

## **REPORT TO COUNCIL**

---

**Date of Meeting:** 11<sup>th</sup> November 2020  
**Title:** Budget – 2021/22  
**Report of:** Finance/Risk Working Group and the Clerk

### **SUMMARY:**

To consider the remaining income and expenditure for 2020/21 and to consider the setting of the level of precept for 2021/22

### **REPORT:**

#### **Financial Reserve Levels Held**

At the start of the current financial year (1<sup>st</sup> April 2020) the Council held £60,967 of reserves. This year has been unprecedented with the COVID pandemic effectively wiping out the majority of the Council's plans, including the summer play scheme and Houghton Fair. That said, with rectification works at Brunstock Pond, expenditure is not significantly decreased. Legal action has obviously been taken and whether or not the CCJ is upheld and, crucially, paid, will have a large impact upon the overall financial position of the Council at the year end.

However, the overall strain on the economy, both at national and a personal level cannot be overlooked and it is felt that it is essential that the Council does not look to add to the burden of households already struggling with lower income or unemployment. The budget will therefore focus on ensuring that the amount precepted will remain static to ensure that no increases in financial demands are placed upon residents from a parish viewpoint, obviously whilst ensuring that essential Council services can be maintained. Thanks to the Council's strong reserve position this will be comfortably achievable.

Looking at the remainder of this financial year, expenditure is likely to total approximately £28,963. This figure includes the spending of:

- Routine administrative costs, such as expenditure on the Clerk, minor postages, stationery and the internal audit.
- The spending of the remaining grants budget in full.
- Repairs to the Brunstock pond and other routine maintenance, including tree works and hedge cutting. An amount has also been budgeted for drainage works in Brunstock if required.
- Allocation has been made for the completion of the walks leaflets and the planting of poppy seeds.
- Replacement defibrillator batteries for 2 of the parish machines is also expected.

Monies unable to be spent on projects carried forward from previous years (only) will again be carried forward for completion in 2021/22. Remaining monies on other areas of expenditure will be subsumed into the general reserve budget.

Income expected will be only a VAT repayment. No provision has been made for repayment of the £8,160 in legal claims as this is expected to take many months to finalise. Clearly, if the payment is made, the effect on income will be favourably significant.

At present, based upon information available to date, it is estimated that we are likely to hold approximately £51,839 at the end of March 2021. The external auditor recommends that the level of reserves held are equal to 3-12 months gross expenditure, i.e. (based on 2019/20 actual spend) between £12,518 and £50,074. The Council is therefore anticipated to hold reserves that are at the top end of the recommended thresholds, leaving it in a comfortable financial position to begin 2021/22.

### **Budget 2021/22**

The Council is required to set its budget and determine the precept by early January 2021. The date will be confirmed in due course. Adjustments to the budget for 2021/22, recommended by the Clerk and considered appropriate by the Finance/Risk working group, are outlined below.

Members of the Finance/Risk group are asked to carefully study the report and accompanying spreadsheet and consider if any significant items of expenditure have been omitted or whether there are any projects that need to be considered for inclusion.

#### **Administrative Budget Areas to be Increased**

- Clerks Gross Salary - increased to consider a possible increase in NJC scales (not yet suggested). This also increases employers NI and pension payments - adjusted in line.
- Minor increases have also been applied to insurances and subscriptions in line with normal annual increases.
- Website costs have been minorly increased.

#### **Administrative Budget Areas to Remain Static/Decreased**

- Misc. admin & stationery has been decreased due to reduced costs this financial year.
- Internal audit charges have been reduced due to a change in auditor used.
- Training, postage and telephone costs have been reduced.
- All other administrative budgets remain static. The reimbursement budget has been kept the same despite reduced expenditure this year; it is expected to return to normal levels if in-person meetings resume next year – should virtual meetings continue then this budget will be in surplus.

#### **Grants**

It is proposed that the grant budget be increased to £10,000 as local groups have been hit with hardship during lockdown/social distancing and may need additional support to ensure their survival.

### Parish Council Services

- The grass cutting contract will remain static due to the contract established. A small amount of additional cost has been budgeted for contingency repairs, such as tree works.
- The maintenance budget has been decreased this year due to large works being previously budgeted for that are not expected to need repeated. Members of the finance/risk group are asked to consider if this is sufficient or whether it should be increased?
- The playground inspections budget has been slightly increased in line with expected annual costs.
- The emergency planning budget has been retained although it has not been required in previous years.

