



Report ABPC/21/17

To: Aldington and Bonnington Parish Council.

Date: 8th December 2021

Status: Public Report

Subject: Budget and Precept 2022 / 2023

1. **SUMMARY:**

This Report concludes the budget making process for 2022 / 2023 and makes recommendations to enable the Council to set its precept for 2022 / 2023 and to notify the tax collecting authority in accordance with statutory legislation.

2. **REASON FOR RECOMMENDATION.**

The Parish Council is asked to agree the recommendations set out below because:

1. The Council must approve its Precept for 2022 / 2023 and to notify the principal tax collecting authority no later than 8th January 2022.
2. The approval of the budget makes provision for a spending plan next year.
3. The Parish Council must make provision to cover its liabilities and service growth proposals for 2022 / 2023 and beyond.
4. The Parish Council needs to provide for adequate reserves in the event of a sudden unforeseen, or unplanned, expenditure demand.

3. **RECOMMENDATIONS:**

1. **To receive and note Report ABPC/21/17.**
2. **To determine the Parish Council's budget for 2022/23 as either Option 1, 2, 3, or 4 as set out in the attached Appendix.**
3. **To confirm the Precept for 2022 / 2023 in accordance with the provisions in Sections 39, 41 and 50 of the Local Government Finance Act 1992.**
4. **To authorise the Parish Clerk to sign the Precept demand on the Borough Council.**

4. **INTRODUCTION:**

This Report concludes the budget making process for 2022 / 2023. The Parish Council must now determine its precept level and budget requirements for 2022 / 2023, taking into account:

1. Expenditure falling due in 2022 / 2023 to carry out its functions.
2. Appropriate amounts for contingencies.
3. The need to provide adequate reserves.
4. Any expenditure incurred in 2021 / 2022 not yet paid.

5. **BUDGET 2022 / 2023**

The Responsible Financial Officer commenced the council's budget making process by reviewing its expenditure over the last two years as well as examining the remaining funds held in respect of Section 106 agreements resulting from the various developments that

have taken place, and in progress in the Village.

6. S106 Funds:

The Borough Council are holding funds from the s106 agreement signed in respect of the Wheatfields development. These funds are for specific purposes defined in the planning obligations on the project. The table below shows the obligation, how the sum is divided between capital costs and maintenance, and the sum held by the Borough.

Allotments	Capital costs	£5,682.67
	Maintenance	£3,235.03
Children's and Young people's play space	Capital costs	£6,768.48
	Maintenance	£2,950.93
Informal/Natural Green Space	Capital costs	£9,099.38
	Maintenance	£4,198.62
Community Projects		£9,304.57

Any applications for the S106 funding are required to be accompanied by three quotes, the application is then assessed by the relevant teams at the Borough Council and when authorised the application is passed to the legal department to draw up the necessary legal agreement between the Parish Council and the Borough Council which will stipulate the sums being made available, the purpose for which they have been sought and the monitoring and reporting arrangements they require.

7. RESERVES:

The Parish Council holds the following reserves:

General Reserve	£16,800.00 (Estimated)	The Parish Council is required to maintain a general reserve sufficient to cover between 25 and 100% of its budgeted expenditure to offset any potential delays in the receipt of funds, and to cover the sum paid in VAT pending reclaim from H M Revenue and Customs.
By-Election	£3,500.00	This fund is maintained in the event that a by-election is required should a vacancy occur on the Parish Council and the electorate (minimum of 10) request it.
Play equipment (repairs)	£14,034.40	Funds held for any repairs or replacements required to the Play equipment.
Quarry Field Maintenance	£599.60	Funds held for maintenance works to the field and pond.
Meadows S106 funds	£114.55	Funds remaining from the Aldington Meadows S106 agreement specifically for the maintenance of the Parish Council land at this site.
Badgers close S106 funds	£449.25	Funds remaining from the Badgers Close S106 agreement specifically for sport

		and play area.
IT Replacement fund	£775.00	Funds set aside in preparation for the replacement of technology.

The following funds are held for a specific purpose

War memorial	£4,083.35	Sum remaining from the building of the War Memorial and donations towards its ongoing maintenance.
War memorial maintenance	£903.01	Sums donated specifically for the upkeep of the war memorial and garden.
Village events	£3,240.02	Funds raised and donations towards preparing for village events
VE Day programme	£300.00	A specific donation towards the cost of preparing a brochure for the events due to take place in 2020

8. The Budget:

All references to Council Tax made by the Ministry for Housing, Communities and Local Government are based on the "Band D equivalent". Every domestic dwelling is assigned a council tax band by the Valuation Office Agency based on the value of the dwelling as at 1 April 1991. Any built subsequently are allocated a notional 1991 value. These are split between eight tax bands.

In order that the Band D equivalent can be calculated the Borough Council are required to complete a return to central government which is based on the number of properties on the valuation list as at 11 October 2021 and excludes provisions for new properties, Council Tax Reduction discounts, and allowances for non-collection. In the current financial year the base is 621, however, for the forthcoming financial year this number has been increased to 643 effectively decreasing the sum each property has to pay.

Consideration also must be given to the fact that the Parish Council needs to maintain a general reserve which is recommended to be between 25 and 100% of the planned expenditure depending on the size of the council, the larger the Council budget the smaller the percentage.

Various scenarios have been considered, for reference the estimated end of year position has been shown and are set out in the Appendix to this report. It should be noted that new budget items have been provided for this year, these being: defibrillator, the pads have a shelf life and need replacing periodically and also when they have been used; Trees, as has been shown in the current financial year works have to be carried out on trees that the Parish Council is responsible for and funds need to be set aside as there is evidence of Ash Dieback in the woodland which will ultimately result in trees having to be removed for safety; Meadows refurbishment, although the intention is to fund the works by way of grant funders will always expect applicants to be contributing towards the project costs. Each of the options is explained here:

Option 1: this option leaves the total proposed budget at £47,745 given that the tax base has increased it means a real terms reduction to residents of 1p per week.

Option 2: this option leaves the band D equivalent at £1.20 per week

Option 3: this option is calculated using a 5% increase in the Band D equivalent, 6p per week.

Option 4: this option has been calculated using an increase of Band D equivalent of 10p per week.

A preferred level of General Reserve would be 50% of budgeted planned expenditure which would require a contingency sum of £3,952 for the financial year 2022 / 2023 as provided in Option 4.

Whilst the percentage increases at Parish level appear significant when it is widely publicised that the Borough Council, County Council and other precepting authorities are capped at 2% it needs to be considered what the overall proportion of the tax bill equates to the Parish element. For the current financial year, the Borough Council provided an illustration of where every £1 of the council tax is allocated this being:

Kent County Council 73p

Office of the Kent Police and Crime Commissioner 11p

Ashford Borough Council 9p

Kent and Medway Fire and Rescue Authority 4p

Parish Councils 3p

9. **CONCLUSION**

The Parish Council needs to determine its Budget and Precept Requirements to fund expenditure for 2022 / 2023 and beyond. The Parish Council is, therefore required to agree and confirm its spending plans for the next year.

10. **CONTACT OFFICER AND BACKGROUND DOCUMENTS.**

If you have any queries about this report please contact the Responsible Financial Officer of the Council Tel.: 07928453208 or email: clerk@abpc.org.uk prior to the meeting.

