

Lydiard Millicent Parish Council

Draft Budget 2021/22

Executive Summary

Lydiard Millicent Parish Council is at a junction. Should the Council continue using mainly volunteers for the upkeep of the parish; or is now the time to pay people for completing these tasks? A Parish Office has been open for 4 years, providing somewhere for residents to interact with the parish council. More recently a part time handyman has been employed – already residents have commented on the improvements he has managed to achieve.

Contained within the report is a detailed narrative of reserves and justification of their requirement. *Table One* gives a break down of headings and figures

The recommended draft budget for 2021/22 is a standstill budget, there is no formal project list at this time. *Table Two* gives a break down of figures and comparisons between 2020/21 and 2021/22.

Explanations as to the impact a lower Tax Base has on Band D equivalents is analysed. *Table Three* gives examples of impact on Council Reserves.

➤ **Recommendations**

1. To adopt the presented budget (Table 2) for the financial year 2021/22, being the same as 2020/21 offering stability at this time.
2. Agree the General Reserve for 21/22 be placed at £34,000 – being approximately six months expected expenditure in line with Audit recommendations. This larger reserve better reflects amounts that may be needed urgently to protect council assets, or to protect the parish generally.
3. To set a precept of £54,800 (Fifty-four thousand, eight hundred pounds), being the same amount as in 2020/21; increasing the Band D equivalent by 45p per year. The time is approaching when parish councils will have to comply to the same “referendum principles” as Principal Authorities. It is wise to be ready, not adjusting precept demands downwards to reflect smaller tax bases, especially considering the small increase this year.
4. Consider movements within Ear Marked Reserves, to account for the projected deficit expenditure this year and budgeted deficit next year.

REPORT FROM THE CLERK / RESPONSIBLE FINANCIAL OFFICER TO LYDIARD MILLICENT PARISH COUNCIL

Purpose of Report

The purpose of this report is to help members set a budget for the financial year ending March 2022. It will provide context to the budget being recommended, together with explanations of how this draft budget has been produced. The report is intended to be read alongside tables 1, 2 & 3 attached. There is analysis of the precept required for this budget. Members will be aware that under the Local Government Finance Act 1992 s49A a budget must be agreed before any precept is set.

Background

Parish Councils are a statutory body in their own right, having the power to place a tax on its residents, in the same way as other statutory bodies (Unitary, District/County Councils, Police, Fire, etc.). Lydiard Millicent Parish Council is accountable to a population of approximately 1,570; a medium sized parish, being ranked 46th in this Unitary area.

Increasingly the role of parish councils is growing, whether as a conduit for local clubs and groups needing support or having services devolved to them, allowing Principal Authorities to concentrate on strategic issues. Local service provisions can be more easily adapted to individual parishes when managed, and paid for, locally.

Members will be aware that recently Swindon Borough Council have discharged all their local services to newly formed parishes, to aid more local control. During this pandemic many parish councils have supported their Principal Authorities in keeping people safe and well.

¹ Wiltshire Council Tax Base 2013-14 Detailing 250 parishes

Historically, within the parish of Lydiard Millicent it had been the practise that all councillors would also work as volunteers within the community, carrying out Parish Council tasks typically completed by paid staff in other parishes. As the responsibilities of the parish council has grown it has not been possible, or acceptable, for this to continue.

Parish councils increasingly need to be professional, relying less on volunteers to undertake regular maintenance alone but supporting them with Health & Safety equipment, insurance cover etc; especially within a council of this size, with assets like the Cemetery, Jubilee Club House, and Open Spaces, it already holds. There has also been a will for the Parish Council to increase its impact, with a parish office being opened for the benefit of local residents, and recently the recruitment of a part time Handyman.

Budget Rationale and Strategy Over the Past Five Years

There has been a will over the last five years to lift the profile of the Council. This has led to difficulties, with members wanting to carry out projects individually (or in groups) rather than agreeing strategy as a Council and prioritising projects.

