



Kessingland Parish Council

Budget 2022-23

Precept

1. Introduction

This report will explain options which the council has when setting the precept in relation to the budget.

The budget and the precept would normally be the same figure such that expenditure and income would generally balance. However when a council has reserves there can be a variance between the two and precept may be lower than the budget.

This was the situation for the council last year as the budget was £123,033 but the council decided to freeze the precept as the previous year's level of £119,688.57 less the Government Covid Relief which brought it down to £116,703.

2. Council Tax Base

The council tax base is calculated by working out the Band D equivalent number of properties in the parish and this has to be done by the 31st January each year by the Precepts team at East Suffolk Council. Generally East Suffolk will put this before cabinet in December but they will do an initial calculation around September or October and send information out to parish councils. The variance each year is mainly affected by the number of new domestic properties built during the financial year but can also be affected by collection rates and relief schemes (such as happened last year).

East Suffolk has advised the council that the Kessingland tax base has increased. Essentially this means that to if each household were to pay the same amount of council tax as last year, then the council would receive more.

Band D is used as the common denominator as it is the average type of property nationally. The bands go from A to H with A being the lowest value properties for council tax purposes.

East Suffolk Council have advised that the council tax base for 2022/23 for Kessingland will be 1,445.05 Band D properties.

This means that should the council wish to keep the same tax charge as last year the increased council tax base would generate a £120,788.81 precept which is a 3.39% increase.

3. Precept Options

Finance & Governance are recommending a budget for 2022-23 of £139,194.00. This gives the council some options with regard to setting the precept. In effect these are to match the precept to the budget or to set a precept lower than the budget and potentially draw on reserves to fund the difference.

a. Budget = Precept

This option would have the following effect on the precept

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
2021/22	55.88	65.19	74.51	83.82	102.45	121.07	139.70	167.64
2022/23	63.73	74.35	84.97	95.59	116.83	138.07	159.32	191.18
Difference £ per Year	7.85	9.15	10.46	11.77	14.39	17.00	19.62	23.54
Difference £ per month	0.65	0.76	0.87	0.98	1.20	1.42	1.63	1.96
Difference £ per week	0.15	0.18	0.20	0.23	0.28	0.33	0.38	0.45

b. 0% increase on the last year's Council Tax

This option would result in an income from the precept of £120,788.81 which would leave the council with a potential shortfall of planned income to expenditure of 18,405.19. This option was taken last year however it was because of Covid, Covid furlough schemes, reducing household incomes and a reduced council tax base.

c. Higher than 0% but less than Budget

This could be set at any point in between a & b

The council can decide to go for any of the above options however options b and c can only be considered as short term options and if council were to consider these options it should be as part of the planned method of reaching point a.

4. External Factors

There are some external factors which might influence councillors when deciding upon the precept. It is unlikely that Suffolk County Council and the Police & Crime Commissioner will not be increasing their share of council tax and it is likely to be at a level approaching their maximum allowed increase as they have already stretched

budgets and both increased their share of the council tax last year. East Suffolk held their share of the precept the same last year and will be benefitting from an increase council tax base but they will be faced with increasing costs. Those three increases will be far more significant than the impact of any parish council increase.

One thing which is not included in the Kessingland budget is income. Mainly this appears to be because any external revenue is not constant or of a significant level. Additionally some of the potential income streams are linked to reserves, such as the Kessingland Remembers income going into a reserve for improvements to the Roy Brown Memorial Garden or allotment "profit" going back into the allotments. This may change in the future when the council deals with room hire and hire of other facilities. At the moment this would be hard to quantify as during Covid income from these sources has been very limited or non-existent.

The council has been reasonably successful in gaining grant funding but this is generally for additional funding for particular activities and is not guaranteed so it cannot be included within a budget.

Similarly, last year there was one off government funding to offset the reduced tax base caused by Covid and there has been no indication of that being repeated this year.

5. Conclusion

This report should provide all the information available for councillors to make a decision regarding the precept and the January Parish Council meeting. Should any councillor have any questions then please email them to me and I will try to ensure that I have an answer for the January meeting. If anybody wants any other calculations done re the tax base and band levels again please do contact me and I will endeavour to provide information.

The precept is a matter which cannot be delegated and the council has a deadline to have the precept into East Suffolk before the 28th January.

Neil Coleby
Parish Clerk/RFO
December 2021