Quatt Malvern Parish Council Tax Precept and Budget 2018-2019

1, Information from Shropshire Council

Shropshire Council have asked the Town and Parish councils to notify them of their precept requirements for 2018/19 by 31st January 2018.

Last year, this Council levied a council tax precept of £5930 which equates to £68.91 per annum for an average Band D property.

For 2018-19, due to the effect of the Housing benefit legislation and the number of taxable units, the same precept would only cost the average household £64.26 per annum.

Council Tax 2017-18

Precept charged at £68.91 pa per average Band D dwelling = £5930

Council Tax 2018 - 19

Precept charged at £64.26 per average band D dwelling = £5930

Precept charged at £68.91\* per average band D dwelling = £6359

\*Present rate

2. Raising or Lowering the Council tax

Councillors will note that raising or lowering the precept by £100 results in an increase/decrease for an average Band D household of £1.08 per annum. Raising or lowering the precept by £1000 results in a £10.84 adjustment per annum for an average band D property. The present charge for a band D property is £68.91 pa.

3. Projected Expenditure for 2017/18 and 2018/19

A detailed breakdown of expenditure for the current year is given in Appendix 1, including projections until the current year end where necessary.

The projected expenditure for 2018-19 is also shown at Appendix 1 and has been calculated by using the actual and projected expenditure from this year and adjusting it for inflation (3%). This is represented by the figures in the right hand column. In certain items, a different calculation has been used and this is explained below:

03.1 Salaries and PAYE have been adjusted in line with agreed national salary award.

03.2 Elections (£100). There were parish council elections held in May this year and Shropshire Council have informed the Council that the charge of £100 will be made in 2018/19. If a casual vacancy arises in 2018/19, that will be charged in 2019/20 and can be budgeted for in that year.

4 Summary of Income and Expenditure 2017/18 and 2018/19 (rounded up/down)

2017/18

Income = £16698 (balances b/f, Precept, Transparency funding,grants and VAT refund)

LESS Expenditure £ 7225 (estimated to year end)

= Balances of £9473 to carry forward to 2018-19

2018/19

Income

= £9473 balances b/f from 2017/18

+Vat Refund £ 650

 TOTAL £10,123

LESS £ 6,824 projected expenditure

= £3299 projected balances to carry over to 2019/20

+ Precept £5930 (assuming no change)

TOTAL BALANCES carried forward £9229

The expenditure for 2017/18 appears to exceed that for 2018/19 but that is because of the expenditure of £1837 on a new noticeboard but this is offset by the refund from the insurance company which is included in the income.

5 Balances

The estimated balances to be carried forward from 2017/18 are unusually high (£9473) due to extra income from the Transparency Fund ( £1335). However, the Council will see from the figures in Appendix 2 that the balances have been rising over the last few years despite higher expenditure.

**The Governance & Accountability for Local Councils Practitioners Guide 2010 stipulates**:

*2.26 ... whenever council’s year-end general reserve is significantly higher than the annual precept, an explanation should be provided to the auditor. Earmarked reserves, which are set aside for special projects, should be realistic and approved by the council. It is generally accepted that general (i.e. un-earmarked) revenue reserves usually lie within the range of three to twelve months of gross expenditure. However, the amount of general reserve should be risk assessed and approved by the Council.*

The Council’s’ balances are considerably in excess of the guidelines stated.

The estimated balances to be carried forward to 2019/20 are slightly less (£9229) but if any slippage occurs they will be higher again.

The Council might wish to consider reducing the Council Tax precept for 2018/19 to redress the disparity between income and expenditure.

The Council will note from Appendix 2 that they reduced the precept in the years 2013/14 from £5950 to £5113.

6 Decision Required

Based on the information given above, the Council are asked to:

6.1 Approve the estimated budget expenditure for 2017/18 as shown at Appendix 1

6.2 Determine the precept for the ensuing year.

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