Bawtry Town Council

Clerks Report – Budget 2020-21

**Introduction**

The current precept for 2019-20 is £50,000 with a Council Tax Support Grant of £522. (I understand the grant will be removed this year).

At year end 31st March 2019 the reserves held by the Council were approximately £222,000. I understand that this sum represents general (and capital reserves) although no sums are required to be for capital expenditure. We have however earmarked the sum of £90,000 to date for the footpath works which will reduce the reserves accordingly.

Members do need to have regard to reserves needed for meeting estimated future expenditure when calculating the budget requirement. Members need to bear in mind the Council does not have the power to hold excessive reserves. If the Council is not saving for anything in particular, an acceptable level of reserves appears to be twice the precept. However as the Bawtry precept is historically low (due to the car park income that supplements it) a better gauge is probably up to a year’s expenditure.

General reserves are funds which do not have any restrictions as to their use. These reserves can be used to smooth the impact of uneven cash flows, offset the budget requirement or can be held in cases of unexpected events or emergencies. As we have no formal capital reserve all funds can be used for such expenses

In respect of income and expenditure for 2019-20 I estimate the total reserves at year end 31st March 2020 to be in the region of £250,000.

As usual I have supplied the figures in two formats – by account code, which is the global amount of the various heads of income and expenditure, and by combined centre which illustrates in more detail how the income and expenditure is broken down across the various services we provide. Both formats of course reach the same totals.

(Please note VAT amounts are not included in the budget with all figures net of VAT in the estimates. However, it does need to be borne in mind that VAT is paid upfront and only reclaimed quarterly).

**Income Estimate 2020-21**

I have estimated 2020-21 income to be £174,805 slightly higher than the 2019-20 figure of £169,927. This is based on the following:

* A provisional increase in the precept,
* A reduction in Market Hill receipts as this source of income appears reduced based on this year’s figures and could be impacted further in 2020 by the footpath works.
* New Hall receipts at a conservative but slightly increased level based on this year’s income although this is not guaranteed. (A streamlining of the current hourly fees may also have some impact but members have yet to agree this).
* Increased staff recharges, but this is directly set off against payments so has no real impact on the annual budget
* Increased rents due to rent from the Market Hill fruit stall.
* Increased miscellaneous income which includes rent from the Crown Hotel - footpath lease.
* Removal of the council tax support grant
* Other income heads at similar levels as last year. .

**Expenditure Estimates 2020-21**

The items below I have budgeted at similar levels to this year. I have made moderate adjustments to some based on the expenditure over the last two years i.e. actual figures for 2018-19 and current/anticipated for 2019-20 or for anticipated inflationary increases. Members can of course review and make their own evaluation of these suggested changes. They are just suggestions.

* Clerks allowance
* Audit fees
* Elections (I allow for the potential of one contested by-election)
* Stationery
* Website (increased slightly to cover the statutory review for accessibility)
* Data Protection
* Grants- s137/GPC (increase based on this year’s expenditure)
* Training fees
* Rental fees
* Telephones (Reduced as not required at New Hall)
* Subscriptions
* Travel fees (members/staff)
* Postages
* Litter bins
* Wharf Street (reduced based on last 2 years expenditure)
* Miscellaneous expenses
* Senior Citizen Event
* Events General

**Other Expenditure**:

PAYE/NI/Salaries – I’ve allowed a modest increase in the salaries in accordance with relevant statutory increases to pay scales from April 2020.

Pensions –I’ve allowed an increase for pension contributions based on this year’s expenditure.

Insurance – I’ve reduced this now that the additional New Hall cover is known.

Legal Fees- I’ve retained some fees which we are likely to incur in respect of the footpath works or other matters, although some may fall due in this financial year.

Advertising- I’ve reduced slightly as we don’t appear to have incurred a notable increase for the New Hall.

Contract Maintenance -Allowed some adjustment for the grass cutting as the contract value is now known but providing an increased allowance for New Hall

New Hall – I’ve adjusted the New Hall utilities costs now we have some direct knowledge of the fees. Water, gas and electric costs have therefore been revised. Conversely rates have been increased and broadband costs added now that actual costs are known, as have cleaning costs to include relief cover.

I’ve included an increased figure for repairs and maintenance and trust we will utilise this even without any major investment. It would however hopefully include a complete redecoration of the hall, although the estimate may still be too modest. Members may want to increase this budget head depending on their intentions.

