

AGENDA ITEM: 5.3  
REPORT TITLE: PROPOSED DRAFT BUDGET  
MEETING: COUNCIL MEETING of 18<sup>th</sup> January 2021  
AUTHOR: PARISH CLERK

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### **1. Background**

The Parish Council needs to set its annual precept. This is comprised of the annual costs for running the Council and any money set aside for specific projects (earmarked reserves), less any income received.

### **2. Current precept levels**

As members are aware, the Council tax base (i.e. the number of people available to pay Council tax) has meant a reduction in the Council Tax base from £368 to £363. Without a substantial increase in the precept, the actual money received by the Council will reduce. Examples of increases in precept are set out below:-

1% increase in precept means a reduction of £105.49 in the precept received for the year. This equates to an extra £0.77 p.a. increase in council tax for a Band D tax payer.

1.5% increase in precept results in an increase of £36 in the precept received for the year. This equates to an extra £1.08 p.a. increase in council tax for a Band D tax payer.

2% increase in precept means an increase of £174 in the precept received for the year. This equates to an extra £1.54 p.a. increase in council tax for a Band D tax payer.

### **3. Reserves**

It is important to ensure that there is enough precept to run the Council and to manage its existing assets. This year, the sewage treatment plan needed replacing which had a big effect on earmarked reserves. In addition, the grants budget (which was underspent) was also used to fund the sewage treatment plant.

A table showing the Reserve Movements during the year is attached for information. The Council is required to hold a general reserve of between 3 to 12 months expenditure. This allows the Council to cover unexpected expenditure or emergencies. However if it is too high, the local electors have paid a tax which is not being used for the benefit of the community. The Council currently holds approximately five months expenditure (£13746) in its general reserve and this fund has not been increased. It would be prudent to increase the levels of general reserve when the Council is able to do so.

The Council also has approximately £35k in earmarked reserves. Approximately £20k was moved from the earmarked reserves in the last financial year (2020/21) to support expenditure of £13k in grants as well as a £7k shortfall on expenditure. This is not a sustainable position in the longer term.

For 2021/22, it is proposed to move £3822 from the earmarked reserves, as shown in the Proposed Changes in Reserves appendix attached.

#### **4. Budget**

Attached is the Draft Budget for 2021/22. Assumptions made include:-

- A 1% increase in precept
- A reduction in income due to less use by clubs and others
- A reduction in interest as rates have come down
- An increase in contract costs from the grounds maintenance contractor
- Limited maintenance on the playground due to the refurbishment shortly to start. Any additional woodchip will need to be found from the earmarked reserve.
- A reduction in the grants budget from £13k to £10k. If members wish to keep this budget at the same level, then a corresponding saving must be found from the earmarked reserves.
- An increase in staff costs due to the new clerk working additional hours
- A new budget of Climate Emergency, for £500
- A new budget for Wildflower Verges, for £500
- A new budget for consultations/professional fees for £1150 to support the playground, pavilion and recreation ground consultations
- Walking Club to be funded from grants budget
- No reserve for new defibrillator this year

However members should be aware that this is a minimal running cost budget and doesn't allow for contingencies or money to be returned to reserves at the end of the year.

#### **5. Recommendations**

Members are asked to agree:-

- (1) What amount of precept they want to request from Rother District Council
- (2) Whether to agree the draft Budget or make further changes
- (3) Whether to agree the Proposed Changes to Reserves or make further changes

# Precept Calculator

Start of year 01/04/20

Heading	Last year's net	Out turn	2020/21	2021/22
117 Grant NP	£0.00		£0.00	£0.00
<b>Neighbourhood Plan Income</b>	<b>£0.00</b>		<b>£0.00</b>	<b>£0.00</b>
1 Precept	£28,338.00		£28,338.00	£28,230.00
2 Interest on Investments - National Sa	£88.81		£300.00	£150.00
3 Interest on National Savings - Rec	£0.00		£300.00	£150.00
4 Current Account Interest	£0.00		£0.00	£0.00
5 Deposit Account Interest	£15.00		£0.00	£0.00
6 Club Fees	£498.00		£1,681.00	£250.00
7 Youth Club Lease	£0.00		£0.00	£0.00
12 Verge Cutting	£0.00		£247.00	£247.00
117 Grant	£2,085.00		£0.00	£0.00
118 Interest on Nationwide Account	£7.61		£0.00	£0.00
<b>Parish Council Income</b>	<b>£31,032.42</b>		<b>£30,866.00</b>	<b>£29,027.00</b>
<b>Total Income</b>	<b>£31,032.42</b>		<b>£30,866.00</b>	<b>£29,027.00</b>
106 Admin NP	£144.51		£0.00	£0.00
120 NP Spend Grant Funded	£276.02		£0.00	£0.00
<b>Neighbourhood Plan Expenditure</b>	<b>£420.53</b>		<b>£0.00</b>	<b>£0.00</b>
1 Cloud Services	£0.00		£0.00	£0.00
100 Recreation Ground	£5,941.09		£16,556.00	£4,357.00
101 Playground	£563.00		£1,091.00	£540.00
103 PCC Grant - Churchyard	£700.00		£0.00	£0.00
104 Grants to Organisations/Clubs	£0.00		£13,000.00	£10,000.00
105 Other Projects	£3,179.29		£5,061.00	£0.00
106 Administration	£3,364.43		£4,398.00	£3,321.00
107 Training Courses & Conferences	£0.00		£203.00	£243.00
109 Millennium Garden	£250.00		£254.00	£0.00
110 Subscriptions	£502.38		£550.00	£350.00
113 Donations	£25.00		£0.00	£50.00
116 Verge Cutting	£0.00		£960.00	£1,100.00
117 Fire Extinguisher Inspections	£43.00		£46.00	£46.00
118 Staff Costs	£8,478.71		£8,529.00	£10,412.00
122 Sewage Treatment Plant	£1,403.00		£284.00	£280.00

# Precept Calculator

Start of year 01/04/20

Heading	Last year's net	Out turn	2020/21	2021/22
123 Consultation & Professional Fees	£0.00		£0.00	£1,150.00
124 Wildflower Verges	£0.00		£0.00	£500.00
124 Climate Emergency	£0.00		£0.00	£500.00
<b>Parish Council Expenditure</b>	<b>£24,449.90</b>		<b>£50,932.00</b>	<b>£32,849.00</b>
<b>Total Expenditure</b>	<b>£24,870.43</b>		<b>£50,932.00</b>	<b>£32,849.00</b>
<b>Net Expenditure</b>	<b>-£6,161.99</b>		<b>£20,066.00</b>	<b>£3,822.00</b>
<b>Funding</b>				
Reserves				
S106 / CIL				
Loans				
Precept		Current precept	+	New additional
Total Funding		£28,338.00	+	-£105.49 =
Impact on Reserves				£28,230.51
				£28,230.51
				£24,408.51

01/04/20	Tax Base	Band D	01/04/21	New Tax Base	%age increase	Current year precept		
	368	£77.00		363	1	28336.00		
						extra cost per band D	New band D	New Precept
						0.77	77.77	28230.51