

Bildeston Parish Council

Budget Papers



February 2019

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1 – Introduction

The over-riding requirement in developing the budget is to deliver real benefits for the village within the resources available whilst safeguarding the financial stability of the Parish Council. The Parish Council's policy position has been confirmed previously as follows:

Council Minute C139/12/13: *“Members of the Parish Council discussed the objective of preparing a need's based budget which was sustainable in the future.”*

and

Council Minute 155/12/13: *“It was felt that the Precept should be determined having regard to the Council's projected medium term financial requirements.”*

Members of the Parish Council have discussed, more recently, the need to have sufficient financial capacity in the future not only to cover the Council's annual receipts and payments but also to set aside funds in reserves for asset replacement requirements in future years.

2 – Legal Requirements

In accordance with the Accounts and Audit Regulations, the Parish Council is responsible for ensuring that the financial management of the organisation is adequate and effective and that it has a sound system of internal control.

In calculating its precept, the Council must ensure, as far as possible, that it will be sufficient for 4 classes of items:

1. Next year's expenditure, including an allowance for contingencies;
2. Outstanding expenditure incurred in previous years;
3. Expenditure that is likely to be incurred before the precepted sum becomes available; and
4. Payments to a sinking fund, capital fund or renewal and repairs fund.

3 – Risks

Risk 1: Capping of Parish Council Precepts

Capping is possible in the future. However, an announcement was made by the Department for Communities and Local Government that capping will not be introduced in respect of the Precept for up to three financial years (this year 2 of that period).

Risk Assessment – Low likelihood and High impact

Risk 2: Failure to Contribute to General Reserves

The Parish Council is living within its means with appropriate reserves.

Risk Assessment – Medium likelihood and Medium impact

Risk 3: Failure to Make Provision for Asset Replacement Costs

The items identified on the Parish Council's Asset Register are likely to need repair and/or replacement in future years. Unforeseen items of expenditure may arise that may threaten the Parish Council's finances in the absence of an appropriate contribution to reserves each year to cover such costs. Provision is now being made for Asset Replacement each year within the budget.

Risk Assessment – Low likelihood and Medium impact

Risk 4: Maintenance of Open Spaces and Work in the Community

Expansion of the Parish Council's role in maintaining open spaces will need to be managed carefully in the future.

Risk Assessment – Low likelihood and Medium impact

Risk 5: Failure in the Governance or Finance of Community Assets

In the absence of sustainable income streams and with a shortage of people coming forward to serve as trustees or members of management committees for community assets, there is the prospect that the Parish Council could be asked to provide support.

Risk Assessment – Medium likelihood and Low impact

4 – Budget Proposal and Precept

Background

Budget Proposal:

The Budget Proposal for 2019/20 is **£28,520**. This has been considered as part of the Draft Budget presented to the Parish Council.

Receipts	2017/18		2018/19			2019/20
	Budget	Outturn	Budget	Actual	Forecast	Budget
Administrative & Legal	0.00	26299.33	0.00	0.00	0.00	0.00
Bank Interest & Adjustments	60.00	102.29	20.00	0.00	20.00	20.00
Bequests and Third Party Receipts	0.00	5000.00	0.00	2000.00	2000.00	0.00
Burial Fees	600.00	1080.00	600.00	265.00	400.00	500.00
CIL Monies	0.00	4332.55	0.00	487.83	487.83	0.00
Precept	21095.00	21095.00	22370.00	22370.00	22370.00	23500.00
Other Income	0.00	17.00	0.00	0.00	0.00	0.00
Sub-Totals = Budget Figure	21755.00	57926.17	22990.00	25122.83	25277.83	24020.00
VAT Recovery	1500.00	5926.94	1500.00	1546.64	1546.64	4500.00
Totals	23255.00	63853.11	24490.00	26669.47	26824.47	28520.00
Payments						
	Budget	Outturn	Budget	Actual	Forecast	Budget
Administrative & Legal inc Elections	100.00	18319.74	90.00	72.00	72.00	75.00
Audit	400.00	410.00	400.00	557.00	557.00	575.00
Bank Charges	75.00	72.00	75.00	18.00	72.00	75.00
Clock Tower Maintenance	240.00	429.93	245.00	423.99	423.99	450.00
Community Events	450.00	219.00	450.00	815.96	815.96	750.00
Community Grants	1050.00	1242.78	1050.00	750.00	750.00	1000.00
Community Grants (De. Reserves)	0.00	2232.05	0.00	3000.59	3000.59	0.00
Community Projects	0.00	0.00	0.00	5245.00	5245.00	2500.00
Hall Hire	480.00	480.00	490.00	0.00	490.00	500.00
ICT & Website	450.00	214.76	550.00	391.57	550.00	560.00
Insurance	1050.00	1046.03	1050.00	1048.20	1048.20	1075.00
Playgrounds & Open Spaces	2000.00	4845.38	2500.00	1163.63	1500.00	2000.00
Salaries & Expenses	8000.00	9941.38	9800.00	7192.72	8500.00	9800.00
Street Lighting	4000.00	1692.48	4500.00	0.00	4000.00	4000.00
Subscriptions	380.00	389.98	390.00	400.83	400.83	410.00
Traffic Calming & Speedwatch	0.00	0.00	50.00	59.35	59.35	50.00
Sub-Total A	18675.00	41535.51	21640.00	21138.84	27484.92	23370.00
Investment In Parish Council Assets	80.00	145.90	150.00	300.00	300.00	150.00
Sub-Total B	80.00	145.90	150.00	300.00	300.00	150.00
Sub-Total A + B = Budget Spend	18755.00	41681.41	21790.00	21438.84	27784.92	23520.00
VAT	1500.00	1546.64	1200.00	1546.64	1546.64	1500.00
Totals (Incl VAT)	20255.00	43228.05	22990.00	22985.48	29331.56	25020.00
Contributions to Reserves	3000.00	20625.06	1500.00	0.00	-2507.09	3500.00
Totals	23255.00	63853.11	24490.00	22985.48	26824.47	28520.00

