

BUDGET 2021-22 COMMENTARY

1. INTRODUCTION

This paper provides a summary of the key elements of Stokesley Town Council's (the Council's) Budget for the financial year 2021-22. It reviews the major changes in the 2021-22 budget compared with the 2020-21 budget and, at headline level, with the actual spend in 2020-21.

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, the determination of the precept and a review of Community Infrastructure Levy funds.

2. INCOME

Budget 2020-21	Actual 2020-21	Budget 2021-22
£161,128	£169,754	£152,846
	Increase v Budget 2020-21	
	+ £8,626	-£8,282

A Government Covid-19 related grant of £10,000 was the major contributor to actual income exceeding the budget for 2020-21, with other gains from advance payment of the £2,018 grant from the Police and Crime Commissioner's AJ1 fund towards a Vehicle Activated Speed sign and grant funding from Hambleton District Council and the NYCC County Councillor's Locality Budget Fund. These were partially offset by the delayed receipt from North Yorkshire County Council of the grass cutting payment and the absence of any income from the planned events; the events were cancelled because of the Covid-19 pandemic.

The major contributor to the planned decrease in income in 2021-22 compared with 2020-21 derives from lower Community Infrastructure Levy (CIL) receipts. Income in 2020-21 was from the final instalment from the Strikes Garden Centre redevelopment. In contrast no schemes have been identified which will generate CIL receipts to the Council in 2021-22.

The precept has been increased to a total of £144,000 for 2021-22, £6,000 higher than in 2020-21.

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, but conservatively no increase in income from the previous year off £1,551 has been assumed. In the absence of any prior advice from North Yorkshire County Council the 2021-22 payment for grass cutting carried out by the Council income has been conservatively assumed to be just £1,000, a decrease of £57 from the advised £1,057 payment for 2020-21.

The budget for events income has been reduced marginally from £4,100 in 2020-21 to £4,000 in 2021-22.

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. Given the current low interest rates it has been assumed, again conservatively, to be nil in 2021-22, a reduction of £50 from 2020-21.

3. EXPENDITURE

Budget 2020-21	Actual 2020-21	Budget 2021-22
£161,325	£158,788	£160,350
	Increase v Budget 2020-21	
	- £2,537	-£975

Compared with the budget for 2020-21 the key items contributing to the above underspend were the deferral of purchase of additional Christmas lights, no expenditure on events as a result of their cancellation, lower maintenance expenditure on the North Road Play Park and lower than planned S137 grants as a result of fewer applications being received. These decreases were partially offset by additional spending on tree and hedge maintenance as quicker progress than planned was made in recovering the backlog of such work accumulated over past years, expenditure on the Stokesley Bounce Back initiative (map, cycle racks and notice boards – these schemes were supported by grants from the HDC Vibrant Market Towns Scheme and NYCC County Councillor’s Locality Budget Fund), legal fees relating to the preparation of the Off-Street Parking Places Order (offset in part by HDC funding), additional hygiene measures to ensure that the toilets remained open through the year and additional staff costs.

Moving forward the planned major increases in expenditure are £2,000 for total staff costs, which cover both the Town Council and The Globe employees, £1,400 for Events and £1,000 each for the toilets and the North Road Play Park, plus an increased contingency allowance of £1,000.

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 2021-22 compared with 2020-21 are:

- A decrease of £500, to £500, in Stationery costs
- A decrease of £500, to £1,000, in Photocopier costs
- A decrease of £500, to £600, in the Pest Control service contract
- A decrease of £500, to £1,000, in the Training and Seminar budget

Offsetting the above are increases of £500 or more in the following budget items for 2021-22 compared with 2020-21:

- An increase in IT Support costs of £500, to £2,000, reflecting recent charges
- An increase of £500, to £10,000, in the budget for Tree and Hedge Maintenance

The Office Rental paid to the Stokesley Town Hall Trust remains unchanged at £6,300.

4. RESERVES

The impact of actual income and expenditure in 2020-21 was to increase reserves by approximately £11,000. The impact of the plans for income and expenditure in 2021-22 is that there will be a reduction in reserves of approximately £7,300 at the year end.

At the end of the 2020-21 financial year reserves were approximately £173,000. Of this total £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 2021-22 the projected level of general reserves of approximately £50,000, or approximately 4 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 March 2021 the portfolio was generating gross income of approximately £3,270 per annum, in line with expectations, and had shown capital appreciation from the initial value of the investment of approximately £14,785, or over 4.6% per annum, better than the long-term target set for the portfolio.

6. PRECEPT

Budget 2020-21	Budget 2021-22
£138,000	£144,000
Increase v Budget 2020-21	
	+ £6,000

The precept for 2021-22 was set at £144,000, an increase of 4.3% 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 the weighted number of properties paying Council Tax. For 2021-22 the Council Tax Base increased by slightly over 1.3% from 2020-21. As a result, the increase in each household's payments to the Council in 2020-21 is 2.99%.

7. COMMUNITY INFRASTRUCTURE LEVY

The Community Infrastructure Levy (CIL) is a charge payable to Hambleton District Council (HDC) on new residential development and some retail development.

HDC is required to pass on 15% of CIL receipts to Stokesley Town Council generated by development in its area. Stokesley Town Council is directly accountable for spending and reporting CIL monies. The money must be used for infrastructure identified as important by the local community and be spent on the provision, improvement, replacement, operation or maintenance of infrastructure or anything else concerned with addressing the demands that development places on the area within five years or receipt.

Following the refurbishment of the toilets and the installation of a CCTV system in the North Road Play area, the remaining priority projects as at the start of the 2020-21 financial year identified in earlier consultation were the improvements to Levenside and additional Christmas Lights. Spending on the additional Christmas lights was deferred in 2020/21 because of the Covid-19 pandemic. Detailed plans have been developed for the Levenside Improvement Project and will be submitted for planning approval and further public consultation early in the 2021/22 financial year. Further progress on this scheme is dependent on securing grants from other providers.

There remained a balance of over £38,000 in unspent CIL funds at the end of the 2020-21 financial year.