

## **REPORT TO COUNCIL**

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**Date of Meeting:** 10th December 2018  
**Title:** Budget – 2019/20  
**Report of:** Vice-Chairman and Clerk

### **SUMMARY:**

To consider the remaining income and expenditure for 2018/19 and to consider the setting of the level of precept for 2019/20.

### **REPORT:**

#### **Financial Reserve Levels Held**

At the start of the current financial year (1<sup>st</sup> April 2018) the Council held £61,479 of reserves. This was higher than anticipated due to lower than predicted expenditure on projects towards the latter months of the 2017/18 financial year.

At present, based upon information available to date, the Clerk estimates that we are likely to hold approximately £52,123 at the end of March 2019. This is based on expenditure this year likely to total approximately £72,013. These figures include the spending of:

- The purchase of a new computer/monitor with necessary software for the Clerk. The current one is now more than five years old and is reaching the end of its predicted lifespan. It is envisaged that whilst the budget exists to pay for it then progression should be made as it may become more difficult to action in future years. A report will follow over the coming months to discuss full costs;
- Routine administrative costs, such as expenditure on the Clerk, minor postages, room rental for meetings and the internal audit.
- The spending of the grants budget, using the full remaining budget in delivering a second round;
- Minor grounds works for the remaining grass cutting of the season, the remaining pathway work at Linstock and routine maintenance as well as wood preservative treatment at Linstock and Crosby play areas;
- £1,500 for the Brunstock bridleway, now invoiced by Cumbria County Council;
- £2,670 on an interpretation panel at Brunstock. Research into an additional one at perhaps Tarraby will follow. The panel is to follow production of footpaths leaflets, at an estimate of £300;
- Remaining expenditure on the pond at Brunstock as well as the purchase of a bench and necessary rock/stone, not included in the quotation.

Monies not spent on projects (only) will be carried forward for completion in 2019/20. Remaining monies on other areas of expenditure will be subsumed into the general reserve budget.

Income expected, other than grant income for the Brunstock pond, will be a small amount of bank interest, a VAT repayment and the income from the summer play days.

The external auditor recommends that the level of reserves held are equal to 3-12 months gross expenditure, i.e. (based on 2017/18 actual spend) between £12,837 and £51,347. The Council is therefore anticipated to hold reserves that are well within the recommended thresholds. The Internal Auditor has however also advised that the reserves should not be allowed to fall below £20,000.

### **Budget 2019/20**

The Council is required to set its budget and determine the precept by 11th January 2019. As the January meeting is delayed due to the Clerk's annual leave, it will be necessary to set it at this meeting in December. At the time of writing this report, the outcome of the Brunstock pond application is unknown but indications from the grant agency are that it is to be looked upon favourably. The remainder of the report therefore assumes the full grant of £6,000 has been awarded and discusses costs based upon expenditure progressing immediately.

Adjustments to the budget for 2019/20, recommended by the Clerk, are outlined below.

### **Administrative Budget Areas to be Increased**

- Clerks Gross Salary - increased to take into account an already agreed increase in NJC scales (not yet officially published and as such, the contingency budget has also increased slightly in case of any unexpected increase). This also increases employers pension payments - adjusted in line. The Clerk has reached the top of the incremental points on her spinal banding so will not receive any other increase going forward;
- A small increase has been made to insurances and subscriptions in line with normal annual increases.

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

- Misc. admin & stationery has been decreased due to the anticipated IT renewal in early 2019; The adjustment does allow for the inclusion of the Crosby magazine grant to show in here, as the payment is more publicity/marketing and not included in the grant scheme going forward;
- Employers NI payments have been lower than anticipated this year therefore the budget has been very slightly reduced (still taking into account the anticipated increase in salary);
- Audit commission charges, postages, room rent and training budgets have all remained static;
- The mileage, internal audit and telephone budgets have been decreased slightly in line with this year's expected expenditure.

### **Grants**

The grant budget has been increased to £9,000. Traditional avenues for grant funding being available are closing slowly and without a renewable energy grant scheme in the parish, routes to obtain money are few. This is true not only for Parish Councils, but also for the community groups within our parish. Realistically, as a Parish Council, we are now the only local authority tier that can base our precept upon actual need. This ought to be borne in mind as it does allow us some

flexibility and also potentially, the ability to become the main community provider to other groups who may struggle in the future to access grant funding elsewhere. As such, an increase in budget available is recommended for consideration.

#### Parish Council Services

- Grass cutting and greens maintenance has been increased due to an anticipated annual increase, in line with inflation. The budget, as in recent years, is set according to the contracted price but it has never been spent in full in recent years due to the weather making some cuts unfeasible so the full amount may again be unnecessary;
- The maintenance budget has been decreased this year due to the wood treatment works that were budgeted for due to take place imminently;
- The playground inspections budget has been maintained in line with expected annual costs although a small annual increase could potentially occur;
- The emergency planning budget has been significantly reduced due to repeated non-expenditure.

