

Coffinswell Parish Council Chairmans Budget Report 2021/2022

Background Information

The Parish Budget is set annually by Precept and is administered by Teignbridge Council, being levied as part of the Annual Council Tax.

The Precept submission must be forwarded to Teignbridge Council no later than January 2021.

This levy is applied to all properties within Coffinswell Parish and is normally the Parish's total income, with the exception of a variable P3 Grant specifically for footpath maintenance.

However on the 21 October 2020 the Parish received the very welcome news that it was awarded a CIL payment of £7756.64.

This CIL (Community Infrastructure Levy) which came into force on 1 September 2019 is a charge which can be levied by Local Authorities on new developments in their area.

Most new developments which create net additional floor space of 100 square metres or more, or create a new dwelling are potentially liable for the levy.

Where the development is within the area of a Parish Council, the charging Authority, Teignbridge, must pass a proportion to the Parish Council. This varies from 15% of a Parish without a Neighbourhood Development Plan to 25% for a Parish with such a plan.

Parish Councils can spend CIL monies on 'the provision, improvement, replacement or maintenance of infrastructure or anything else that is concerned with addressing demands that development places on an area'.

This Levy must be spent within five years of its receipt.

It is proposed that we will be consulting residents as to community proposals/suggestions for the allocation of these CIL funds.

Budget Setting Process

Setting a Budget in November 2020, to anticipate the needs and expenditure in 2021/2022 can be a difficult process, having to rely on previous budget analysis, current trends in respect of price rises and the Government's economic predictions.

The Government predictions for 2020 were for inflation in the region of 1% and for 2021 2%. However during this current year, price rises are exceeding this, being in the region of **2.75%**.

Furthermore there is also a degree of economic uncertainty for the year ahead, with factors such as Brexit and the ongoing Coronavirus pandemic to consider.

Whilst the proposed Budget is intended to cover all day to day expenditure for the Financial Year, there are also Financial Regulations requiring Parish Councils to maintain reserve funds. The Chartered Institute of Public Finance and Accountancy describes the purpose of Reserve Funds as;

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, and
- a contingency to cushion the impact of unexpected events or emergencies.

This reserve fund is known as the **General Reserve** or **Contingency Reserve** and the Parish Council is required to maintain a reserve of between 3 and 12 months expenditure.

At year end financial year 2019/2020 the general reserve was approximately 7 months.

However at the end of financial year 2020/2021 the predicted general reserve will be approximately 5.5 months.

To stop the decline of the General/Contingency Reserve, to a minimum level of 6 months, which can be seen as being below 2019/20 levels, would require an increase of the Precept in the region of **11%**.

It can therefore be seen that, for the 2021/2022 Budget to address the current/predicted price rises and the General Reserve decline it would require a minimum of increase of 13.75%.

Budgetary consideration should also be given to an **Election Reserve**.

Consideration should also be given to **Specific Reserves** or **Earmarked Reserves**. This reserve would cover items such as Emergency Planning, Grants etc. Funded projects which will run across financial years are another example. CIL income would also be able to be included within this category.

The Parish's current Precept 2020/2021 is £4725, which equates to household levy of £35.05 (using a Band D property as the example) or just £2.92 per month.

Budget Recommendations

1. That the Parish Council undertake to stop the recent decline and agree to maintain a minimum General/Contingency Reserve at a level of 6 months.
2. That this Budget ensures that this 6 month level is achieved within this financial year 2021/2022.
3. That the CIL payment of £7756.64 be identified within the Specific/Earmarked Reserve for allocation starting in 2021/2022 Financial Year following parishioner consultation. Proposals/costs will be identified within Parish Action Plan for 2021/2022 as they become available.
4. **Options**
 - a. That the Precept for 2021/2022 is set at £5560 (15% increase), which equates to a household increase from £35.05 to £40.30 per year or £3.36 per month. (using Band D property as example)
 - b. That the Precept for 2021/2022 is set at £5625 (16% increase) which equates to a household increase from £35.05 to £41.76 per year or £3.48 per month.
 - c. That the Precept for 2021/2022 is set at £5690 (17% increase) which equates to a household increase from £35.05 to £ 42.20 per year or £ 3.51 per month.