### Projects

A project budget is proposed below. These figures are based on assumptions made on the spending anticipated during the rest of the current financial year.

• Summer Fair 2021	£1,850
• Land Registration	£1,700 (brought forward from previous year(s))
• Contingency projects	£2,000
• Community Plan Development	£2,000
• Rural Play Scheme	£1,875
• Interpretation Panels	£2,500 brought forward from previous year
	<b><u>£11,925</u></b>

A budget has been allocated for both the summer fair in Houghton and the summer play scheme (Crosby and Houghton) however, at the time of writing with increasing prevalence of virus, both events would appear to be in considerable doubt. It is however felt prudent to budget for their provision in case social distancing measures allow.

A project budget of £4,000 would appear to be adequate in line with any potential projects that may be suggested. Some of the budget will be required for a formation of a new community led plan but no other projects are currently in development.

### Income

The only guaranteed income source is the precept.

Other than the precept, a tiny repayment from the Clerk's two other Councils for SLCC membership is expected. Variable income from the Houghton Fair is also accounted for if it is to proceed. VAT returns are made regularly, and the figure is contingent upon expenditure incurred. Any other income achieved will be through grant income for specific projects, not yet applied for although this cannot be relied upon in the current financial climate.

As mentioned above, if the CCJ payment is made for Brunstock pond, the impact upon the reserves will be favourable.

### Level of Precept Required

If the Council agree with the budget decisions above, then expenditure will be approximately £58,041. The precept raised last year was £46,500 and with the high level of reserves it is considered that a freeze on the precept is comfortably achievable, leaving expected reserves at 31 March 2022 of £41,149.

### **ACTION:**

The Council is asked to consider the above budget and consider if any items of expenditure need to be considered before agreeing the following recommendations of the Finance/Risk group:-

- To accept the proposed budget for 2021/21; and
- To consider agreement to set the precept at £46,500 for the Council year 2021/22.

