

ASKRIGG AND LOW ABBOTSID PARISH COUNCIL BUDGET SETTING PROCESS

Deciding the form of the budget

The first decision for the council is to determine the level of detail at which to prepare the budget. This involves scheduling out all the headings under which the council expects to make payments or is likely to receive cash (for example, clerk's salary, grass cutting etc. An estimate will then be prepared for each of these headings of the value of the transactions that will take place next year.

Review the current year's income and expenditure

We start by looking at the current year figures, with 3 main purposes:

- We identify activities that are being carried out this year that will also be carried out next year and need to be budgeted for e.g. grass cutting, clerk's salary.
- We identify things that are happening in the current year that will not happen in the next year and therefore do not need to be budgeted for.
- The final task is to identify items that are not in the current year's spending but needs to be added for the following year.

Determine the cost of spending plans

Having decided what the council wants to spend its money on, the next stage is to work out the costs. For current activities, this will require an estimate of any likely changes in the level of activity taking into account inflation and any salary increases. Costs of new activities will have to be estimated using the best information available.

Access levels of income

Consideration should be given to budgeted levels of income for the next year. The budget setting process will usually happen at the same time as the council decides about the costs for example grass cutting and this should be set for the next twelve months.

Bring together income and expenditure plans

For many of the activities, income and expenditure decisions will be linked. When deciding on any spending, the council should consider the level of income.

Provide for contingencies

Consideration should be given to forward planning and whether any future work will be needed over the next 3 years. This will decide what balance of funds should be carried over to the next financial year.

Approve the budget

Having agreed the planned level of spending, anticipated income and the balances need to be carried forward for contingencies, the budget needs to be approved. Much of the work preceding this may be delegated to the Responsible Financial Officer (RFO), a role often fulfilled by the Clerk, but the council must approve the final budget. Sufficient information should be provided to the council for them to make a reasonable judgement of the plans and affordability for the coming year. There is no statutory requirement to publish the budget, but the council may decide to include them on the parish website.

Confirm the precept

The important statutory stage of the budget process is confirming the precept. The law requires that precepts be issued a month before the new financial year starts i.e by the end of March. The RDC may ask the council for precepts earlier to assist in their financial process.

Review progress against the budget

Once the budget has been approved, there should be a process to manage the council's finances. Askrigg and Low Abbotside Parish Council should have the following arrangements in place.

- Progress reports should be prepared periodically through the year, showing income and expenditure against budgeted amounts.
- A report should be presented at each parish council meeting. This will enable the Council to consider the need to change any budget heading particularly if there is an overspend in one area and funds from the contingency needs to be carried over.
- It is good practice to change a budget which may be considered ineffective. Any changes should only be made with the authorisation of the council.