

## **REPORT TO COUNCIL**

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**Date of Meeting:** 13th December 2017  
**Title:** Budget – 2018/19  
**Report of:** Chairman and Clerk

### **SUMMARY:**

To consider the setting of the budget and precept for 2018/19.

### **REPORT:**

#### Financial Reserve Levels Held

At the start of the current financial year (1<sup>st</sup> April 2017) the Council held £66,483 of financial reserves. At present, based upon information available to date, the Clerk estimates that we are likely to hold approximately £49,106 at the end of March 2018. *[This figure excludes £293 of Houghton in Bloom ring-fenced money figure - correct as at Nov 2017]*. This is based on expenditure this year likely to total approximately £64,135.

The external auditor recommends that the level of reserves held are equal to 3-12 months gross expenditure, i.e. (based on 2016/17 actual spend) between £13,027 and £52,109. The Council is therefore anticipated to hold reserves that are well within the recommended thresholds. The Internal Auditor has however subsequently advised that the reserves should not be allowed to fall below £20,000.

#### **Budget 2018/19**

The Council is required to set its budget and determine the precept by 12 January 2018. In the past, due to high reserves, the precept has remained static (last increased in 2010). However, income streams have decreased in recent years after the abolition of the concurrent services grant and a general reduction locally with grants budgets. In its final year of payment in 2015 the concurrent services grant was paid at £4,206. This income has not been made up from any other source. Additionally plans are still mentioned periodically regarding a 2 percent annual cap on the level of precept able to be raised and this should be borne in mind for potential future implications.

Adjustments to the budget, recommended by the Clerk, are outlined below.

#### Administrative Budget Areas to be Increased

- Clerks Gross Salary - increased to £15,695 to take into account a potential increase in salary point (appraisal dependent) as well as the national increase in NJC scales (not yet agreed, estimated at 1% however likely to take many months to agree at Union level). This also increases employers NI Contributions and pension payments - increased accordingly in line. Please note this is the last increase possible for the Clerk as this is the final point in the salary scale therefore future increases will be much less and only in line with any nationally agreed increase.
- The mileage budget has been increased slightly due to an increase in this year's expected expenditure.

- The telephone budget has been increased as the Clerk would like to request provision of a budget mobile handset. The two options are either a cheap pay-as-you-go handset or a low-cost contracted option. The reasons for doing this are two-fold. Firstly, the Clerk often does need to make telephone calls for work when out and about - an example being for the Houghton Fair when her personal mobile bill significantly increased. However the second aspect is that the VoiP phone that is used as the dedicated "office line" often suffers with interference and it is very difficult when calls cannot be made or received. The providers, Solway Communications, have withdrawn the VoiP service they offer due to its poor performance so it is a problem across the network, not just with the Clerk's line. The Clerk points out that the cost of the mobile, along with the landline is still reduced from the dedicated BT line the previous Clerk held. Additionally, the Clerk will request a contribution towards the landline from her two other councils to try and offset some of the costs. Realistically it would make more sense to have the landline removed entirely however some people still do not like calling a mobile number so for the sake of £54 annually it would appear sensible to retain it, however should the cost increase it will need further consideration as to its viability.
- A small increase has been made to insurances (which may be offset by a no claims bonus so may not be required) and website hosting, in line with this year. The Clerk has requested that the website provision/domain is transferred to the ownership of the parish council this year.
- Misc. admin & stationery has been increased as the IT equipment is due for a five-year renewal in 2018. It might be that this can be delayed until 2019/20 but the budget makes provision for such an eventuality, in line with the plan set in 2013. An amount of £670 has been allowed for this.

#### Administrative Budget Areas to Remain Static/Decreased

- Subscriptions, audit commission charges, internal auditor charges, contingency and training budgets have all remained static.
- Postages and room rent have both been decreased minimally

#### Grants

- The grant budget has been left at £8,000 overall to be spread across all bodies as recommended by the Finance/Risk group.