The historic volunteering by Councillors must be applauded, keeping the parish precept low. This approach however, can not be maintained with residents expecting, and in some cases demanding, the council be more proactive throughout the parish. The siting of location signs, installation of moveable Speed Indicator Devices, increased usage of the Jubilee Club House, employment of a part time handyman, refurbishing of the cricket square, (all at residents request); and purchase of the paddock next to the Parish Hall have all been achieved recently; and together with the following list demonstrates members' enthusiasm.

The lack of any strategic overview, especially after the frustrations of the car park project, has led to friction within the council. It can easily be overcome with a cohesive strategy, planned by Councillors, executed by officers, on behalf of the community.

Provision of extra car parking spaces: Prior to 2015 requests had been made to the parish council to provide extra parking spaces within the area of the school and parish hall for use during the frequent busy times. Although, at

that time, £30,000 had been set aside for this project it was still financially prohibitive, with the possible need for a long term loan to complete the works.

After a consultation with residents, councillors resolved, in August 2015, to consider other uses for the Community Field. A more cost effective way of completing the car park was investigated in addition to consideration of a wooded area, a play park and other pedestrian activities². As yet no suggestions, including a smaller scale car park, have been formally agreed by the council, and the original money is transferred to a “Parish Project” fund within the Ear Marked Reserves.

Reinstatement of the Cricket Square: During the early part of 2016 discussions were held with Purton Cricket Club, who wished to use the Jubilee Club House and Recreation Field as a venue for one of their teams. At that time these assets were under used, especially during the summer months, and as Councillors wished to increase revenue it was decided to work with Purton Cricket Club to improve the square³. This has been on-going, although latterly with Swindon Cricket Club; their groundsman, attending the ground, to help the cricket square contractors that have been appointed.

This project has been costly in time and money, but the square is now back to the required playing standard for league games. Plaudits for the square have been sent to Wiltshire Cricket from various teams, which is encouraging. Advice from the contractor maintaining the wicket is that it is sufficient for four teams to play on.

Employment of a Part-Time Handyman: During preparations for the 2017/18 budget the Council directed that an amount be included for the provision of a part time Handyman⁴. Following a recruitment process the council appointed a Handyman for 10 hours per week; he started work in March 2020. Tasks to date have included:

✓ Painting inside the Jubilee Club House ✓ Painting wooden fence around play area ✓ Cutting hedges and generally tidying Cemetery ✓ Tidying Storeroom	✓ Removing brambles from behind building and play area ✓ Cutting back ivy in the Cemetery ✓ Litter picking of Recreation Field is carried out at least weekly	✓ Regular inspections carried out on play equipment and throughout building ✓ Working with contractors on cricket square ✓ Working with contractors employed by LMPC.
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² Minute Reference 138/16

³ Minute Reference 139/16

⁴ Minute Reference 149/16

Revision of Council Accounting Systems: Changes are being made to the way finances, including budgeting, are recorded and analysed. This includes identification of Ear Marked Reserves and General Reserves, rather than “one pot” of reserves within the councils accounting process. Having identified longer term requirements, money can be built up over time rather than needing to allocate the whole amount in one budget cycle, causing a “yo-yo” effect with the annual precept.

Ear Marked Reserves and General Reserves

As previously mentioned, the council had allocated £30,000 within its accounts to provide a parish car park. During detailed considerations of the project it was clear this amount would not be sufficient. At the same time, Parliament was considering imposing the same restrictions on Parish Councils as they had placed on Principal Authorities; allowing only a small percentage rise in precept each year. Locally in April 2015, Wiltshire Council advised that any future by-election costs may be recharged to parish councils. There are also agreements between some parishes and Wiltshire Council for some of their functions (like additional grass cutting) be devolved to parish level, if more than the statutory minimum is required by residents.

Initially members were resistant to change in the budgeting process, some preferring to “wait and see”, others preferring to budget for a single year only. The Council did however agree to setting up Ear Marked Reserves, shown in table 1 and detailed below.

Election costs: £3,000 Originally in April 2015 it was announced that by-elections may be re-charged; Wiltshire Council have announced in January 2021 that Parish Councils may, after the end of the financial year 2021/22, be re-charged an amount for all Parish elections; final details are not yet available.

