



MELTON PARISH COUNCIL

FRM(19)64.02

BUDGET REPORT

Accompanying this covering note is Paper FRM(19)64.02a which sets out:

- Actual expenditure for 2019/20 up to 30 November 2019
- The revised budget figures for 2019/20 as accepted by Full Council on 13 November 2019.
- The draft budget for 2020/21 as adopted by Full Council on 13 November 2019. This has been adjusted upwards slightly (by £16.00) to accommodate increased SALC charges in terms of payroll costs as notified recently.

A brief commentary is provided below in relation to the budgetary situation for both years.

2019/20

As indicated in the financial report accompanying the management accounts for the period 1 April to 30 November 2019 (FRM(19)64.01), although the year-end projection is for an in-year deficit of £20,451, which is a worst-case scenario, if realised it can be met from general reserves. As predicted previously, because Melton's budgets are constructed to allow for a degree of flexibility, it is likely, unless there is some unforeseen eventuality, that the year-end position will be somewhat better than projected – probably with a smaller deficit of between £12-15,000. Additionally there is the flexibility to charge some expenditure to CIL monies, if Full Council wishes to consider this.

2020/21

The explanatory notes below reproduce those reported to Full Council on 13 November for ease of reference.

The budget for next year *[adopted provisionally by Full Council on 13 November 2019]* reflects a proposed precept of £86,948. This comprises:

- The same tax charge for 2019/20 (£44.71 per Band D property) which because of the enlarged tax base will produce a figure of £81,488.45.

- An increase of 5% on that figure to reflect the additional costs of managing the assets to be divested from East Suffolk Council.
- A further increase on that figure of 1.7% to reflect inflation at the current CPI rate. *[This will be refined in the light of the year to date CPI rate as at 31 December 2019.]*

The anticipated CIL receipts next year will be £170,076.

It is assumed that the current rental income for the 1st floor at 17 Riduna Park will continue until at least 31 March 2020.

The Council's main fixed outgoings are salaries and the loan repayments for its premises.

The salary costs provision reflects both incremental progress where appropriate and a 2% allowance for a pay increase. There is also a buffer built in in case changes to the living wage will mean additional increases. Additionally the budgets are changed to reflect the hours of the Clerk and Executive Officer being reduced from 30 to 25 a week; the hours of the Assistant Clerk being increased from 15 to 20 a week, and those of the Handyperson being increased from 12 to 18 a week to reflect the inevitable increase in workload consequent on the transfer of additional assets to the Council.

The loan repayments are fixed until concluded (in 2053) so the budgeted figure is firm.

The other key area for expenditure is the Council's greenspace and woodland. Generous indicative budgets have been allocated to take account of the transfer of assets (which are mostly greenspaces and woodland) from 1 April 2020. Further work will need to be done on these, possibly with seeking fresh prices for the Council's greenspace management contract for the next 3 years. Funding provision could be by way of a sinking fund (from CIL monies) to fund the Council's increased land management costs for the next 5 years until the tax base and precept income rise to reflect the new responsibilities.

The provisional budget for 2020/21 is being considered by each Committee in respect of its area of delegation and any comments / proposals will be brought back to Full Council on 15 January 2020 when the final decisions will be made on budgets and the precept to be claimed for 2020/21.

Recommendations

FERM Committee is requested to:

1. Review, note and comment on the budgetary position for 2019/20
2. Consider the provisional budget for 2020/21 and make any proposals for amendments which it feels are necessary, which will be reported back to Full Council to be considered in the budget and precept-setting debate.

William Grosvenor

Clerk and Executive Officer

6 December 2019