

Budget Setting Process for Illogan Parish Council

Introduction

The primary source of income for Illogan Parish Council comes from the Precept, which is a local tax collected by Cornwall Council on behalf of the Parish. This money is required to run the Council and pay to maintain and improve the facilities, activities and services that the Parish Council provide and is the operational cost difference between expected expenditure and income (Budget) in any one year. A proportion of this money is prudently held in reserve for either future planned projects and/or unexpected events.

The budget is an agreed plan of income and expenditure for a specific financial year. The Council's financial year runs from the 1st April to the 31st March. The Council's expenditure is separated into sections which are given titles and form the overall budget.

The precept is calculated as an element of the budget. The precept is the council tax which Cornwall Council collects on behalf of this Council. The precept is the balance calculated by estimating planned expenditure and subtracting planned income.

The Council must appoint an officer who is responsible for the financial administration; this officer is known as the Responsible Financial Officer (RFO). The Clerk is the Responsible Financial Officer for Illogan Parish Council.

Illogan Parish Council regularly reviews its budgets against its actual income and expenditure.

Illogan Parish Council's Budget Setting Process

September

1. In September each year the RFO produces a report for consideration by the Finance and Resources Committee which contains the following information (an example is attached as appendix 1):
 - i. Cost Code (the number given to each part of the Council's budget)
 - ii. Title i.e. Litter Control, Manningham Wood Maintenance etc
 - iii. Actual income and expenditure for the last 3 years
 - iv. The opening Ear Marked Reserve (EMR) for each section (an ear marked reserve is money in savings one intends to use only for a certain, stated purpose)
 - v. The budget for the year
 - vi. The actual income and expenditure from April to September of the current year
 - vii. A forecast of the income and expenditure expected from October to March of the current year
 - viii. A forecast of the total income and expenditure for the current year
 - ix. The budget minus the forecast income and expenditure
 - x. The estimated closing Ear Marked Reserve (EMR)
 - xi. The estimated income and expenditure for the following year
 - xii. Planned additions or reductions from the Ear Marked Reserve (EMR)
 - xiii. Net precept (the estimated expenditure + the additions or reductions from the EMR)
2. The RFO also produces a report that explains how the figures have been produced for the above report (an example is attached as appendix 2).

3. Members of the Finance and Resources Committee carefully consider the above reports line by line at a meeting and agree any changes to be made.

October

1. In October each year the RFO reproduces the report produced in September with updated information for consideration by the Finance and Resources Committee which contains the following information:
 - i. Cost Code (the number given to each part of the Council's budget)
 - ii. Title i.e. Litter Control, Manningham Wood Maintenance etc
 - iii. Actual income and expenditure for the last 3 years
 - iv. The opening Ear Marked Reserve (EMR) for each section (an ear marked reserve is money in savings one intends to use only for a certain, stated purpose)
 - v. The budget for the year
 - vi. The actual income and expenditure from April to October of the current year
 - vii. A forecast of the income and expenditure expected from November to March of the current year
 - viii. A forecast of the total income and expenditure for the current year
 - ix. The budget minus the forecast income and expenditure
 - x. The estimated closing Ear Marked Reserve (EMR)
 - xi. The estimated income and expenditure for the following year
 - xii. Planned additions or reductions from the Ear Marked Reserve (EMR)
 - xiii. Net precept (the estimated expenditure + the additions or reductions from the EMR)
2. The RFO also produces a report that explains how the figures have been produced for the above report.
3. Members of the Finance and Resources Committee carefully consider the above reports line by line at a meeting and agree any changes to be made.
4. Once members of the Finance and Resources Committee have agreed the budget, they make a recommendation to the Full Council on what they feel the budget and precept should be set at for the following year.

November

1. At the November Full Council meeting members consider the recommendations from the Finance and Resources Committee on the budget and precept for the following year.

If the Full Council agrees with the recommendation they will set the budget and precept by resolution of the Council.

If the Full Council disagrees with the recommendation they will request that the Finance and Resources Committee reconsiders the budget and precept and makes a further recommendation to the December Full Council meeting. The process followed in October and into November would be repeated.

