

Annual Assembly Meeting 2021 Report - Chair of the CTC Finance, Budgets & Staffing Committee

2020 /21 - due to Covid, a year like no other, we started in a strict 'lockdown' and we finished in a slightly less strict lockdown with a brief period in summer of something approaching normality - but that was very short lived. What did this chaotic situation mean for Costessey Town Council's finances? I can tell you - a great deal of uncertainty.

The major impact was that the various degrees of lockdown meant our second most important source of funding (after the Precept received from South Norfolk), the income from hiring out our halls just disappeared. We had budgeted for receipts of £100k and got exactly £4,684. There went 12.5% of our income - disaster!

But as my mother used to say, it is better being born lucky than rich and in 2020 this turned out to have some truth in it. As fortune would have it we were approaching the end of our 3 year janitorial contract, and the Council decided that it would be a better idea to bring the cleaning of our halls in-house. We did that and after transferring in one member of the cleaning team and making different security arrangements (that was part of the janitorial service), the net savings over the year were in the region of £80k which went a long way to offsetting our loss of income.

The next fortunate occurrence was that, after appearing to be ineligible for government support for loss of income, we were given the opportunity to apply for grants for all 3 of our halls based on rateable value. The officers responded very quickly and the outcome was that over the year we received £67k. Very suddenly a substantial deficit was moving into a surplus, and this surplus was increased by the lack of activity in our halls and grounds resulting in - savings on power (£20k), and maintenance (£40k). Plus, the fete was cancelled (£3k), there was little vandalism (£4k), and the amount set aside for various legal fees remained unused (£18k). We had also budgeted for an extra member of the Grounds Staff, as we anticipated having to maintain the playing fields and green areas in Queen's Hills when they were handed over to the council from the consortium developing the area. This still hasn't happened and, although we have budgeted for a similar expenditure in the current financial year, I'm not holding my breath.

So a potential deficit has turned into a substantial surplus - the exact amount will not be actually known until the final accounts have been prepared but it is enough to enable us to hold the Band D rate at the same level this year as last year, and therefore to set what is termed a deficit budget in which we will plan to spend more than we will receive in income, and fund the difference from reserves. Thus Costessey Town Council does not intend to put any increased burden on our council tax payers.

Looking forward we are far from certain what will happen. We will receive our Precept based on the number of council tax paying properties in our area - this number has fallen very slightly in the current year despite more properties being built, as the economic effects of the pandemic has increased the numbers able to claim relief from Council Tax. We don't know how well our halls will be used, will people be happy to participate in the activities which are put on? or will the experience of the last year curtail such activities for a longer time. Really a lot depends on how strongly the economy rebounds this year and whether we will have any more 'lockdowns'. In any event, unemployment is forecast to rise this year albeit from a low base as the furlough scheme comes to an end and, if so, this will not only impact this year but may also have a negative effect on next year's Precept

and this must be considered in our plans as we will seek to limit any future council tax rises as far as possible.

We certainly live in 'Interesting Times' as the Chinese say, and it makes for very difficult financial planning. However, Costessey has been fortunate to have been served over the last decade by Hilary Elias who has proved very adept at financial planning and setting prudent budgets. She has always sought to ensure that the Council's reserve position is strong and able to ride out any difficult periods such as we are going through now. That is the good news - the bad news is that she will retire in 12 months' time and now the Council must make sure we have robust financial guidelines in place to maintain her legacy of prudence in both the near term and the long term. I assure you that we will work to do just that.