

North Frodingham Parish Council

Budget Precept Report 2020/21

Purpose

The Parish Council is required to set out a budget and Precept for 2020/21, in accordance with the information set out by the Responsible Financial Officer [RFO].

Background Information

North Frodingham Parish Council agrees a budget annually for the next financial year and submits a Precept request to East Riding of Yorkshire Council.

In accordance with section 25 of the Local Government Act 2003, this report provides members with information concerning the recommended budget and adequacy of balances and reserves, to meet the financial requirements of the next financial year.

North Frodingham Parish Council is required to set its Precept in accordance with statutory requirements. The report sets out implications of setting the Council's Precept for 2020/21 and the impact it will have on the Council's proportion of the Council Tax Bill. The recommendation of the RFO is to be ratified by full Council.

A suggested budget has been prepared, as attached. The budget also provides comparative figures for the current financial year (2019/20).

The key changes/issues proposed are as follows:

Expenditure – Salary & Expenses

Provision of the Clerk's salary has been introduced after the retirement of previous clerk who was unpaid.

Payment of salary is contracted out to Autela Payroll Services of Skirlaugh who ensure correct taxation and pension enrolment compliance.

Expenditure - Fees & Subscriptions

A provision for the East Riding North Lincolnshire Local Councils Association (ERNLLCA) has been included to enable Council access to legal advice, training and access to National Association of Local Councils (NALC). The current fee for membership is £386.16.

A provision for the Society of Local Council Clerks [SLCC] membership has been included to provide additional support to the Clerk. The current membership cost the PC £81.00.

These provisions will need to be discussed by full council and a decision made.

2020/21 Proposed Budget

1/. Previous Precept and End of Year Balance

Year	Date reviewed	Source	Amount	Balance at March 31st
	November	ERYC	Precept	
2014/15	-do-	-do-	£7250	£16126.92
2015/16	-do-	-do-	£7250	£13608.16
2016/17	-do-	-do-	£7500	£17520.17
2017/18	-do-	-do-	£7500	£20276.99
2018/19	-do-	-do-	£7500	£23812.97
2019/20	-do-	-do-	£7500	

2/. Outgoings

Projected costs: estimate of cost up to and including March 2020
 Projected data for 2020/21 is based on 3% rise in RPI.

	2019/20 To Date	2019/20 Est. End of Year	2020/21
Establishment costs:			
Expenses (includes proposed ERNLLCA and SLCC membership in 2020)	705.06	850.00	575.00
Insurance	415.58	415.58	430.00
Electricity for Chapel	97.05	100.00	105.00
Salary, HMRC & Payroll	1012.36	1920.00	2700.00
SUB-TOTAL	2230.05	3285.58	3810.00
Cemetery & Open spaces:			
Cemetery Maintenance	1330.00	1500.00	1545.00
Millenium Garden Maintenance	319.00	400.00	415.00
Mower Repair Parts and Petrol	574.13	600.00	620.00
Allotment and Tree Management			2500.00
SUB-TOTAL	2223.13	2500.00	5080.00
Section 137:			
Twilight bus	400.00	400.00	400.00
Support for local groups	70.00	70.00	75.00
Chapel renovation	4994.88	4994.88	0.00
SUB-TOTAL	5464.88	5464.88	475.00
Grants:			
Insurance support for Social Centre	729.00	729.00	750.00
SUB-TOTAL	729.00	729.00	750.00
TOTAL	10647.06	11979.46	10115.00

3/. Income to date and projected income for financial year 2019/20

Income Source	2019/20 to date	2020/21 (estimated)
Balance carried forward	23812.97	20000
VAT refund	192.00 (Applied For)	900 (includes Chapel renovation)
Cemetery	425.00	Unable to estimate
Bank Interest	30.00	20.00
Precept	7500.00	7500
Total	31959.97	28420.00

Balance & Reserves

Sections 32 and 43 of the [Local Government Finance Act 1992](#) require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. However, there is no specified minimum level of reserves that an authority should hold and it is the responsibility of the RFO to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

The 2020/21 budget includes contingency provisions to provide protection against any unforeseen revenue commitments and a shortfall in anticipated income.

I have undertaken research through the Society of Local Council Clerks and established that a general reserve fund should comprise 50% to 100% of precept to cope with repairs to assets, funding cuts and unexpected budget pressures etc. It is clear that North Frodingham Parish Council has been prudent with financial management, primarily to cope with the addition of a paid Clerk. However, it is also clear that reserves have grown too much and capital spending is required to utilise the additional funds otherwise the council tax payers of North Frodingham would quite rightly question why the precept is simply sitting in a bank account and not improving their village.

It is recommended that the current level of financial reserves is agreed as follows:

Maintain a general fund of 100% of the agreed Precept to protect against unforeseen budget pressures and possible funding cuts.

Set aside sufficient sums as general reserves to support any major unforeseen spending pressures.

Even at times when extreme pressure is put on the Council's finances the Council must keep a minimum balance sufficient to pay one month's salaries to staff in general reserves at all times.

Undertake an annual review as part of the budget setting process.

Risk Assessment

The budget has been prepared in accordance with key principles of prudence and transparency, and the levels of balances, reserves and contingencies within the budget are adequate.

Recommendation

It is clear that the proposed budget would not be covered by the precept alone and therefore reserves will have to be used. At some point in the future a raise to the precept will have to be considered by council but not until reserves have been reduced.

I propose that North Frodingham Parish Council apply for the same precept as the previous 4 years, namely £7500 and therefore allow any shortfall and additional expenditure on renovating the allotment and tree management to be met from reserves. There will be an additional financial burden for the provision of Emergency Planning but I cannot estimate the cost until council decides on what action to take. This proposal will provide no additional burden on the council tax payers of North Frodingham.

The Parish Council is asked to consider the issues raised above and to agree (or otherwise) its budget and corresponding Precept for 2020/21 as proposed.

If the Parish Council is unwilling to approve the suggested budget, then it will need to agree both a revised figure for total expenditure and the corresponding changes required to individual budget headings.

Prepared by:
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