

BUDGET REVIEW 2019/2020

A comparison of the figures as at 31st December 2019 and prediction forward shows that there could be a potential surplus of £135.10 as at 31st March 2020. There were variations in the Budget figures and the main items and explanations are as follows:

Admin, Stationery and Postage - Deficit of £125.00. This was separated from previous figures without a figure as a guide and coincided with the purchase of a new printer. The main item has been the purchase of printer ink which is being done as cheaply as possible.

Insurance – Surplus £95.72. Five quotations were obtained and a Community organisation was used with the benefit of a three year fixed premium option.

Training – Deficit £32.00. An extra course was required together with an increase in fees.

Village Hall Hire – Deficit £177.50. Payment of the hire fees for 2018/2019 was overlooked and paid in the current financial year. Future hire fees will be paid in the same financial year.

Election Contingency May 2019 – Deficit £44.98. An increase in the charge by TDC was beyond the control of the Council.

Defibrillators Annual Support Cost – Deficit £65.65. This was not included in the Budget as the purchase of the Defibrillators had not been completed.

Computer Equipment and Repairs – Surplus £100.00. No expenditure has been necessary.

Other projects and Maintenance – Surplus £267.00. No expenditure has been necessary.

The Village Hall Committee repaid £1450.00 which was part of a previous grant and it was hoped that this would mean an increase in the Reserve of the Parish Council. Due to the resignation of a councillor, 11 residents have requested that an election is held. This is a democratic right and beyond the control of the Parish Council. The Council finds it difficult to understand why this has been done as the majority of the known residents who made the request have not complained to the Council or attended any meetings during the year. If an election is held this will be the third in less than two years at a potential cost of over £3,300 to the taxpayers in the parish. It will also mean a potential Budget deficit of £1,364 90 as the cost was not predicted and not in the Budget. This will have an adverse impact on the Reserve and could mean a deficit in the accounts for a third year.

BUDGET STATEMENT 2020/2021

Long standing guidelines are that a local council, in calculating its Budget and Precept must as far as possible secure that it will suffice for four classes of items namely:

- 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 (for example interest on an overdraft)
- D. Payments to a Sinking Fund, Capital Fund or Renewals and Repairs Fund

The Parish Council has the power to incur expenditure for the benefit of the area for its inhabitants and to do this the council obtains funds by means of a precept. This must be advised to Teignbridge District Council as the collecting council before the end of January each year. The budget must be as accurate as possible to ensure that funds are received for the proper carrying out of its functions during the following year. The Council must also ensure that it is financially sound in order to carry out its functions. It is important to emphasise that this is the only opportunity for the Council to apply for the precept to receive its income.

The Budget review above gives an indication of the potential financial situation and that the financial Reserve as at 31/3/2020 will probably not have improved due to circumstances beyond the control of the Council. The Council should have a realistic Reserve which should be about one year's expenditure plus the cost of an election. It was hoped that a start towards this figure had been made this year but it was not to be due to the potential election. In preparing the Budget it is emphasised that many of the increases are necessary to try and achieve realistic and accurate figures in accordance with the opening comments and many are beyond the control of the Council.

The Budget will include all the items from this year except one and two additional items. Particular comments and items are:

Inflation: Increases of 2½% have been advised as possible for some items plus potential price increases which will mean an increase for many items.

Admin, Stationery, Postage: A figure based on the 2019/20 projected total.

Clerk's Pay: At present the Clerk is required to work 3 hours per week which are very much below the actual hours worked. An increase to 5 hours per week has been proposed together with an increment and possible national increase and an increase in the Home Working Allowance.

Defibrillators: The Defibrillators were paid for from donations, and these have created two additional items of expenditure for the Council:

Annual Support Cost: The current figure is £330 plus VAT, a total of £396 that must be included each year together with a small cost for electricity.

Replacement of Defibrillators: It is understood these need to be replaced after 10 years which will be in 2029. The cost for the 3 units in 2019 was £4,950. It has been suggested to wait nearer the time to consider how the cost will be covered which could be by a request for further donations or grants or if either are not successful, a large increase in the precept. The future cost cannot be predicted but it will be an increase. As a prudent measure I would suggest starting a provision now with an amount of say £500 being included in the precept and reviewed each year.

Election Contingency: There is a pattern of contested elections in 2018 and 2019 with the total cost to the Council and council tax payers of £1,928.74. The potential of an election in February 2020 would increase the total to over £3,300. This is due to residents exercising their democratic rights to request an election which is beyond the control of the Council. With, say 5% of the residents requesting the elections a cost is incurred of say £23.00 for each average band D property for the three elections. There is always the potential for a casual vacancy election in the parish each year until the next 4 yearly elections in 2023. I recommend it would be prudent to include the full cost of say £1,500 of an election in the Budget. With a potential election being held now that was not in the Budget this will need to be £3,000 to replace depleted reserves. This will protect the Council from an unexpected cost, and if used £1,500 will need to be in each of the future year's Budget. This election provision policy is recommended by the Chief Financial Officer of TDC.

Computer equipment/repairs: There is the probability of this being required and it is important as the computer is now the prime method of communication. Applications may need to be replaced with a provision for a replacement as the computer is four years old.

Noticeboards: There is a legal requirement for agenda to be displayed on noticeboards. Two of the existing may need repairs before a decision is made regarding their replacement.

Reserve: It was intended to include a contingency or reserve but in view of the amounts for the other necessary items this is delayed for a year.

There are no excess amounts in the budget which will only allow the present Council to fulfil its basic functions. The Council support to the residents is limited due to previous expenditure and a period of stability is required. The Council is very aware of the financial impact on residents and the difficult decision has been made not to include any provision for an increase in the Reserve, but any surplus amount will be used later to increase the existing Reserve. The budget proposal is for a precept of £9,100 which is an increase on last year of 117%. I have made a prudent examination of the items and expenditure in the budget and I recommend that it is approved.

N R Harvey
Responsible Financial Officer
Dunchideock Parish Council
14th January 2020