#### 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	£2,100 brought forward from previous year(s)
• WWI Commemorations	£50 retained to purchase and plant poppy seeds
• Summer Fair 2019	£1,500 (some expenditure necessary this year)
• Land Registration	£4,250 brought forward from previous year(s)
• Contingency projects	£1,000
• Community Plan Development	£2,000
• Rural Play Scheme	£2,800
• Interpretation Panels	£2,330 brought forward from previous year
	<b><u>£16,030</u></b>

The Finance/Risk group recommend that a programme of works for projects for 2019 is set before the new Council term is set to ensure continuity during the first year, when membership numbers are looking dangerously unclear. It is likely that the Finance Group will consider these actions at their February meeting.

#### Income

The only guaranteed income source is the precept. The CTRS grant is expected to have been reduced to zero so all funds requested will be made up from household taxation.

Other than the precept, a very small amount of bank interest and repayment from the Clerk's three other Councils for SLCC membership is expected. 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 although this cannot be relied upon in the current financial climate.

#### Level of Precept Required

If the Council agree with the budget decisions above then expenditure will be approximately £62,611. It should be noted that administrative costs, parish council services and grants amount to £46,581 and that is without any project expenditure at all - therefore, once again it would appear that a precept of £43,540 is inadequate to support the above budget when considered in the longer term scheme of maintaining an adequate reserve.

The need to increase the precept does again seem inevitable, even with the expected reduction in expenditure next year. It is therefore suggested that a large increase is better in the long term, to increase the precept to £46,500 to essentially almost cover essential expenditure? This will leave us with a minimum of £38,052 by 31st March 2020 which will be within the reserve boundaries. The danger with increases vastly above the rate of inflation is that, if expenditure this year and next is not realised, especially where possible in the areas of grounds maintenance and projects, the increase becomes hard to justify to residents when reserves remain high. Councillors therefore need to determine if the budget is realistic and whether the risk is proportionate and if it should be taken?

*Before final consideration of the precept amount to be raised, a Plan B scenario if the pond grant application is unsuccessful needs to be considered. It is estimated that approximately £8,750 will be required by the time the stones and bench are paid for. This does not take into account any quotation for stones so could be in need of adjustment. If the £6,000 grant application is unsuccessful then it is recommended that the remaining project budget for this year, along with £600 already confirmed grant income, is held over until next year and combined with project monies allocated for 2019/20. It will however mean that the project budget needs increased by a further £1,200 to include the pond and will not allow for any additional works to be carried out. It is hoped by the time of the meeting we will have a confirmed response to the grant application so that this can be considered if necessary.*

#### **ACTION:**

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

- To accept the proposed budget for 2019/20;
- To set a precept of between £46,500 for the council year 2019/20; and
- To consider a timetable to determine a programme of works for 2019.