Parish Signs: £0 Directly as a request from residents. Location signs have been erected identifying various distinct areas around the parish. This Ear Marked Reserve has already been depleted.

Footpath LMIL 70:£5,000 Again, a request from residents to upgrade this footpath. It is anticipated that children will use it to and from school and will remove the need to walk in the road at The Sun Inn. An Area Board grant of £3,000 is included within this.

Cemetery Inspections: £4,000 The latest legislation advises that headstones must be tested at least every five years by a qualified, competent person. There is a recognised national procedure for administering this inspection.

Street Furniture / Play Equipment / Noticeboards: £16,500 total These are straight forward headings – the recent new play equipment at the Recreation Ground was partly funded through the Play Equipment heading.

JCH Repairs/Renewals: £6,000 Built approximately 20 years ago, there will be a need soon for some updating to the fabric and infrastructure of the building.

Office Equipment: £1,500 Computers, printers, office furniture would all come under this heading.

Highways Projects: £3,000 Members wished this heading to be included in addition to the yearly budgeted amount because residents most frequent concerns are highways improvements. This fund will be a “head start” if a large project is identified.

Parish Projects: £33,000 Rather than a car park fund members have called this “parish projects” which can be used to develop the Community Field, or to support any other parish projects the council decides is appropriate.

Handyman Equipment: £8,000 Employment of a Handyman brings added costs for equipment; the council owns very little maintenance equipment.

General Reserves: £33,243 It is generally accepted that an authority hold an amount of money between three and twelve months as a General Reserve; the smaller the authority being nearer to the top of this rate. At its budget meeting in October 2018 LMPC set a guide of £30,000. This is at the lower limit of the recommendation for this size of council which should be six month's expenditure.

Draft Budget 2021/22

Table 2 (attached) gives the summary of expenditure and income for the year ending March 2020, together with projected expenditure and income to March 2021 (coloured green). Budget for 20/21 is shown (coloured yellow) as a comparison to the budget needing adoption, 2021/22 (coloured red).

The recommended budget is broadly in line with last year. Expenditure is grouped as follows:

Administration includes hiring of halls, printing, website, software licences, telephone, stationery. Recreation Field includes the Jubilee Club House (Gas, Electricity, Water, Business Rates etc). Highways includes an amount for CAT-G contributions, signage, bus shelters and public footpaths. Community Field has a budget of £500 attached, which will cover grass cutting; no allowance has been made for development if required this can come from Ear Marked Reserves. Chairman's allowance is reduced to £100; this heading has had very little expenditure over the last four or five years.

On the income side, estimates for hire have been reduced; it is anticipated that COVID-19 will still have an impact, with clubs and groups struggling to get "back to normal". Grants are shown as nil – it is not yet known whether the Rural Payments Agency Grant will still be available in 2021/22, it is being phased out from December 2020. Interest, at £200 is a little optimistic given the current situation; it should also be noted this figure will reduce rapidly as Ear Marked Reserves are reduced.

Precept Calculations

Local Councils demand an amount of money each year (precept) from its Billing Authority, in this case Wiltshire Council. It is the billing authority who is responsible for calculating how much each household must pay. A Tax Base is drawn up, using a complicated formula.

This figure (tax base) naturally is not exactly the same each year:

Lydiard Millicent Parish Council				
Year	2018/19	2019/20	2020/21	2021/22
Tax Base	761.49	769.00	782.41	777.44

The tax base for Lydiard Millicent has gone down slightly, meaning that Council Tax bills will be comparatively higher compared to last year, regardless of budget; approximate change being 0.64%.

Council Tax is usually defined as “Band D Equivalents”. Table 3 shows the effect on a Band D property when setting the precept. Keeping the precept the same as last year, (£54800) will see an increase of 45p per Band D. Keeping Band D the same as last year (£70.04) will see a decrease of £348 returned to LMPC.

All of the Parish precept comes from its residents, unlike Principal Authorities who additionally get a portion of the Business Rates and other small amounts of National funding. It has been said earlier in this report that principal authorities have less and less money with which to provide services; they are additionally restricted to only a small percentage precept increase each year. This is not true of Parish and Town Councils.