EXPENDITURE	Budget		Budget										Total Estimte	Actual end 2019/20
Administration	2021/22		2020/21	1st Quarter	2nd Quarter	Oct	Nov	Dec	Jan	Feb	Mar			
Clerks Gross Salary	£	17,080.00	£ 16,567	£ 1,346.88	£ 5,387.52	£ 1,346.88	£ 3,016.28	£ 1,384.32	£ 1,384.32	£ 1,384.32	£ 1,384.32	£ 16,634.84	£ 16,162.06	
Employers NI Contributions	£	1,144.92	£ 1,064	£ 84.73	£ 338.92	£ 84.73	£ 188.41	£ 87.12	£ 87.12	£ 87.12	£ 87.12	£ 1,045.27	£ 1,038.36	
Employers Pension Contributions	£	512.40	£ 497	£ 40.41	£ 161.64	£ 40.41	£ 89.80	£ 41.57	£ 41.57	£ 41.57	£ 41.57	£ 498.54	£ 484.92	
Reimbursements	£	1,200.00	£ 1200	£ 79.96	£ 168.64	£ 42.16	£ 96.92	£ 61.16	£ 61.16	£ 61.20	£ 61.16	£ 632.36	£ 1,123.05	
Postages	£	35.00	£ 45	£ -	£ -			£ 76.00				£ 76.00	£ 9.85	
Audit - Commission	£	300.00	£ 300	£ -	£ 300.00							£ 300.00	£ 300.00	
Audit - Internal	£	200.00	£ 300	£ 180.00	£ -			£ 90.00				£ 270.00	£ 121.16	
Telephone	£	54.00	£ 60.00	£ 54.00	£ -							£ 54.00	£ 54.00	
Insurances - Council	£	1,055.00	£ 1,017	£ 1,005.56	£ -							£ 1,005.56	£ 968.81	
Subscriptions	£	658.41	£ 635	£ 642.35	£ -							£ 642.35	£ 616.02	
Training	£	100.00	£ 160	£ -	£ -			£ 25.00				£ 25.00	£ 150.00	
Website hosting and maintenance	£	66.00	£ 60	£ 20.00	£ 88.12	£ 71.57	£ 143.12				£ 66.00	£ 388.81	£ 86.00	
Misc Admin & Stationary	£	1,200.00	£ 1500	£ 238.53	£ 3,407.53	£ 605.00		£ 44.56	£ 62.56	£ 76.90	£ 128.64	£ 4,563.72	£ 1,092.03	
Contingency	£	500.00		£ 500	£ -	£ -						£ -	£ 162.50	
Grants				£ -	£ -	£ -						£ -	£ -	
Section 137 - Other Bodies	£	2,000.00	£ 1,000.00	£ -	£ -				£ 1,000.00			£ 1,000.00	£ -	
Grants to other organisations	£	7,850.00	£ 7,850.00	£ 600.00	£ 4,166.60		£ 1,442.98		£ 3,083.40			£ 9,292.98	£ 3,868.27	
Crosby Magazine grant	£	150.00	£ 150.00	£ -	£ -				£ 150.00			£ 150.00	£ 150.00	
Repayment of Grants			£ -	£ -	£ -							£ -	£ 1,500.00	
Parish Council Services				£ -	£ -	£ -						£ -	£ -	
Grass cutting & Greens Maint.	£	8,000.00	£ 8,000.00	£ 1,105.00	£ 2,685.00	£ 775.00						£ 4,565.00	£ 3,939.14	
Maintenance of Assets	£	3,000.00	£ 4,500.00	£ 70.00	£ -	£ 25.00		£ 1,500.00				£ 1,595.00	£ 3,075.96	
Playground Inspections	£	960.00	£ 900.00	£ -	£ -	£ 375.00		£ 240.00			£ 240.00	£ 855.00	£ 1,010.00	
Emergency Planning	£	50.00	£ 50.00	£ -	£ -							£ -	£ -	
Projects				£ -	£ -							£ -	£ -	
Allocated projects brought forward	£	4,200.00	£ 4,270.00	£ 1,120.00	£ -				£ 50.00		£ 400.00	£ 1,570.00	£ 5,301.25	
Parish Plan Projects	£	2,000.00	£ 2,000.00	£ -	£ -							£ -	£ 2,000.00	
SPAA Summer Scheme	£	1,875.00	£ 1,700.00	£ -	£ -							£ -	£ 1,630.50	
Houghton Fair	£	1,850.00	£ 1,850.00	£ 9.00	£ -							£ 9.00	£ 1,896.71	
Contingency Project	£	2,000.00	£ 5,000.00	£ -	£ 410.00			£ 8,450.00		£ 500.00	£ 1,500.00	£ 10,860.00	£ 747.61	
VAT (To be reclaimed)			£ -	£ 553.48	£ 1,084.26	£ 359.40	£ 6.00					£ 2,003.14	£ 2,586.02	
TOTAL EXPENDITURE	£	58,040.73	£ 61,175.19	£ 7,149.90	£ 18,198.23	£ 3,725.15	£ 4,983.51	£ 11,999.73	£ 5,920.13	£ 2,151.11	£ 3,908.81	£ 58,036.57	£ 50,074.22	
INCOME												£ -		
Precept	£	46,500.00	£ 46,500.00	£ 46,500.00								£ 46,500.00	£ 46,500.00	
Grants			£ -	£ -								£ -	£ 7,700.00	
Bank Interest			£ 100.00	£ 10.97								£ 10.97	£ 133.46	
CPCA Grants to be repaid			£ -	£ -								£ -	£ 1,000.00	
VAT (reclaimed)			£ -	£ -							£ 2,325.66	£ 2,325.66	£ 2,827.56	
Misc Other Income	£	850.00	£ 1,000.00	£ 72.00								£ 72.00	£ 1,565.55	
TOTAL INCOME	£	47,350.00	£ 47,600.00	£ 46,582.97		£ -	£ -	£ -	£ -	£ -	£ 2,325.66	£ 48,908.63	£ 59,726.57	

Balance at 01.04.20	£	60,967.35
Estimated Receipts to 31.03.21	£	48,908.63
Estimated Expenditure to 31.03.21	£	58,036.57
Estimated balance 31.03.21	£	51,839.41

Estimated Balance at 01.04.21	£	51,839.41
Estimated Receipts to 31.03.22	£	47,350.00
Estimated Expenditure to 31.03.22	£	58,040.73
Estimated Balance 31.03.22	£	41,148.69