Precept Demand:

As in previous years, the discussion in respect of the draft budget has commenced with an examination of recent trends in respect of receipts and payments with a presumption that any increase in Precept shall be less than 5%.

The Budget Proposal would require a Precept Demand in 2019/20 of **£23,500**.

Tax Base:

The tax base for Bildeston is shown below:

	COUNCIL TAX BASE		% Change
	2018/19	2019/20	
Bildeston	372.87	374.28	0.4%

This means a charge of **£62.79** per Band D Property.

This represents an increase of approximately **4.65%**.

Bildeston Parish Council								
Parish Precept Calculator								
2016-17	Increase	Band B	Band C	Band D	Band E	Band F	Precept	Grant
	4.70%	42.44	48.50	54.56	66.68	78.81	19,625	675
2017-18	Increase	Band B	Band C	Band D	Band E	Band F	Precept	Grant
	4.99%	44.55	50.92	57.28	70.01	82.74	21,095	0
2018-19	Increase	Band B	Band C	Band D	Band E	Band F	Precept	Grant
	4.99%	46.67	53.33	60.00	73.33	86.67	22,370	0
2019-20	Increase	Band B	Band C	Band D	Band E	Band F	Precept	Grant
	4.65%	48.84	55.81	62.79	76.74	90.70	23,500	0

5 – Reserves

Reserves:

A: Designated Reserves (Earmarked Funds)

The Parish Council seeks to make a minimum contribution of £1200 each year to the Asset Replacement Reserve which is one tenth of the cost of replacing the ride-on mowing equipment. The precise amount depends upon other budgetary requirements each year. The Grants Fund may also be replenished periodically.

B: General Reserves

Different methodologies can be applied to calculate the appropriate levels of reserves in the general fund including:

- a. Precept Rationale - 50% or more of the annual precept
- b. Expenditure Rationale - 3 to 12 months' total annual expenditure

The General Fund forecast as at 31st March 2019 (the end of the current financial year), is £22,511.84 which meets both of the above two tests.

Reserves Balances		1st Apr 17	31st Mar 18	1st Apr 18	1st Jan 19	31st Mar 19
General Fund		10177.77	20651.33	18351.33	27257.71	22511.84
Asset Replacement Res.		18217.26	18217.26	20517.26	22017.26	22017.26
Chamberlin Hall Fund		15453.38	14491.33	14491.33	11490.74	11490.74
CIL Res		0.00	4332.55	4332.55	4820.38	4820.38
Clock Tower Fund		14358.81	14108.81	14108.81	13684.82	13684.82
Conservation Fund		12207.49	12207.49	12207.49	12207.49	12175.00
Grants Fund		773.29	256.84	256.84	1256.84	1256.84
Projects Fund		5319.88	5319.88	5319.88	2074.88	2074.88
Skate Park		1382.85	0.00	0.00	0.00	0.00
Sportsfield Fund	#	0.00	5000.00	5000.00	5000.00	5000.00
Recoverable VAT		-5476.94	-1546.64	-1546.64	-3687.08	-4500.00
Total	#	72413.79	93038.85	93038.85	96123.04	90531.76