

BUDGET 2020-21 COMMENTARY

1. INTRODUCTION

This paper provides a summary of the key elements of the Stokesley Town Council's (the Council's) Budget for the financial year 2020-21. It reviews the major changes in the 2020-21 budget compared with the 2019-20 budget and, at headline level, with the actual spend in 2019-20.

It covers sequentially the planned income which the Council will receive; the planned expenditure to be made by the Council; the projected movement in reserves and the determination of the precept.

2. INCOME

Budget 2019-20	Actual 2019-20	Budget 2020-21
£166,506	£178,519	£161,128
	Increase v Budget 2019-20	
	+ £12,013	-£5,378

Higher than forecast Community Infrastructure Levy (CIL) receipts, grant income from Hambleton District Council (HDC) and events income resulted in actual income exceeding the budget for 2019-20.

The major contributor to the planned decrease in income in 2020-21 compared with 2019-20 derives from lower CIL receipts. Income in 2019/20 was the final instalment of £27,161 from the housing development at Tanton Fields and the first instalment from the redevelopment of Strikes Garden Centre of £4,692. In contrast HDC has confirmed that only the balance of the Strikes CIL Money of £14,076 will be payable in 2020-21, once funds have been received from the developer. This equates to the 15% of CIL payments that HDC is required to pay to the Council. Partially offsetting this decrease, the precept has been increased to a total of £138,000 for 2020-21, £6,000 higher than in 2019-20.

With no increase in charges for all tenants the budget for allotment income is unchanged at £2,275. The income from long-term lease with HDC for land at Riverslea / Riverdene is Consumer Price Index (CPI) indexed linked. This supports an increase of £50 in the budget to £1,550. However, North Yorkshire County Council has advised that the 2020-21 payment for grass cutting carried out will not increase from the advised £1,057 payment in 2019-20, therefore the 2020-21 budget uses this figure which is £57 higher than budgeted for in 2019/20.

Given the experience gained in recent years, the budget for events income has been increased to £4,100 in 2020-21, an increase of £1,600 from 2019-20.

As last year, the income derived from, and changes in the value of, the investment portfolio are now recognised as an impact on the reserves of the Council. Only interest derived from cash held on account is shown as income in the budget, at a total of £50 in 2020-21, unchanged from the previous year.

3. EXPENDITURE

Budget 2019-20	Actual 2019-20	Budget 2020-21
£169,270	£166,368	£161,325
	Increase v Budget 2019-20	
	- £2,902	-£7,945

Compared with the budget for 2019-20 the key items contributing to the above underspend were lower than forecast staff costs, lower expenditure on the North Road Play Park and street furniture (i.e. litter bins and benches) and lower than planned seminar attendance (impacted by the Covid-19 restrictions). Additionally, as no election was required in May 2019 election expenditure was the basic £100 charge from HDC, compared with the budget of £1,000. These decreases were partially offset by installation of the CCTV camera on the Play park, funded from CIL receipts, and additional expenditure on the Food Festival, other events and production of the High Street Map. Tree and hedge maintenance was above forecast as quicker progress than planned was made in recovering the backlog of such work accumulated over past years.

Moving forward planned the major increases in expenditure are £5,000 for the purchase of additional Christmas decorations, to be funded from the CIL payments received in earlier years, and the now separately identified funding of £1,000 for the High Street Wifi facility.

Other differences in planned expenditure for 2020-21 compared with 2019-20 result from smaller changes to individual items.

Decreases of £500 or more in budget items for 2020-21 compared with 2019-20 are:

- A decrease of £500 (from £1,500 to £1,000) in the Telephone and Internet budget to reflect recent usage and the separate budget for the High Street Wifi
- A reduction in Play Areas budget of £5,000 (from £10,000 to £5,000) reflecting the lower costs of planned maintenance for the North Road Play Park
- A decrease of £2,000 (from £29,000 to £27,000) in the grass cutting, hedge and tree maintenance budget to reflect the ongoing planned costs after work in previous years to recover the backlog
- A decrease of £2,000 (from £2,500 to £500) in the combined budget for New Seats / Seat Repairs following completion of the programme of refurbishing / replacing all current benches within the town centre
- The absence of any election expenditure, previously budgeted at £1,000
- A decrease of £900 in the CCTV budget which now covers only the ongoing support and maintenance costs of £700.

Offsetting the above are increases of £500 or more in the following budget items for 2020-21 compared with 2019-20:

- An increase in Photocopier costs of £500 (from £1,000 to £1,500) reflecting recent use and the rental costs of the machine

- An increase of £500 (from £4,000 to £4,500) in the budget for S137 grants to support local organisations providing benefits to the town and its residents

Major expenditure items that remain broadly unchanged are:

- Total staff costs, which cover both the Town Council and The Globe employees
- The Office Rental paid to the Stokesley Town Hall Trust of £6,300.

4. RESERVES

The impact of actual income and expenditure in 2019-20 was to increase reserves by approximately £12,150. The impact of the plans for income and expenditure in 2020-21 is that there will be a small negative impact on reserves of £200 at the year end.

At the end of the 2019-20 financial year projected reserves were approximately £165,000, which will be broadly unchanged at the end of the 2020-21 financial year. Of the total reserves £115,696 is in earmarked reserves. This value derives primarily from S106 agreements to provide funding towards open space maintenance on those housing estates where this responsibility rests with the Council. The balance is held as general funds.

At the end of 2020-21 the projected level of general reserves of approximately £40,000, or approximately 3 months of expenditure will meet the guidance provided to local councils on the level of reserves that should be held of between 3 and 12 months of expenditure. This guidance establishes a balance between a prudent level of reserves and holding too much money as reserves, which are therefore not being used for the benefit of the community.

5. INVESTMENT PORTFOLIO

At end March 2017, following approval of the investment strategy document, the Council invested £75,000 of its reserves in a 'Low to Medium Balanced' investment portfolio. 'Balanced' in that the objective is to provide a balance between capital growth and income, such that the income requirement should not erode the potential to maintain the capital value of the portfolio in real terms. 'Low to Medium Risk' in that investments will be in short and medium dated UK Government securities (gilts) supplemented by investment grade infrastructure and real estate investment trusts. The non-fixed income investments of the portfolio provide the basis for the future protection of purchasing power.

As at end December 2019 the portfolio was generating gross income of approximately £3,200 per annum, in line with expectations, and had shown capital appreciation from the initial value of the investment of approximately £16,000, better than anticipated.

6. PRECEPT

Budget 2020-21	Budget 2019-20
£138,000	£132,000
Increase of Budget 2020-21	
	+ £6,000

The level of the precept for 2020-21 was set at £138,000, an increase of 4.5% from 2019-20.

Factors taken into consideration in establishing this level of precept were:

- The recent and planned increases in the population of Stokesley with the ongoing housing developments at Stokesley Grange and Tanton Fields
- The wish to maintain the level of general reserves within the guidance band.

As part of the budget process HDC provide a statement of the Council Tax Base each year. This is equivalent to the number of properties paying Council Tax. For 2020-21 this shows an increase from the 2019-20 Council Tax Base for Stokesley. As a result the increase in each household's payments to the Council in 2020-21 of 1.3% is broadly in line with the forecast increase in CPI over the last year.