#### Parish Council Services

- Grass cutting and greens maintenance has been increased due to an anticipated annual increase following the end of the initial 2 year contract, along with additional collection/cuts at Brunstock. It is quite a significant increase however the contractor has stated he will only put prices up proportionately to his own increase in costs, which are as yet only estimated. Also, the budget has not been spent in full in recent years due to the weather making some cuts unfeasible so the full amount may be unnecessary.
- The maintenance budget has been increased as it has proven inadequate in recent years to cover necessary playground maintenance and that of other assets. Some

maintenance/preventative wood treatment works are perhaps required at the Linstock and Crosby play areas and it is estimated these alone will cost £1,960.

- The playground inspections budget has also been increased due to the additional checks at Houghton.
- The emergency planning budget has been significantly reduced due to expected expenditure this financial year.

### Projects

A project budget is proposed below. These figures are based on assumptions made on the spending anticipated during the rest of the current financial year.

• Walks & Footpaths	£2,255 brought forward from previous year(s)
• WWI Commemorations	£500 brought forward from previous year(s)
• Houghton Green Drainage	£530 brought forward from previous year(s)
• Summer Fair 2017/18	£1605 - including profit brought forward from
• Land Registration	£2,500 brought forward from 2017/18
• Interpretation Panels	£5,000 brought forward from previous year(s)
• Contingency projects	£2,000
• Community Plan Development	£2,000
• Rural Play Scheme	£2,675
	<b><u>£19,065</u></b>

A reasonable budget has been allocated for Community Plan Development. This is a project to be determined as an offer has been made by Cumbria County Council to absorb entirely the cost of the street lighting project. It is however recommended that work is focused heavily on achieving delivery of the carried forward projects during the forthcoming financial year. A budget of £2,000 has also been set aside for contingency. This could be wide-ranging and is a reasonable amount to cover any necessary works that arise.

With regards to the Rural Play scheme, it is unlikely that any grant funding will be sourced towards the costs. Income from children attending may bring in an estimated £900 towards this cost based upon this year's income however this is contingent upon the number of attendees and the number of days provided. Numbers were significantly down at Crosby this year and the scheme there requires additional consideration before progression. The Clerk did analyse participants and it would appear Houghton is more popular due to its nearby location to Carlisle centre. A questionnaire to the school in Crosby may be beneficial however for the purposes of budgeting, it is proposed that all 6 days are made provision for.

### Income

The only guaranteed income source is the precept (including CTRS grant). As mentioned last year, we have been advised that in line with the funding received from Central Government to the City Council, they will be reducing the CTRS grant to zero by 2019/20. Therefore, although our income remains the same as the amount precepted, the cost per household will be increased. Other than that, a very small amount of bank interest and repayment from the Clerk's two other

Councils for SLCC membership is expected (as well as a contribution towards the phone line as discussed above). Rural play scheme income and variable income from the Houghton Fair is also accounted for. VAT returns are made regularly and the figure is contingent upon expenditure incurred. Any other income achieved will be through grant income for specific projects, not yet applied for.

#### Level of Precept Required

If the Council agree with the budget decisions above then expenditure will be approximately £64,463. It should be noted that administrative costs, parish council services and grants amount to £45,398 and that is without any project expenditure at all - therefore a precept of £40,540 is inadequate to support the above budget when considered in the longer term scheme of maintaining an adequate reserve. (Please note the similarity in the gap of precept to costs compared to the abolished concurrent services grant).

The need to increase the precept does seem inevitable as if expenditure is anticipated to remain around £64,000 annually then measures must be taken to bring income and expenditure back into line otherwise significant cuts to spending will need to be made in future years. An increase, higher than inflation but below the level of the abolished concurrent services grant would appear to be most sensible and it is proposed that an increase of £3,000 is sufficient for this year as a starting point.

