

**DUSTON PARISH COUNCIL**

Committee: Full Council

Date: Thursday 17th January 2019

Agenda Item: 74. Draft Budget/Precept 2019/20

**1. Purpose**

To present the 2019/20 draft budget and precept demand to Full Council for approval.

**2. Background Information – Financial Implications**

2.1In calculating the level of precept the Council must establish a budget sufficient to cover the four following classes of items:

a) Next year’s expenditure, including an allowance for contingencies;

b) Outstanding expenditure incurred in previous years;

c) Expenditure likely to be incurred before the precepted sum becomes available; and

d) Payments to a capital fund or building maintenance reserve

**3. Budget Assumptions**

**Expenditure**

**3.1** The salaries model is based on the existing staff structure and working patterns. Staff who are not at the top of their scale are assumed to move up one salary point subject to satisfactory performance. Employer’s contributions into the pension scheme are currently included at 28.3% of pensionable pay for 2019/20 (27.3% in 2018/19).

**3.2** This budget has allowed for a salary increase of 2.5% as the exact figure has not yet been confirmed by Government.

**Key Points**

**3.3** The budgets for 2017/18 and 2018/19 started with a deficit of £52,099 and £45,223 respectively which were met from reserves. The proposed draft budget for 2019/20 is a balanced budget with no starting deficit that invests more in community events whilst making savings on internal running costs.

**3.4** Budgeted net expenditure is £697,992 (assuming income growth of 8%) which means a precept requirement of £480,092 (an increase on 2018/19 of 2.76%).

**3.5** Expected income has been increased by 8% to reflect an anticipated rise in room hire rates and commercial rents.

**3.6** Full staffing gives a total increase of £22,858 on 2018/19, which is largely offset by a corresponding saving of £5,000 in agency fees and a reduction in Finance, legal and HR fees of £10,500 (including a saving in accountancy fees of £8,000).

**3.7** Increased use of St Luke’s and DCC requires an increase in expenditure for cleaning and waste removal.

**3.8** Additional funding of £2,000 is proposed for the Events budget to cater for Bloom.

**3.9** Provision for IT and telephones has been reduced by £3,000 through the negotiation of a new contract.

**3.10** New insurance arrangements have resulted in a saving of £2,400 for 2019/20.

**3.11** Money budgeted for elections (£2,000) has been removed as this is already covered by £40,000 of existing earmarked reserves.

**3.12** Changes to the council’s licensing and audit arrangements have allowed for a further saving of £2,000.

**3.13** An allowance for capital projects has also been removed as it is catered for in earmarked reserves.

**4. Precept**

The draft budget proposes a precept of £480,092 which represents a 2.76% increase on 2018/19 and equates to a Band D charge of £86.95 (£84.21 in 2018/19 and £82.57 in 2017/18).

**5. General Reserve / Treasury Management Policy**

**5.1** The general reserve held by the Council ensures that there is sufficient cash flow in the period from the end of the financial year until receipt of the first precept instalment for the following year (usually late April). The general reserve is also a contingency for unforeseen expenditure or loss of income.

**5.2** For the purpose of the precept calculation a prudent target closing reserve figure at 31st March 2020 would be £554,980 which is approximately 9 months net expenditure. NALC’s “Governance & Accountability for Local Councils – Practitioners’ Guide” recommends that councils hold a minimum general reserve equivalent to at least 3 months gross expenditure.

**6. Recommendations**

It is **RECOMMENDED** that:

a) Council approves the draft budget

b) Council approves the proposed precept of £480,092 which represents a 2.76% increase on 2018/19 and equates to a Band D charge of £86.95.

b) Council agrees a balance of £554,980 as a prudent minimum general reserve for the 31st March 2020 when considering the calculation of the Precept for 2019/20.

**Report by: J Gleich Parish Clerk / RFO**