

Thursford Parish Council

Report: Explaining the Calculation of the Precept for the Tax Year 2021 – 2022

Status: For Decision at the Parish Council Meeting on Monday 9th November 2020

Summary

This report sets out the reason for increasing the Precept for the 2021 – 2022 Financial Year. The linked Spreadsheet compares Thursford's precept with that of the most local Parishes.

Background

The precept requested by Thursford Parish Council over recent years has been below the amount specified as required for its planned business as set out in its annual budget. As the Council has no other guaranteed income, the shortfall is likely to need to be funded from reserves.

The Council currently has £6,200 of reserves in its account which are allocated £6,000 for the Lychgate and £200 for the defibrillator. These reserves should be retained as close as possible to this level.

In 2019-20 the Parish Council received £570 income from Cemetery fees, and in 2020-21 £100. However, any sum from the cemetery should not be taken into account when calculating the required precept.

Calculations

The actual charge added to a resident's council tax bill is calculated as follows:

The requested precept divided by the Tax Base (ie the number of Band D equivalent properties in the area)

For 2019 – 2020: £3,500 ÷ 109.1 = £32.08

For 2020 – 2021: £3,500 ÷ 109.0 = £32.11

Recommendation

The precept should be increased to cover the budget for 2021 – 2022.

This would require the Precept to rise from £3,500 to £4,200. Assuming the same tax base (currently unknown) the calculation would be as follows:

£4,200 ÷ 109.0 = £38.53

£4,100 ÷ 109.0 = £37.62