



**AUDLEM**  
PARISH COUNCIL

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Clerk: Owen Hembry  
88 Mckelvey Way  
Audlem, Crewe CW3 0FJ  
e-mail: audlempc@gmail.com

# **Audlem Parish Council**

## **Budget report for financial year 2022/23**

### **1. Introduction**

The Parish Council is to consider budget proposals for the 2022/23 financial year.

This report provides members with information regarding the financial position in the current year and a forecast outturn, a proposed budget for the coming year and cash reserve coverage for unplanned contingencies.

The budget proposal has been drawn up by a working group of the Finance Committee. Cheshire East Council requires precept requests by 14 January.

Documents that accompany this report show

- The actuals for the previous 2020/21 year.
- The projected outcome for the current 2021/22 year.
- Detailed draft budget proposals for 2022/23.
- Summary by cost centre of draft budget proposals for 2022/23.
- Projected cash reserve coverage.

### **2. Decisions required**

At the Audlem Parish Council meeting scheduled for **Monday 10 January 2022**, the Parish Council will consider:

- The approval of the 2022/23 budget.
- Authorising the Clerk to request a precept of £56,394 from Cheshire East Council.

### 3. Budgeting

According to *Governance and Accountability for Smaller Authorities in England: A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements* the Council should have in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.

The authority needs to prepare and approve a budget in a timely manner before setting a precept or rates and prior to the commencement of the financial year.

The authority needs to monitor actual performance against its budget during the year, taking corrective action where necessary.

A financial appraisal needs to be undertaken before the authority commences any significant project or enters into any long-term commitments.

The preparation of an annual budget is one of the key statutory tasks to be undertaken by an authority and has three main purposes:

- It results in the authority setting the precept for the year.
- Subject to the authority's financial regulations, it gives the clerk and other officers overall authority to make spending commitments in accordance with the plans approved by members.
- It provides a basis for monitoring progress during the year by comparing actual spending against planned spending.

It is essential that authority members understand how the budget is put together and how it should be used in the running of the authority.

Reviewing the budget against actual expenditure regularly gives members early warning about the likelihood of a shortfall, or surplus, and helps them to decide what responsive action to take.

#### **The key stages in the budgeting process**

- Decide the form and level of detail of the budget.
- Review the current year budget and spending.
- Determine the cost of spending plans.
- Assess levels of income.
- Bring together spending and income plans.
- Provide for contingencies and consider the need for reserves.
- Approve the budget.
- Confirm the precept or rates and special levies.
- Review progress against the budget regularly throughout the year

#### **4. Review of current financial year 2021/22**

The forecast total receipts and payments for the current year is derived from the actual amounts recorded year to date as at November, and a forecast amount remaining for the year based on a projections using year-to-date actuals, known details and estimates.

##### **2021/22 year-end forecast:**

Total forecast payments: £58,363

Total forecast receipts: £56,979

Projected funds at year end: £140,274 (reserved £90,743; unreserved £49,532)

##### **Projected reserved funds at year end:**

Turnpike Field General £47,945

Turnpike Field Donations/ Calor Grant £13,723

Community Infrastructure Levy £29,075

It is important to note that forecasts to the end of the current year will be affected by any contingency/unexpected expenditure during the remainder of the year, which would in turn affect projections for the 2022/23 year.

#### **5. Budget proposal for the 2022/23 year**

Budget receipts £58,157 (2021/22 forecast £56,979; 2020/21 actual £66,394)

Budget payments £78,662 (2021/22 forecast £58,363; 2020/21 actual £72,067)

A budget working group of the Finance Committee has reviewed the budget proposal in detail by line of individual cost codes. A summary by cost centre is included in this report (see figure 1 below).

Budget payments have been in general based on the current year's forecast payments plus five per cent to allow for cost increases, projection of known ongoing costs, expectation of known irregular expenditure and contingency for unknown expenditure.

Tree surveys are expected to be undertaken on properties which the Council owns or for which it is responsible. These have not been conducted on annual basis. The budget payment was based on the cost when last undertaken in 2018 plus 15 per cent.

Budget payment for Longhill Moss of £11,229 includes contingency for repairs and maintenance.

Budget payment for Turnpike Field Capital Expenditure of £15,464, includes £10,464 for the annual loan repayment and contingency for development.

