

## RATIONALE FOR BUDGET 2018/19

The Budget is made up of 3 elements:

- General Budget
- General Reserves
- Allocated Reserves

Setting the Budget is a predictive exercise as the Budget has to be set before the end of the financial year (March 31<sup>st</sup>).

Each year the General Budget is re-set according to the priorities of the Council and the review of the out-turn of the previous year's Budget.

The over spends and underspends within each cost centre do not go forward into the next year against that cost centre heading, but are considered when agreeing a budget sum for each cost centre, i.e. was the previous year's allocation sufficient or insufficient.

In setting the Budget the Council were mindful of rising general costs, increased staffing costs and the possibility of increased spending on maintenance of assets. To enable the Council to fulfil its obligations to meet the needs of the town, several measures were taken in setting the Budget which was agreed at Full Council on 9<sup>th</sup> January 2018.

Defined **Contingencies for Cost Centres** were agreed. This provides more clarity and transparency in spending within different areas of expenditure, and a better ability to track unforeseen but necessary/agreed spending.

In previous years the **Allocated Reserves** had contained the headings Toilets, Wayland Hall, Playground, Tree Works, Cemetery Extension, Clock Tower and Shire Horse Way. To support the total budget, the funding held in **Allocated Reserves** was reduced by £91,000, the remaining funds of £117,000 being collectively renamed **Community Development Fund**. For accounting purposes the amounts previously allocated to Toilets, Wayland Hall, Tree Works, Cemetery Extension and Shire Horse Way were amended. Advice previously given to the Council has included the issue of holding notional funds which are then not drawn upon for use within an appropriate Cost Centre. (April 26<sup>th</sup> 2016).

Of the £91,000, £41,000 was transferred into the general budget, so that with the agreed increase in precept and other sources of income, the Budget could support the necessary spending for 2018/19. It is hoped that by taking this measure next year's Budget will not be dependent on an increased precept.

Of the £91,000, the remaining £50,000 was transferred to **General Reserves**, giving a total of £168,302. This is within the recommended amount for a Council to hold.

A slight adjustment to the Budget was later agreed at Full Council, i.e. the amount allocated to Civic Allowance was increased by £500 with the subsequent adjustment of the Administration Cost Centre Contingency reduced by a £500.

**The percentage rise for a Band D property is 21.3% which equates to 42p per week.**

**Many residents live in homes banded A-C and will therefore see a significantly smaller increase.**

## **Budget 2017/18**

The 2017/18 budget is currently showing a predicted underspend of around £25000. The final figure will not be known until all debtors and creditors have been accounted for in the financial year which ended on March 31<sup>st</sup>. Any underspend will be placed in the general reserves until any decision is made by Council to re-allocate any money although when setting the budget it was anticipated there would be an underspend and this has already been included within the 2018 budget estimates.

Points to note:

- There will need to be some virement between cost centres as some are overspent but this can be alleviated by using money from centres which have an underspend.
- The Council made an initial allocation of £10000 to finance the Neighbourhood Plan and grant funding is also supporting this project. Listed in General Cost Centre.
- Although there has been an increase in income from cemetery fees there has been a reduction in income from the market.
- Staffing costs have increased following the introduction of pensions and staff re-structuring.
- The purchase of the new town van can be financed through savings within the budget and therefore no money will need to be used from reserves.