#### ACTION:

The Council is asked to consider the above budget and consider the following recommendations:-

- To accept the proposed budget for 2018/19
- To set a precept of £43,540 for the council year 2018/19

EXPENDITURE	Budget		Projected end 2017/18		budget 2017/18	
<u>Administration</u>	2018/19		Projected end 2017/18		budget 2017/18	
Clerks Gross Salary <b>1</b>	£	15,695.43	£	16,098.66	£	14,950.00
Employers NI Contributions <b>1</b>	£	1,039.00	£	1,005.72	£	960.00
Employers Pension Contributions	£	470.81	£	448.32	£	450.00
Postage	£	75.00	£	46.80	£	100.00
Mileage	£	700.00	£	758.85	£	650.00
Room Rent	£	505.92	£	505.92	£	510.00
Audit - Commission	£	300.00	£	300.00	£	300.00
Audit - Internal	£	290.00	£	288.20	£	290.00
Telephone	£	174.00	£	54.00	£	60.00
Insurances - Council	£	940.00	£	894.20	£	900.00
Subscriptions	£	580.00	£	519.75	£	580.00
Training	£	150.00	£	105.00	£	150.00
Website hosting and maintenance	£	120.00	£	120.00	£	100.00
Misc Admin & Stationary	£	1,920.00	£	1,020.49	£	1,650.00
Contingency	£	500.00	£	500.00	£	500.00
<b>Grants</b>						
Section 137 - Other Bodies	£	1,000.00	£	1,000.00	£	1,000.00
Grants to other organisations	£	6,850.00	£	6,563.00	£	6,850.00
Crosby Magazine grant	£	150.00	£	150.00	£	150.00
Repayment of CPCA Grants	£	-	£	-	£	-
<b>Parish Council Services</b>						
Grasscutting & Greens Maint.	£	9,457.74	£	4,296.00	£	7,977.00
Maintenance of Assets <b>2</b>	£	3,500.00	£	4,247.70	£	2,500.00
Playground Inspections <b>3</b>	£	880.00	£	785.00	£	500.00
Emergency Planning	£	100.00	£	500.00	£	1,000.00
<b>Projects</b>						
Allocated projects brought forward	£	10,785.00	£	8,770.02	£	16,534.02
Parish Plan Projects	£	2,000.00	£	10,003.83	£	17,600.00
SPAA Summer Scheme	£	2,675.00	£	2,674.50	£	2,625.00
Houghton Fair	£	1,605.00				
Contingency Project	£	2,000.00				
Houghton In Bloom	£	-	£	721.54	£	270.36
VAT (To be reclaimed)	£	-	£	1,757.03	£	-
<b>TOTAL EXPENDITURE</b>	£	<b>64,462.90</b>	£	<b>64,134.53</b>	£	<b>79,156.38</b>

<b>Projected Reconciliation 31st March 2018</b>			
Actual 1st April 2017	£	66,483.26	
Estimated receipts	£	47,050.33	
			£ 113,533.59
Estimated expenditure			£ 64,134.53
Estimated balance 1st April 2018	£	49,399.06	
Less HIB Ringfenced Money	£	293.10	
			£ 49,105.96

<b>Projected Reconciliation 31st March 2019</b>			
Estimate 1st April 2018	£	49,105.96	
Estimated receipts	£	45,522.00	
			£94,627.96
Estimated expenditure			£64,462.90
<b>Estimated balance 1st April 2019</b>			<b>£30,165.06</b>

INCOME			
Precept	£ 43,540.00	£ 39,483.64	£ 40,540.00
CTRS Grant	£ -	£ 1,056.36	£ -
Concurrent Services Grant	£ -	£ -	£ -
Grants	£ -	£ 100.00	£ 500.00
Bank Interest	£ 24.00	£ 25.46	£ 40.00
Houghton In Bloom	£ -	£ 377.60	£ -
CPCA Grants to be repaid	£ -	£ -	£ -
VAT (reclaimed)	£ -	£ 2,071.05	£ 297.35
Misc Other Income	£ 1,958.00	£ 3,936.22	£ 685.00
<b>TOTAL INCOME</b>	<b>£ 45,522.00</b>	<b>£ 47,050.33</b>	<b>£ 41,265.00</b>