

Bildeston Parish Council

Budget Papers



January 2020

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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, community grants and projects in future years.

The “new” Parish Council that was formed in May/June 2019 has been working to develop a 4 year Parish Plan with some clear priorities. It has also appointed a Community Development Worker to promote community volunteering and participation and to promote what events and activities are going on in the village.

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 had been made by Government that capping will not be introduced in respect of the Precept for 2020/21.

Risk Assessment – Low likelihood and High impact

Risk 2: Failure to Contribute to General Reserves

The Parish Council has an appropriate level of general reserves.

Risk Assessment – Medium likelihood and Medium impact

Risk 3: Failure to Make Provision for Replacement of Assets

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: Failure to Manage Designated Reserves

The Parish Council holds designated reserves that have come through bequests. There has been an increase in the monies drawn from these designated reserves to support the work of community volunteers who are working to support Chamberlin Hall and the Sportsfield. Over time this will lead to a reduction in total reserves available.

Risk Assessment – High likelihood and Medium impact

Risk 5: Failure to Balance Income and Expenditure

The employment of a Community Development Worker and the use of funds to support a programme of new projects is likely to place the revenue budget under pressure. The Parish Council will need to maintain oversight of income and expenditure to safeguard its medium to long term financial position.

Risk Assessment – Medium likelihood and Low impact

4 – Budget Proposal and Precept

Background

Budget Proposal:

The Budget Proposal for 2020/21 is **£29,025** as shown below:

Receipts	2018/19		2019/20			2020/21
	Budget	Outturn	Budget	Actual	Forecast	Budget
Administrative & Legal	£0.00	£120.00	£0.00	£0.00	£0.00	£50.00
Bank Interest & Adjustments	£20.00	£61.22	£20.00	£0.00	£50.00	£50.00
Bequests and Third Party Receipts	£0.00	£1,160.00	£0.00	£0.00	£0.00	£0.00
Burial Fees	£600.00	£487.83	£500.00	£611.49	£720.00	£500.00
CIL Monies	£0.00	£3,000.00	£0.00	£572.18	£572.18	£500.00
Precept	£22,370.00	£22,370.00	£23,500.00	£23,500.00	£23,500.00	£25,400.00
Other Income	£0.00	£24.64	£0.00	£1,000.00	£1,000.00	£25.00
Sub-Totals = Budget Figure	£22,990.00	£27,223.69	£24,020.00	£25,683.67	£25,842.18	£26,525.00
VAT Recovery	£1,500.00	£1,546.64	£4,500.00	£2,578.50	£2,650.00	£2,500.00
Totals	£24,490.00	£28,770.33	£28,520.00	£28,262.17	£28,492.18	£29,025.00
Payments						
	Budget	Outturn	Budget	Actual	Forecast	Budget
Administrative & Legal inc Elections	£90.00	£96.00	£75.00	£1,010.16	£1,150.00	£90.00
Audit	£400.00	£557.00	£575.00	£425.00	£425.00	£450.00
Bank Charges	£75.00	£36.00	£75.00	£54.00	£75.00	£75.00
Clock Tower Maintenance	£245.00	£423.99	£450.00	£47.00	£500.00	£450.00
Community Events	£450.00	£750.00	£750.00	£427.89	£427.89	£750.00
Community Grants	£1,050.00	£4,400.59	£1,000.00	£10,290.54	£3,670.54	£1,200.00
Community Grants (De. Reserves)	£0.00	£465.96	£0.00	£3,222.78	£9,842.78	£0.00
Community Projects	£0.00	£450.00	£2,500.00	£129.00	£1,000.00	£0.00
Hall Hire	£490.00	£480.00	£500.00	£150.00	£500.00	£500.00
ICT & Website	£550.00	£391.57	£560.00	£236.29	£400.00	£560.00
Insurance	£1,050.00	£1,048.20	£1,075.00	£1,064.18	£1,064.18	£1,100.00
Playgrounds & Open Spaces	£2,500.00	£1,283.63	£2,000.00	£1,999.48	£2,100.00	£1,500.00
Salaries & Expenses	£9,800.00	£8,936.31	£9,800.00	£8,135.42	£11,000.00	£12,530.00
Street Lighting	£4,500.00	£1,943.55	£4,000.00	£0.00	£2,000.00	£2,000.00
Subscriptions	£390.00	£400.83	£410.00	£399.12	£399.12	£420.00
Traffic Calming & Speedwatch	£50.00	£59.35	£50.00	£0.00	£0.00	£50.00
Sub-Total A	£21,640.00	£21,722.98	£23,370.00	£27,590.86	£34,554.51	£21,675.00
Investment in Parish Council Assets	£150.00	£5,571.74	£150.00	£0.00	£0.00	£150.00
Sub-Total B	£150.00	£5,571.74	£150.00	£0.00	£0.00	£150.00
Sub-Total A + B = Budget Spend	£21,790.00	£27,294.72	£23,520.00	£27,590.86	£34,554.51	£21,825.00
VAT	£1,200.00	£2,578.50	£1,500.00	£4,201.16	£5,200.00	£2,500.00
Totals (incl VAT)	£22,990.00	£29,873.22	£25,020.00	£31,792.02	£39,754.51	£24,325.00
Contributions to Reserves	£1,500.00	-£1,102.89	£3,500.00	-£3,529.85	-£12,262.33	£4,700.00
Totals	£24,490.00	£28,770.33	£28,520.00	£28,262.17	£27,492.18	£29,025.00