EXPENDITURE	Budget		Actual Figures already incurred					Estimated Figures							Budget
Administration	2018/19	1st Quarter	2nd Quarter	Oct	Nov	Dec	Jan	Feb	Mar	Total	% Spend	Actual end 2017/18	2019/2020		
Clerks Gross Salary	£ 15,849	£ 3,962.24	£ 4,292.44	£ 1,320.75	£ 1,320.75	£ 1,320.75	£ 1,320.75	£ 1,320.75	£ 1,320.75	£ 16,179.18	102%	£ 16,098.66	£ 16,163		
Employers NI Contributions	£ 1,075	£ 255.72	£ 301.53	£ 85.42	£ 85.42	£ 85.42	£ 85.42	£ 85.42	£ 85.42	£ 1,069.77	100%	£ 1,005.72	£ 1,068		
Employers Pension Contributions	£ 476	£ 118.88	£ 128.77	£ 39.62	£ 39.62	£ 39.62	£ 39.62	£ 39.62	£ 39.62	£ 485.32	102%	£ 448.32	£ 485		
Postage	£ 50	£ 0.98	£ 20.15		£ 1.77				£ 16.08	£ 38.98	78%	£ 32.73	£ 50		
Mileage	£ 700	£ 158.40	£ 123.75	£ 57.60	£ 38.70	£ 48.60	£ 60.00	£ 60.00	£ 60.00	£ 607.05	87%	£ 681.48	£ 650		
Room Rent	£ 506	£ 126.48	£ 126.48	£ 42.16	£ 42.16	£ 42.16	£ 42.16	£ 42.16	£ 42.16	£ 505.92	100%	£ 505.92	£ 506		
Audit - Commission	£ 300	£ -	£ 300.00							£ 300.00	100%	£ 300.00	£ 300		
Audit - Internal	£ 290	£ 121.16	£ -			£ 144.10				£ 265.26	91%	£ 288.20	£ 288		
Telephone	£ 174	£ 68.16	£ -						£ 10.00	£ 78.16	45%	£ 54.00	£ 100		
Insurances - Council	£ 940	£ 929.97	£ -							£ 929.97	99%	£ 894.20	£ 968		
Subscriptions	£ 580	£ 541.00	£ -							£ 541.00	93%	£ 519.75	£ 581		
Training	£ 150	£ 70.00	£ -							£ 70.00	47%	£ 125.00	£ 150		
Website hosting and maintenance	£ 76	£ 60.00	£ 16.00							£ 76.00	100%	£ 120.00	£ 76		
Misc Admin & Stationary 1	£ 2,550	£ 881.78	£ 221.29	£ 70.80	£ 56.38	£ 85.00	£ 85.00	£ 85.00	£ 795.00	£ 2,280.25	89%	£ 996.39	£ 1,750		
Contingency	£ 500	£ -	£ -							£ -	0%	£ 500.00	£ 750		
										£ -		£ -			
Grants															
Section 137 - Other Bodies	£ 1,000	£ -	£ -						£ 1,000.00	£ 1,000.00	100%	£ -	£ 1,000		
Grants to other organisations	£ 6,850	£ 2,650.00	£ 649.28	£ 772.78					£ 2,777.94	£ 6,850.00	100%	£ 7,164.36	£ 8,000		
Crosby Magazine grant	£ 150	£ -	£ -						£ 150.00	£ 150.00	100%	£ 150.00			
Repayment of CPCA Grants	£ -	£ -	£ 1,500.00							£ 1,500.00		£ -	£ -		
Parish Council Services										£ -					
Grasscutting & Greens Maint.	£ 9,458	£ 557.18	£ 2,669.68	£ 921.14			£ 550.00			£ 4,698.00	50%	£ 4,106.00	£ 9,717		
Maintenance of Assets	£ 4,960	£ 895.00	£ 420.00	£ 193.40	£ 30.00		£ 460.00	£ 1,960.00	£ 500.00	£ 4,458.40	90%	£ 3,493.20	£ 3,000		
Playground Inspections	£ 880	£ 200.00	£ 200.00	£ 210.00			£ 210.00			£ 820.00	93%	£ 775.00	£ 880		
Emergency Planning	£ 600	£ -	£ -							£ -	0%	£ -	£ 100		
Projects										£ -					
Allocated projects brought forward	£ 21,276	£ 109.95	£ 5,601.50			£ 1,729.91	£ 1,795.00	£ 2,670.00		£ 11,906.36	56%	£ 1,854.02	£ 8,730		
Parish Plan Projects 2	£ 2,000	£ 965.50	£ 965.50				£ 5,305.27			£ 7,236.27	362%	£ 5,735.83	£ 2,000		
SPAA Summer Scheme	£ 2,675	£ -	£ 2,736.30							£ 2,736.30	102%	£ 2,674.50	£ 2,800		
Houghton Fair	£ 1,605	£ 1,228.16	£ 212.30				£ 250.00			£ 1,690.46	105%		£ 1,500		
Contingency Project	£ 2,000	£ -	£ -				£ 2,600.00			£ 2,600.00	130%		£ 1,000		
VAT (To be reclaimed)	£ -	£ 660.62	£ 1,993.93	£ 272.81	£ 13.27					£ 2,940.63		£ 2,823.35	£ -		
TOTAL EXPENDITURE	£ 77,669.47	£ 14,561.18	£ 22,478.90	£ 3,986.48	£ 1,628.07	£ 3,495.56	£ 12,803.22	£ 6,262.95	£ 6,796.97	£ 72,013.33	93%	£ 51,346.63	£ 62,611		
INCOME															
Precept	£ 43,540.00	£ 43,045.05	£ -							£ 43,045.05	99%	£ 39,483.64	£ 46,500		
CTRS Grant	£ -	£ 494.95	£ -							£ 494.95	0%	£ 1,056.36	£ -		
Concurrent Services Grant	£ -	£ -	£ -							£ -	0%	£ -	£ -		
Grants	£ -	£ 1,979.00	£ 200.00				£ 6,400.00			£ 8,579.00	0%	£ 1,100.00	£ -		
Bank Interest	£ 24.00	£ 10.40	£ 14.22				£ 12.00			£ 36.62	153%	£ 28.86	£ 40		
CPCA Grants to be repaid	£ -	£ -	£ 1,500.00							£ 1,500.00	0%	£ -	£ -		
VAT (reclaimed)	£ -	£ -	£ 2,027.28			£ 1,440.47			£ 13.28	£ 6,361.97	0%	£ 2,329.41	£ -		
Misc Other Income	£ 2,774.01	£ 150.00	£ 990.00			£ 1,500.00				£ 2,640.00	95%	£ 2,979.27	£ 2,000		
TOTAL INCOME	£ 46,338.01	£ 45,679.40	£ 4,731.50	£ -	£ -	£ 2,940.47	£ 6,412.00	£ -	£ 13.28	£ 62,657.59	135%	£ 46,977.54	£ 48,540		

Opening Balance 01.04.18	£ 61,478.80
Add estimated receipts	£ 62,657.59
Less estimated payments	£ 72,013.33
Estimated Closing balance 31.03.19	£ 52,123.06
Estimated Opening balance 01.04.19	£52,123.06
Add estimated receipts	£48,540.00
less estimated payments	£62,610.86
Estimated closing balance 31.03.20	£38,052.20