2. The Full Council agrees the report on how the Council will spend the precept which needs to be submitted to Cornwall Council with the notification of the precept.

Budget and Precept Set by Full Council

1. Once the budget and precept have been agreed by the Full Council the RFO completes and returns the Precept Notification to Cornwall Council with the appropriate paperwork by the appropriate deadline.

What Next?

1. Cornwall Council collects the council tax for every household that are eligible to pay. The money collected by Cornwall Council helps to fund the services it provides together with those services provided by your local Parish Council and the Devon and Cornwall Police and Crime Commissioner.
2. Cornwall Council pays the precept to the Parish Council in two halves. The first half is received in April and the second half in September.
3. Illogan Parish Council uses the money to run the Council services and to pay to maintain and improve the facilities, activities and services for the public.
4. The RFO produces statements of accounts and bank reconciliations on a monthly basis; copies are circulated to members and considered at Full Council meetings.
5. The Full Council and the Finance and Resources Committee regularly review the Council's income, expenditure, budgets etc throughout the year.

Appendix 1

ILLOGAN PARISH COUNCIL DRAFT BUDGET 2015/16																	
		2011/12	2012/13	2013/14	2014/15							2015/16					
					Opening		Actuals	Forecast	Total		Closing		Add to	Rel. from	Net	Closing	
Code	Title	Actuals	Actuals	Actuals	EMR	Budget	Apr - Sept	Oct - Mar	Forecast	Budget minus Forecast	EMR	Expend.	EMR	EMR	Precept	EMR	
ADMINISTRATION																	
12	Audit & Legal Costs	750	824	1,353	5,000	4,000	600	2,000	2,600	1,400	7,000	4,000		(1,000)	3,000	5,000	
13	Publications	0	50	63	0	100	34	0	34	66		100			100		
14	Subscriptions	1,317	1,578	1,622	0	2,000	1,408	281	1,689	311		2,000			2,000		
15	Training & Conferences	150	470	1,903	3,000	2,000	1,113	800	1,913	87	3,000	2,000			2,000	3,000	
17	Chairman's Allowance	500	500	500	0	500	250	250	500	0		500			500		
18	Election Expenses	0	0	2,470	14,300	0	0	0	0	0	14,300	0			0	14,300	

Appendix 2

Code	Remainder of 2015/16 Forecast	2016/17 Expenditure
Administration		
Code 12 – Audit & Legal Costs (Independent Internal Auditor Fees, External Auditor Fees and Solicitor Fees)	<p>£1,050 - Internal Auditor £600 - External Auditor</p> <p>I have estimated that the maximum the registration of the Land at the End of Woodbine Lane will cost is £1,000.</p>	I have suggested that any unspent budget allocation is put into the Earmarked Reserve and that it is allocated against the 2016/17 budget and that the remainder of the Earmarked Reserve is maintained. This will allow for any other future legal costs or legal costs associated with any future devolution or projects.
Code 13 – Publications (LCR Annual Subscription & information/reference books etc)	Forecast - £34 for LCR magazine	Budget is same as last year.
Code 14 – Subscriptions (Cornwall Association of Local Councils (CALC), Society of Local Council Clerks (SLCC), South West Councils, DIS (Direct Information Services), Data Protection Registration)	<p>SLCC Subscription – based on 2014/15 - £231</p> <p>Licence fee for Manningham Path - £110</p> <p>231 +110 = 331</p>	Budget has been based on the 2015/16 figures.
Code 15 – Training & Conference Fees (Employee and Councillor training and conference fees)	£30 for 3 councillors for Cornwall Council Planning Conference.	Budget is same as last year.
Code 17 – Chairman’s Allowance (Allowance for the Chairman to cover the cost of attending civic events on behalf of the Council)	<p>£125 paid to Chairman every quarter – the Chairman has received 2 payments this financial year.</p> <p>£125 x 2 = £250</p>	Budget is same as last year.
Code 18 – Election Expenses (Cost of Elections and By-Elections)	There are no known election expenses for 2015/16 or 2016/17.	The next elections are due in May 2017 which will fall in the 2017/18 budget.