Budget payment for Turnpike Field Maintenance Costs of £4,395 Includes contingency for repairs and maintenance.

## 6. Cash contingency

The Council has previously identified a preferred level of cash reserve cover of nine months.

Calculating the projected cash reserve coverage by month based on the total projected funds at year end of £140,274 results in a coverage of between 18 and 25 months in any one month.

However, of the projected funds at year end, the amount reserved against specific cost centres, and therefore not available to provide general cover, is forecast at £90,743. This leaves an unreserved amount of £49,532.

Excluding the already reserved funds and relevant budget payments cost codes relating to these reserves, and assuming expenditure at an even rate, with the precept received split between April and September, the projected cash reserve by month is between 7 and 13 months in any one month (see figure 2 below).

All projections and forecasts would be affected by any unexpected expenditure in the remainder of the current year ending 31 March 2022.

In a scenario in which there was £15,000 of additional, currently not-forecast payments in the current year, the impact on the cash reserve cover in the 2022/23 budget would be to reduce coverage to between 4 and 10 months in any one month.

## 7. Precept

Cheshire East Council has approved the 2022/23 tax base for Audlem Parish Council at 1074.37 and has indicated that if the current Band D Council Tax of £52.49 remained the same this would increase the precept for Audlem Parish Council from £55,000 to £56,394.

This budget proposal has been drawn up on the basis of Audlem Parish Council requesting a precept of **£56,394** and the current Band D Council Tax remaining at £52.49.

Budget payments for the 2022/23 year at £78,662 are forecast to be £20,505 higher than total budget receipts of £58,157. The budget payments include contingencies as outlined above.

The Finance Committee working group recommends that the difference between budget payments and receipts in the 2022/23 year will be funded from current cash reserves, with further cash contingency coverage as outlined above. However, this may have to be monitored with regard to subsequent years.

Figure 1. Budget summary by cost centre

**Audlem Parish Council**  
Budget forecast 2022/23

Cost centre	2020-2021		2021-22		2022-23		Comments
	Actual Receipts	Actual Payments	Forecast receipts	Forecast payments	Budget Receipts	Budget Payments	
Accountancy costs	0	797	0	918	0	964	
Administration Costs	0	19,967	0	19,651	0	19,535	
Butter Market Maintenance &	0	1,060	0	0	0	1,000	
Chair's Allowance	0	44	0	0	0	150	
Community Expenditure	0	937	0	0	0	1,100	Includes contingency for repairs and maintenance.
Donations received	68	0	216	0	0	0	No income assumed.
Grants paid	0	9,132	1	4,322	0	5,500	
Grass Cutting	0	0	0	230	0	250	
Income	53,776	0	56,163	0	57,557	0	
Insurance	0	1,090	0	1,096	0	1,151	
Loughill Moss	600	4,100	600	253	660	11,229	Includes contingency for repairs and maintenance.
Neighbourhood Plan	0	0	0	0	0	500	
Newsletters & promotional printing	0	545	0	520	0	504	
Office Expenses	0	436	0	305	0	234	
Public Conveniences	10,050	6,536	0	7,783	0	8,007	
Room Hire	0	130	0	510	0	536	
Street Cleaning costs	0	5,764	0	5,698	0	5,983	
Subscriptions	0	827	0	755	0	792	
Training	0	235	0	263	0	500	
Turnpike Field Capital expenditure	0	17,360	0	14,280	0	15,464	Includes loan repayment and contingency for development.
Turnpike Field Grants received	1,900	0	0	0	0	0	
Turnpike Field Maintenance Costs	0	2,521	0	1,203	0	4,395	Includes contingency for repairs and maintenance.
Village Meeting	0	0	0	0	0	263	
Website	0	586	0	576	0	605	
<b>TOTALS</b>	<b>66,394</b>	<b>72,067</b>	<b>56,979</b>	<b>58,363</b>	<b>58,157</b>	<b>78,662</b>	

**Budget:**  
Receipts Budget £ 58,157  
Payments Budget £ 78,662

**Projected funds at year end:**  
Projected at end 2021/22 £ 140,274  
Reserved £ 90,743  
Unreserved £ 49,532

**Projected reserved funds at year end:**  
Turnpike Field General £ 47,945  
Turnpike Field Donations / Calor £ 13,723  
CIL Funds £ 29,075