Other Gas/Electricity /Water- As noted above these have been adjusted now that at least one year’s costs are known for the New Hall. I’ve also anticipated a slightly raised cost for electricity at Market Hill due to the kiosk operating.

Other Repairs and Maintenance – I’ve allowed an increase for the New Hall but reduced costs for the cemetery as expenses this year included one-off improvements which aren’t required this year. . The remaining balance also allows a budget for repairs and maintenance for other existing facilities e.g. Market Hill (notably reduced) allotments & environment (street furniture).

Waste- I’ve increased as we have provided a larger bin at the cemetery this year and taken into account accurate New Hall expenditure

Rates- I do not anticipate a material increase in the rates being incurred for our existing facilities other than the New Hall as noted above

War Memorial – I’ve allowed a budget of £1000 to cover any further enhancement to the area (e.g. seating).

Street Cleaning- I’ve looked to reduce this head based on this years expenditure but am mindful that previous years have exceeded this figure so may need to be monitored for 2020/21

Neighbourhood Plan- No budget anticipated.

Christmas – I’ve made a decrease in this budget to £10,000 as we have now purchased new lighting. The budget does also cover installation/dismantling and repairs etc. and the costs associated with the Christmas event. In effect it will cover the event and a further modest increase in lighting.

Bawtry Enhancements – Reduced now that the planters and notice boards have been purchased although some further enhancements may be required e.g. seats.

Market Hill Refurbishment – I’ve carried forward the budget from last year which is to come out of reserves for the footpath works. I’ve increased slightly to allow a contingency of 5%, tegula materials and temporary linings.

I have not included a budget for work around the cross and to the cross itself and therefore members should be aware that if these works are envisaged a further budget of up to £18,000 would be required!

BARS/MSF- normally we allow about £10,000 under this head taking into account the £8500 grant and donation for sports day etc. Members should note I have suggested a notable increase in this budget to £16,000. The reason for this is that, in light of recent developments, it is foreseeable that the MSF will require additional subsidy, unpalatable as this may be. At worst it could revert to Council control/ownership. In these circumstances additional costs would not be an option. I’ve therefore included this figure as it is around the level the Council spent funding the facility historically. It may be inadequate bearing in mind the Council has not historically funded the running of a “community facility” at this site and are not privy to the running costs. Members need to be aware that if such a contingency isn’t made and further costs are incurred then these will fall to be paid from reserves which is not ideal when other envisaged projects are already putting pressure on reserve levels...

**Conclusions - Precept**

The purpose of the budget proposals is to deduce the required precept for 2020-21. The budget I’ve prepared and this report is to aid you in your deliberations. It is for members to decide the budget and precept level however, not the Clerk and therefore members are free to amend the figures as they wish.

I have included a provisional precept increase to £55,000. This is a more modest increase in percentage terms than last year. The cost to residents is relatively small due to the precept being very low compared to our annual expenditure. Importantly members should note that the provisional precept figure still leaves an annual deficit of over £83,000 and this is dependent on Market Hill receipts not reducing further. On this basis the footpath costs will in effect be taken from reserves with the precept and other income covering the remainder of the annual expenditure which seems reasonable.

If members agree the estimates as drawn, this would ultimately reduce the reserves from around £240,000 to £150,000. If further costs were allocated for Market Hill resurfacing (another £80,000) and again taken from reserves this would reduce the figure to £80,000 which would be too low based on our annual expenditure. Resurfacing and Pay & Display maintenance costs aren’t required for the 2020/21.budget but members need to consider during this year how these costs will be funded in 2021/22, if such projects are to be progressed.

The tax base figure for 2020-21 is 1377 (a slight increase). The purpose of the tax base figure is to enable members to calculate how much any precept change will alter council tax payments for residents. (Normally tested against a Band D property). If it increases even if the precept remains the same the cost to households will reduce slightly and visa versa.

The current Band D charge is £36.39. Based on the tax base figure for 2020/21, a Band D property would be £36.31 if left at this year’s level... If the precept is increased to £55,000 this would give a Band D equivalent of £39.94, an annual increase of £3.55

I have attached a precept calculator so members can see how the suggested change would affect each council tax band. Alternative figures can also be entered for comparison.

Angela Harrison

18th January 2020