

2013/14 Budget and Precept Commentary

To be read in conjunction with the Budget detail spreadsheet.

1. Anticipated outturn for current year

The forecast for the year end is that expenditure will total £100,001 versus the budget of £100,497. With total income of £75,794 (versus budget of £78,404) this has resulted in a draw on reserves of £24,207 to leave us with £58,537 cash at bank at the year end.

Significant elements of expenditure totalling £39,892 include:

- Neighbourhood Plan: £15,072
- Allotments Projects: £11,700
- Youth Club: £4,500
- Youth Activities, mainly Rollerpark acquisition: £8,620

Thus over half the income has gone on projects of immediate or longer term value to the community over and above the ongoing works to keep the village looking clean, tidy and cared for.

2. 2013/14 budget sections – outturn and proposed budget.

100 – Income. Excluding the Precept to be decided upon (see part 3), the income next year is forecast at £13,159 versus this year at £9,794 with next year including the support grant of £3,792 to offset the reduction in the Band D base. Without the grant it would be almost unchanged.

101 – Administration. The proposed budget for next year is £48,375 against this year's forecast of £37,055. The difference is primarily the costs of the decisions made to employ a Deputy Clerk and to contribute to pensions.

201 – Footpaths and Highways. Forecast for the year end is £15,762 whilst the proposed budget for next year is £15,880.

301 – Provisions. Forecast outturn is £19,192 with a budget proposal of £9,550. The reduction being due to there being no major Allotments project in plan. Council may wish to consider making provision for new play area equipment in the form of structures or, possibly, a mini roller park (c.£10K each).

401 – Amenities. The spreadsheet shows a forecast of £27,992 and a proposed budget of £35,040. There are four major items for consideration here.

- a) The proposed step increase in the Youth Club grant from £4,500 to £6,000 as set out in a proposal from Mr Reynolds.
- b) Proposed £11,740 for Youth activities being £2,500 for the Literacy competition and a further £9,240 towards the eventual cost of the Rollerpark.
- c) A provision of £7,000 towards the completion of the Neighbourhood Development Plan and its approval.
- d) Although to be posted elsewhere in the accounts if approved, this section introduces the idea of building up a Reserve fund for future projects. It is suggested that in principle somewhere between 20 and 25% of the previous year's Precept should be set aside every year to rebuild reserves that are now diminished. The budget sheet includes this at 20% amounting to £13,200.
- e) Emergency reserves. It was agreed last year to hold a protected reserve equal to 50% of the current precept i.e. £33,000. This means that half of any increase to the precept is automatically sequestered into this fund so, for example, to raise £500 for to spend the precept would have to go up by £1,000 and so on. Given that almost all our income is legally precepted from SODC, this now seems unnecessarily cautious and it is proposed that this reserve should now be fixed at £30,000 to be placed on deposit and reviewed annually. If agreed this will free up £3,000 plus half of any increase in the precept.

3. Precept Options.

As presented with the inclusion of items a) to d) of section 401 above but not including any of the significant but as yet uncosted and unapproved projects discussed last year and based on the same precept of £66,000, the budget shows a shortfall of £8,038.

Given Council's wish to remain proactive and to fund new projects of benefit to the village and the possibility of future capping, it may be felt appropriate to increase the precept nearer to those of other large and well served villages:

This Year: 2011/2012				
Village	Tax Base	Precept	Band D Tax	Cost/week
Benson	1,738	£119,170	£68.57	£1.32
Chalgrove	1,098	£92,000	£83.74	£1.61
Chinnor	2,342	£256,542	£109.52	£2.11
Cholsey	1,362	£84,188	£61.78	£1.19
Goring	1,698	£87,800	£51.70	£0.99
Sonning Common	1,648	£66,000	£40.05	£0.77
Watlington	1,197	£86,105	£71.922	£1.38
Wheatley	1,673	£104,609	£62.53	£1.20
		£896,414		
Band D average for the Villages listed is £68.73 (71%) higher than Sonning Common				

The table below is offered to assist in determining the precept with only Band D shown for simplicity.

Because of changes in the tax base, offset in part by the grant of £3,792, at the individual household level making the same charge (row A) would produce £61,477 – a reduction in income of 7% which the grant would then just about replace. What the table then shows is the odd situation that if, say, the precept on the household were to be increased by 20% (row D) it would only show up as a year-on-year increase of 12% in the published numbers.

Rows E and F show that it is possible to keep the total Band D precept below £1 per week and have a headline increase below last year's 20%.

	Charge	Band D Charge			Adds	Adds	Adds	Gives	Precept
		Year	Week	Month	+week	+month	+Year	Precept	change
A	Same	40.05	0.77	3.34	0.00	0.00	0.00	61,477	-7%
B	Plus 10%	44.06	0.85	3.67	0.08	0.33	4.01	67,624	2%
C	Plus 15%	46.06	0.89	3.84	0.12	0.50	6.01	70,698	7%
D	Plus 20%	48.06	0.92	4.01	0.15	0.67	8.01	73,772	12%
E	Plus 23.5%	49.46	0.95	4.12	0.18	0.78	9.41	75,924	15%
F	Plus 25%	50.06	0.96	4.17	0.19	0.83	10.01	76,846	16%

In order to raise sufficient to cover the known budget items including all the additions discussed above and provided that the revised Emergency Reserve change is agreed then a precept of £75,924 will actually give a further small surplus of £4,886 as a cushion against the grant not being paid in following years.

It is suggested that this is the level that should be chosen.



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