📜 Precept vs. Budget – Why They're Not the Same

1. The Budget

- The **budget** is the council's full financial plan for the year.
- It includes **all expected income and all planned expenditure**.
- Income can come from several sources:
    - The **precept** (money raised through council tax)
    - Grants (e.g., lottery, government, community funds)
    - Fees, rents, or charges (e.g., room hire, events)
    - VAT refunds or other reimbursements
- Expenditure covers everything the council intends to spend: salaries, maintenance, projects, insurance, training, etc.
- The budget shows the **total cost of running the council and delivering services**.

2. The Precept

- The **precept** is the amount the parish council asks the unitary council to collect through council tax.
- It is **only one part of the budget** — the funding raised locally to cover costs.
- The precept is set annually and must be based on the council's budget needs, but it doesn't equal the budget.
- Example:
    - Budget = £25,000
    - Other income (grants, VAT reclaim, fees) = £3,500
    - Precept required = £21,500

3. Why They Differ

- The **budget is bigger than the precept** because it includes all income streams.
- Councils may deliver projects using grants or earmarked reserves, which don't come from the precept.
- The precept is essentially the **gap-filler**: it makes sure the council can meet its budget after other income is taken into account.