The Ministry of Housing, Communities and Local Government has not yet placed such restrictions on parish councils, stating in its Provisional Local Government Finance Settlement for 2021/22:

‘In expectation that parish and town councils continue to show restraint when setting council tax precept levels, the Government proposes to continue with no referendum principles for town and parish councils in 2021/22. The Government will take careful account of the increases set by parishes in 2021/22 when reviewing the matter ahead of next year’s settlement.’

For comparison, the average Band D parish contribution for 2020/21 in Wiltshire was £127.17, an increase of £10.50 on the previous year; nationally the average for 2020/21 was £69.89, an increase of £2.71 on the previous year.

Recommendations

In summary, the Council has undertaken a number of projects in recent years, to achieve even better things it must now work on an overview for the parish; needs and aspirations should be prioritised, rather than the disparate projects currently being undertaken by members. A focus like this will allow for good management of residents' expectations, tighter controls on budgets, and hopefully greater Community Spirit.

Members are asked to consider the four recommendations below:

1. To adopt the presented budget (Table 2) for the financial year 2021/22, being the same as 2020/21 offering stability at this time.
2. Agree the General Reserve for 21/22 be placed at £34,000 – being approximately six months expected expenditure in line with Audit recommendations. This larger reserve better reflects amounts that may be needed urgently to protect council assets, or to protect the parish generally.
3. To set a precept of £54,800 (Fifty-four thousand, eight hundred pounds), being the same amount as in 2020/21; increasing the Band D equivalent by 45p per year. The time is approaching when parish councils will have to comply to the same “referendum principles” as Principal Authorities. It is wise to be ready, not adjusting precept demands downwards to reflect smaller tax bases, especially considering the small increase this year.
4. Consider movements within Ear Marked Reserves, to account for the projected deficit expenditure this year and budgeted deficit next year.

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Parish Clerk/RFO

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Movement of General Reserves and Ear Marked Reserves

Opening Balance 01/04/2019	113473	Opening Balance 01/04/2020	115243	Projected Opening Balance 01/04/2021	102785
Savings made	2270	Projecting Deficit	-10215	Budgeted Deficit	-15615
Election Costs	3000	Election Costs	3000	Election Costs	3100
Parish Signs	0	Parish Signs	0	Parish Signs	100
Footpath LMIL70	5000	Footpath LMIL70	5000	Footpath LMIL70	5000
Cemetery Inspections	4000	Cemetery Inspections	4000	Cemetery Inspections	4000
Street Furniture	3000	Street Furniture	3000	Street Furniture	3000
Play Equipment	12000	Play Equipment	10000	Play Equipment	8000
Noticeboards	3500	Noticeboards	3500	Noticeboards	1000
JCH Repairs/Renewals	6000	JCH Repairs/Renewals	6000	JCH Repairs/Renewals	6000
Office Equipment	1500	Office Equipment	1500	Office Equipment	1500
Highways Projects	3000	Highways Projects	3000	Highways Projects	3000
Parish Projects	33000	Parish Projects	33000	Parish Projects	33000
Handyman Equipment	8000	Handyman Equipment	8000	Handyman Equipment	8000
82000		80000		75700	
General Reserve	30973	General Reserve	33000	General Reserve	33000
Total	115243	Total	102785	Total	93085
Closing Balance 31 March 20	115243	Projected Closing Balance 31 March 21	102785	Budgeted Closing Balance 31 March 22	93085
Difference	0	Difference	0	Difference	0

Financial year to March 2020, showing a saving. Savings will be used to increase General Reserves in 2020/21

The figures above are projections to April 2021. Projecting an overspend.

This set of figures shows a budgeted deficit to allow precept to be kept the same as 2020.

Adjustments must be made to allow for this deficit. If Ear Marked Reserves are reduced greatly interest on the income is less and projects will take longer to progress. In making changes to General Reserves there is a risk there will not be enough capacity in case of an emergency.

