

Sutton Parish Council

Budget Proposal for 2021/22



The Budgeting Process

- Parish councils can raise revenue to meet their spending requirements by issuing a 'Precept'
- Every year in January the Parish Council needs to agree the Precept for the next financial year
- The Finance Working Party reviews the council's spending commitments and creates a draft budget for the next year
- The council discusses and agrees the budget for the next financial year
- The council then agrees the Precept, which together with other income and drawings from Reserves, needs to cover the planned expenditure

Sources of Income

- **The Precept**
 - This is the total amount to be raised through the Council Tax from all the dwellings within the parish
 - The 'Precept' is converted into an amount per Council Tax band and is part of the Council Tax bill from the District Council
- **Income from Facilities**
 - Hiring fees charged on users of the Community Room, the Pavilion and The Glebe
- **Income from Community Infrastructure Levy**
 - The Community Infrastructure Levy (CIL) is a charge levied by local authorities on new development in their area
 - It can only be spent to provide new infrastructure or maintain existing infrastructure needed to support new development

Backdrop to 2021/22 Budget

- Started 2020/21 with a healthy level of Reserves
 - General Reserves of £75,099 at 31st March 2020
- Massive COVID-19 impact on Facilities Income
 - In 2019/20 a total income of £27,016 was achieved
 - In 2020/21 the actual plus forecast is just £550 for the full year, a decrease of £26,446
- Need to avoid dropping General Reserve below 25% of Net Revenue Expenditure
 - Based on guidance from Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide March 2020

Key Budget Changes 2021/22 (1)

- Maximising use of Community Infrastructure Levy
 - Using for highways improvements, facilities improvements and maintenance in accordance with spending rules
- Continuing to support Time Bank Co-Ordinator
 - New role appointed in February 2020 which proved invaluable during first COVID-19 lockdown
- Adjusting expected income from Facilities
 - Assuming hiring resumes in late spring as restrictions ease
 - Budgeting for roughly 50% usual occupancy of Glebe and 67% use of the Pavilion and the Community Room
 - Total income forecast at £13,426 (£27,016 in 2019/20)

Key Budget Changes 2021/22 (2)

- Reductions in two budget headings proposed
 - Removal of budget for Connections Bus service (£10,027), not run at all in 2020/21 due to COVID-19 restrictions
 - Removal of Grants budget previously £2,250 (only £50 spent on 2020/21)

Recommendation for Precept

- Last year agreed precept of **£138,775**
 - Resulting in Band D Council Tax of £102.32
- Proposal for 2021-2022:
 - Precept rise from **£138,775** to **£144,326 (+4.0%)**
 - East Cambs District Council have set a lower Council Tax base for 2021/22 adding 1.3% to Council Tax without any precept increase
 - Council Tax would therefore rise to **£107.72 (+5.3%)** or 10p per week for Band D property

Impact on the General Reserve

- Starting position on 31 March 2020
 - General Reserve balance of £75,099
- Anticipated draw from GR in current financial year
 - Anticipated draw of £15,433 by year end
 - Leading to GR balance of £59,666 on 31 March 2021
- Anticipated spend from GR in 2021/22
 - Draft budget forecasts draw of £16,052 in 2021/22
 - Leading to GR balance of £43,614 on 31 March 2022
 - Represents 25% of Net Revenue Expenditure

Medium Term Outlook

- Short term funding from Reserves but not sustainable in the medium term
- **Short term mitigation:** Proposed budget reductions and maximising use of CIL
- **Medium term mitigation:** Recovering facilities income and gradual Precept increase
 - Three year forecast for recovery in hiring income
 - Assuming 2% annual Precept increase in future years
 - No draw from General Reserve forecast beyond 2021/22

Earmarked Reserves 2021/22