



# MELTON PARISH COUNCIL

**MPC(21)08.03**

## **TO AGREE THE PRECEPT REQUEST FOR 2021/22**

Melton Parish Council has to notify East Suffolk Council of its precept requirement for 2021/22 by 31 January 2021.

Papers MPC(21)08.02 (covering report) and MPC(21)08.02a (the budget spreadsheet) set out the proposed detailed budget for 2021/22 which is recommended for adoption.

**For 2021/22 the budget reflects a proposed precept of £93,706.34 made up as follows:**

1. The charge for a Band D property in 2020/21 (£47.71) x 1,860.33 Band D equivalent properties. The tax base has increased from 1,822.60 Band D equivalent properties since last year to 1,860.33, thus yielding an increased sum of £88,756.34 with 0% change.
2. A 2% uplift on the salary costs for 2020/21. The cost of the three staff employed by the Council is its biggest fixed cost. There will be changes to the staffing arrangements in 2021/22, and the additional £950.00 generated by this uplift will help to enable arrangements for the effective administration of the Council to continue.
3. An addition of £4,000.00 to reflect the additional substantial cost of the management and maintenance of 21 parcels of land being conveyed to the Council in early 2021.

This proposed increase of £4k in support of the divested land has been considered by Budget and Projects Working Group at its meetings on both 10 November 2020 and 7 January 2021. **A paper setting out the background issues prepared by Cllr Banks is appended below for information.**

The precept figure thus calculated of £93,706.34 represents an overall increase of 5.6% - about five pence a week for a Band D equivalent property. In the Provisional Local Government Finance Settlement it has been confirmed that there will be no council tax referendum limits for local councils in 2021/22.

## **Recommendation**

**Members are requested to formally determine the Council's precept requirement for 2020/21 as £93,706.34.**

William Grosvenor

Clerk and Executive Officer

7 January 2021

## **APPENDIX**

### **Budget & Projects Working Group (BPWG) report to Full Council 13 Jan 2021**

#### **LAND DIVESTMENT FROM EAST SUFFOLK COUNCIL to MELTON PARISH COUNCIL**

This is a report on the budgetary background to the divestment of land from East Suffolk Council (ESC) to Parish & Town Councils.

ESC has a long-term "efficiency initiative" within its medium-term budget plan to transfer parcels of land to Parish & Town Councils across East Suffolk. The agreement to transfer 21 pieces of land to Melton Parish Council is part of this programme.

ESC's aim is to achieve ongoing savings to its budget and strengthen third-tier service delivery. ESC recognises that Parish & Town Councils are often best placed to deliver these services on behalf of their local community and also believes that transferring responsibility for assets not only helps to generate pride in a local area, but often secures a service that might otherwise have been at risk.

In 2020, around 70 assets were transferred to local Town and Parish Councils, including Waveney Meadow to Beccles Town Council, a boating lake to Southwold Town Council, allotments to Felixstowe Town Council and Oak Meadow to Kesgrave Town Council plus, of course, the land transferred to Melton. Further land transfers to Town & Parish Councils (but not Melton) are planned for 2021/22 and possibly beyond.

For Parish residents, this type of land transfer does not represent a new amenity; only its ownership and management are changing. In technical jargon, such changes of land ownership are called "transfers of function and finance" – in this case from a District Council to a Parish Council. On transfer, the District Council's council tax ceases to include an element to cover its previous maintenance costs and, typically, the Parish Council covers its new maintenance costs from the Parish precept within a householder's overall council tax bill.

Melton residents benefit indirectly and sometimes directly from the efficiency savings that ESC makes on ALL its land transfers (past, present and future) to Parish & Town

Councils, not just the efficiency saving made on the Melton land transfer. Only ESC can explain what their efficiency savings have been used for but, typically, local authorities use them to either dampen the rate of council tax increase; protect priority services; or invest in improved services.

It doesn't help that the financial implications of transfers of land between different tiers of authority are so technical and opaque. Despite appearances, it isn't the case that the "receiving" council is indulging in lots of new spending, driving up its precept. But it is not easy to explain to a layperson that what might look like a hike in spending by one council is, instead, a net-neutral financial transaction between councils.

Originally, the land transfer was to have been phased, with about half of the land parcels coming to MPC in 2020/21 and the other half coming over in 2021/22. Now, on completion of legal formalities, the full land transfer will occur immediately (and very soon).

ESC's budget included efficiency savings of £11,500 from the land transfer to Melton. MPC added £12,000 to its 2020/21 budget, to cover increased maintenance. MPC's estimate was very tentative and will almost certainly change (possibly upwards) in the light of assessments still to be made.

MPC's 2020/21 budget also included a precept increase of £4,000 to finance a third of the additional costs and, at the time, it agreed to consider a further precept increase in the 2021/22 budget round.

Last year, MPC communicated frequently with the public through the *Melton Messenger* on the rationale for the land transfer and the parish precept increase. In general, the Melton community was very supportive of the divestment project.

If MPC doesn't precept for what is, in reality, a net-neutral financial transaction between councils, its extra costs would have to be financed by diverting resources from other priorities – and that shouldn't be what MPC has to do. BPWG therefore is recommending an increase to the 2021/22 precept that matches last year's increase:

**BPWG RECOMMENDATION** - Within the 2021/22 budget, MPC should include a precept increase of £4,000 (equivalent to 4 pence per week for a Band D-equivalent property). MPC to also consider precepting for the balance of extra woodland maintenance costs when setting its 2022/23 budget.