

14 January 2020

Budget Report 2020/21

Introduction

1. Appendix A to this report sets out the Budget proposals for 2020/21. The first page sets out the movement in reserves required this year to deal with a number of extraordinary items of expenditure. These transfers feed through to the 2019/20 columns of the budget on the second page. The calculation of the precept is set out on at the foot of page 2 of the Appendix.

Movement of Reserves 2019/20

2. The first page of the appendix explains the £ 8,785 that needs to be taken from reserves during this financial year. The bulk of this (£5,547) relates to funds being transferred to recipients of grants from the Community Project Fund and to grants ringfenced for the Neighbourhood Plan. These are outside the budget proper and have no impact on the precept. The remainder (£3,238) represents several unplanned items of expenditure, for which transfers from earmarked and general reserves are proposed to balance the budget by the end of the financial year.
3. The Council's reserves are quite healthy. The general reserve plus the earmarked reserves (excluding the Project Fund and the Neighbourhood Plan), at £18,400 are around the size of the annual precept, even after the withdrawal of funds itemised in the Appendix. The overall budget for 2019/20 looks likely to be underspent, so any underspend can be transferred to reserves in the new financial year. Councillors may wish to consider contributions to reserves in future years, should the level of reserves continue to decline.

Recommendation: that the allocation of reserves in 2019/20 set out in Appendix A be approved.

Budget Calculation

4. As last year I have divided the expenditure into four categories: Administration, Maintenance, Projects (items that are to be funded from reserves and/or grants received, and which therefore have no direct impact on the precept) and Grants.
5. The following table contains notes to the budget documents, which provide explanations of figures that have changed significantly from year to year. An inflation factor of 2% (consistent with the October CPI) has been applied unless the budget appears more than adequate (and no change is required), or there is a need to increase the budget above inflation, where an explanation is provided.

Notes to the Budget

Note	Explanation
Administration	
1	Salaries. The decision on the national local government pay settlement for 2020/21 (on which the Clerk's pay scale is based) has been delayed until the New Year because of the General Election. The standard 2% inflation factor has been included in this spreadsheet, but it is impossible to be precise, as negotiations between the local government employers are continuing.

	Maintenance
2.	Street Lighting The budget currently covers the cost of electricity and the inspection and maintenance of the lights by TT Jones. Since the installation of the LED lanterns, these costs are minimal at just under £100 a quarter. However, a need was identified during this year to pay for some work to trees overhanging the lights. An additional £100 has been put in the budget for 2020/21 to provide leeway for other incidental unplanned maintenance work.
	Projects
3.	Neighbourhood Plan. As last year, most of the costs of the Neighbourhood Plan have been covered by grants from Locality and Breckland Council. The Council has a small earmarked reserve, to which it is suggested a further £250 be added so that the funds are available to support this project as it moves into (we hope) its final year.

Precept Calculation

6. The precept calculation is shown in page 3 of the Appendix. This shows a total budgeted expenditure of £19,622, an increase of 2.3%. After deducting expected income from fees/ rental (cricket pitch, allotments and cemetery) this leaves a net precept requirement of £ 18,772, an increase of 2.4%. Because the taxbase has increased slightly, this gives us a Band D council tax of £98.64, an increase of 1.4%

Recommendations:

- a) that the allocation of reserves in 2019/20 set out in page 1 of Appendix A be approved;
- b) that the draft budget for 2020/21 be approved as set out in page 2 of Appendix A
- c) That a Council Tax precept for 202/21 of £ 18,772, representing a 2.4% increase in the precept and a Band D council tax of £98.64 be approved.

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