Lydiard Millicent Parish Council - Draft Budget 2021-2022

Expenditure	Actuals March 2020	Budget 2020-2021	3 Quarters Dec 20	Projected 2020-2021	Budget 2021-2022
Administration	2350	4500	1216	4097	4500
Election Fees	0	50	0	0	0
Salary	12098	18000	14058	18744	20000
Grass Cutting Contract	xxx	xxxx	0	0	0
Insurance/Audit/ICO	2497	2750	1837	2547	2750
Training/Publications	3050	3800	25	625	3000
Cemetery / Open Spaces	3664	5000	1651	2179	4000
Recreation Field	15602	19500	11891	16029	19500
Jubilee Club House	xxx	xxxx	0	xxx	0
Grants	156	300	0	0	100
Play Areas	16052	1500	4591	5391	2000
Highways	11003	11000	11545	20224	11000
Footpaths	xxx	xxxx	0	xxx	0
Lydiard Plain	0	350	0	0	350
Neighbourhood Plan	9328	50	0	0	0
Professional Fees	1570	3000	3422	3672	3000
Lydiard Millicent Field	0	1000	0	150	500
Loan Repayments	0	0	0	0	0
Chairmans Allowance	26	250	25	25	100
	77396	71050	50261	73683	70800

Income	Actuals March 2020	Budget 2020-2021	3 Quarters Dec 20	Projected 2020-2021	Budget 2021-2022
Precept	52800	54800	54800	54800	0
Precept Support Grant	0	0	0	0	0
Burials	3000	2600	1825	2275	3000
Hire of Rec' Field	5199	5000	1500	1500	2000
Hire of JCH	1538	600	28	28	100
Rents	1000	1000	0	1000	1000
Grants	13120	0	3290	3290	0
Interest	142	150	55	102	200
Other	2367	0	0	0	0
	79166	64150	61498	62995	6300
		-6900		-10688	

Taken from General Reserves

9700

Opening Balance	113473	Projected Balance 01/04/2021	20785
Less Ear Marked Reserves	82000	Plus Ear Marked Reserves	82000
Projected Expenditure	73683	Budget Expenditure	70800
Projected Income	62995	Budget Income	61100
Projected Balance 31/03/2021	20785	Projected Balance 31/03/2022	93085

Precept 2020-2021

54800

Percentage change

0.00

Band D Equiv 2020-21	£70.04	Taxbase 2021-22	777.44
Taxbase 2020-21	782.41		

Recommended Precept

Opening Balance 1/04/2020	113473	Projected Balance 1/04/2021	20785	* Budget income plus Precept Will stabilize finances ready for any future growth
Less Ear Marked Reserves	82000	Plus Ear Marked Reserves	82000	
Projected Expenditure	73683	Budget Expenditure	70800	* Precept Request £54,800
Projected Income	62995	Budget Income	61100	
Projected Balance 31/03/2021	20785	Projected Balance 31/03/2022	93085	
Precept 2021-2022	54800	Percentage change in Band D Band D Equivalent	0.64 £70.49	

Static cost to Band D Equivalents

Opening Balance 1/04/2020	113473	Projected Balance 1/04/2021	20785	Keeping Band D as last year will increase deficit
Less Ear Marked Reserves	82000	Plus Ear Marked Reserves	82000	
Projected Expenditure	73683	Budget Expenditure	70800	* Illustration of possible eventual increases if deficit budgeting is not controlled.
Projected Income	62995	Budget Income	60750	
Projected Balance 31/03/2021	20785	Projected Balance 31/03/2022	92735	
Precept 2021-2022	54450	Percentage change in Band D Band D Equivalent	0.00 £70.04	

Increase to mitigate projected deficit in 20/21

Opening Balance 1/04/2020	113473	Projected Balance 1/04/2021	20785	Illustration of possible eventual increases if deficit budgeting is not controlled.
Less Ear Marked Reserves	82000	Plus Ear Marked Reserves	82000	
Projected Expenditure	73683	Budget Expenditure	70800	* Illustration of possible eventual increases if deficit budgeting is not controlled.
Projected Income	62995	Budget Income	71315	
Projected Balance 31/03/2021	20785	Projected Balance 31/03/2022	93085	
Precept 2021-2022	65015	Percentage change in Band D Band D Equivalent	19.40 £83.63	