave an annual amount of £64.28 payable in respect of a middle band (Band D) property. This is higher than most other parishes in North Somerset but by no means the highest. If the precept were kept the same for 2012/13 the annual amount payable in respect of a Band D property would be £64.02.

3. This means that each percentage point increase in the precept adds an annual 64p to a Band D council tax bill. So an increase of 3% would add an annual £1.92 to a Band D council tax bill and would raise just over £5000. An increase of 5% would add an annual £3.20 to a Band D council tax bill and would raise nearly £9000.

4. I will bring to the meeting a draft **revised** budget for 2012/13 with the Council agenda. This proposes essentially the same spending as the projected out-turn for 2011/12, increased slightly for inflation in some cases. I have not included anything for new play equipment or road safety but I have made the following changes to this revision following discussions with members:

- I have cut grants (s. 137 + other grants) from £5500 to £4000
- I have cut the contribution to Cadbury Hill from £2000 to £1000

¹ For 2012/13 principal councils must hold a referendum if they propose a council tax or precept increase in excess of 3.5% but no such requirement applies to parish councils for 2012/13 although the Government have said they may impose a similar requirement on parish councils for future years.

- I have increased the grant to the Youth Club from £12000 to £17000 (this does not mean any extra £5000 for youth provision would all go to the Youth Club, it's just to show how the figures work)
- I have cut Youth Club maintenance from £3000 to £2000
- I have cut Christmas lights from £6700 to £4700.
- I have kept the £6000 contribution to the Citizens Advice Bureau unchanged.

5. The only other change I have made is to make a further provision of £5000 for replacing the tractor (page 10, 252/4047).

6. Members should bear in mind that some expenditure, for example new play equipment, is essentially a one-off so can be incurred in some years but not others. However other expenditure such as the funding of staff costs of a youth worker gives rise to the expectation that that funding will continue.

7.. The current projected out-turn for 2011/12 shows a deficit of £28,099, which would need to be met from general reserves. However I expect the eventual transfer to be less than this. The proposed budget for 2012/13 would result in a deficit of £20,054 if the precept were kept at £177,279, which again would need to be met from general reserves.

8. At 31 December 2011 the Council had £80,458 in general (uncommitted) reserves. The National Association of Local Councils recommends that a general reserve should be between 25% and 100% of the precept. If the Parish Council leaves the precept unchanged this would suggest a general reserve of between £44,000 and £177,279. I would suggest that Yatton Parish Council's reserve could be towards the lower end because (a) North Somerset Council pays the first instalment of the precept promptly (b) the Parish Council is not expecting any large expenditure early in 2012/13² and (c) much of the Council's expenditure such as salaries is spread smoothly throughout the year.

9. If the 2011/12 out-turn is a deficit of £28,000 this would reduce uncommitted reserves to around £52,458. If there were a further deficit of £20,000 in 2012/13 this would further reduce uncommitted reserves to £32,458. This would be below a prudent level. It follows that the Parish Council should either reduce discretionary expenditure such as grants or increase the precept. Although the Parish Council has potential to increase its income from a refurbished Hangstones pavilion it would not be prudent to make any assumptions about this at present.

10. Assuming members do not wish to reduce expenditure further I would RECOMMEND an increase in the precept of at least £5000, although I would be

² Other than stage payments on Hangstones refurbishment which will be met from the capital receipts reserve

more comfortable with an increase of £8000 (still less than 5%). The Parish Council has not increased the precept, even in line with inflation. for three years.

Members are invited to consider the draft budget, approve it with or without amendments and decide on the amount of the precept for 2012/13.