Precept Demand:

As in previous years, the starting point for the preparation of the draft budget has involved 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 2020/21 of **£25,400**.

Tax Base:

The tax base for Bildeston is shown below:

PARISH	COUNCIL TAX BASE		% Change
	2019/20	2020/21	
Acton	637.97	632.80	-0.8%
Aldham	82.81	86.24	4.1%
Alpheton	109.29	107.72	-1.4%
Erwarton	54.71	53.17	-2.8%
Assington	204.29	216.32	5.9%
Belstead	96.78	103.85	7.3%
Bentley	327.39	341.42	4.3%
Bildeston	374.28	386.17	3.2%

This means a charge of **£65.77** per Band D Property.

This represents an increase of approximately **4.75%**.

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
2020-21	Increase	Band B	Band C	Band D	Band E	Band F	Precept	Grant
	4.75%	51.15	58.46	65.77	80.39	95.00	25,400	0

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.

The Projects Reserve will also be increased by £3500 as part of the budget proposal to enable the Parish Council to deliver its proposals for 2019-23.

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 2020 (the end of the current financial year), is £17,639.82 which meets both of the above two tests.

Reserves Balances		1st Apr 18	31st Mar 19		1st Apr 19	1st Jan 20	31st Mar 20
General Fund		£18,351.33	£20,362.05		£20,362.05	£27,723.14	£17,639.82
Asset Replacement Res.		£20,517.26	£22,017.26		£22,017.26	£23,217.26	£23,217.26
Chamberlin Hall Fund		£14,491.33	£10,090.74		£10,090.74	£5,247.96	£5,247.96
CIL Res		£4,332.55	£4,820.38		£4,820.38	£5,392.56	£5,392.56
Clock Tower Fund		£14,108.81	£13,684.82		£13,684.82	£13,637.82	£13,637.82
Conservation Fund		£12,207.49	£12,207.49		£12,207.49	£12,207.49	£12,207.49
Grants Fund		£256.84	£1,256.84		£1,256.84	£1,256.84	£455.84
Projects Fund		£5,319.88	£5,074.88		£5,074.88	£7,074.88	£7,074.88
Sportsfield Fund	#	£5,000.00	£5,000.00		£5,000.00	£0.00	£0.00
Recoverable VAT		-£1,546.64	-£2,578.50		-£2,578.50	-£4,201.16	-£5,200.00
Total	#	£93,038.85	£91,935.96		£91,935.96	£91,556.79	£79,673.63