
Humber, Ford & Stoke Prior Group Parish Council

Revenue and expenditure budget for 2017-18

and three-year forecast (2018-2021)

The Council is required by the Local Government Finance Act 1992 s.50 to calculate the expected income and expenditure for the following financial year (1 April to 31 March), and thereby set a precept to be levied by the principal authority on the households in the group parish. The Council's Financial Regulations also require a three-year forecast of revenue and expenditure to be made. Herefordshire Council have requested that precept requests for 2017-18 be made to them by 31 December 2016.

This budget was approved by Council on 16 November 2016.

The following notes summarise the main points in the budget.

Lengthsman budget

As a result of budget cuts, Herefordshire Council is reducing the funding for the Lengthsman scheme from 2017-18, eventually to zero, meaning that parishes will eventually bear all the costs of any Lengthsman work they choose to undertake. Our parishes have 19.82km of highways and 36km of PROWs.

For Minor Highways work, the grant reduces from the current £120 per km to £30 per km in 2017-18, and zero from 2018-19. To obtain the grant in 2017-18, parishes must make a contribution of at least £60 per km, and the matched grant funding for any parish contribution has been removed.

Two scenarios have been modelled:

- Scenario 1: to main current spending (£3376), the Council would have to increase its own spending from the current £500 to £2781 in 2017-18 (as the grant will only be £595), and would have to fund the full £3376 from 2018-19 onwards.
- Scenario 2: to obtain the grant funding available in 2017-18 (£595) the Council would have to contribute £1189 from its own funds, giving a total of £1784 spending, which would be 52% of current spending on minor highways maintenance. The Council would be free to increase this contribution by any amount.

Since the Lengthsman started in 2013, much of the backlog of minor highways maintenance (mainly chronically blocked drain-tops and ditches) has been addressed, and Balfour Beatty have jetted many drains and are also cutting verges. Spending in 2014-15 was £2800, and in 2015-16 a shortfall in spending towards the end of the year was avoided by spending £900 on road-sweeping, but this was arguably of minimal value. The current level of spending on minor highways maintenance may therefore not be necessary, and this can be reduced to about £2300 overall. This would require a council contribution in 2017-17 of £1706, and £2300 thereafter.

For Public Rights of Way work, the grant will continue at the current level (£50 per km) in 2017-18 and 2018-19, falling to zero from 2019-20. However, to obtain this grant, parishes must contribute at least £15 per km. This has the effect of *increasing* the budget available for PROWs... In 2015-16 (the first year we joined the scheme) only £523 was spent on PROWs, although there is a backlog of works. A mandatory contribution of £540 from the Council is required to release the total grant (£1800), and this will be done in 2017-18 and 2018-19 to provide the maximum grant funds available for the upgrading and repair of the PROW network. £540 is provisionally budgeted for PROW work in 2019-20.

Clerk's salary and expenses

The Council has determined to move gradually towards raising the Clerk's remuneration to the minimum pay level on the appropriate (LC1) nationally-agreed scale (currently £9.30 to £11.66 per hour).

The Clerk's salary was set at £3000 for 2016-17. The Clerk's contract (reviewable annually) is for payment on point 21 of the LC1 scale (£10.36 per hour) for 5.5 hours per week (286 hours per annum), which should include pro-rata holiday entitlement of 40 hours per year.

Actual work hours in the 12 months to September 2016 (excluding the NDP) were 339 hours (6.5 hours per week), excluding the holiday entitlement (which would be a further 46 hours pro-rata). At LC1 point 21 this would be a salary of £3990.

In accordance with the Council's policy, the Clerk's salary will be raised to £3990 over the next three years (an incremental increase of £330 each year).

In 2015-16 a further £500 was included in the revenue budget for emergency absence cover from HALC. As this is not an expected expenditure, but a contingency provision (as with bye-elections), this is removed from the annual expenditure budget and covered by the general reserves, which will offset some of the increases elsewhere to the expenditure budget.

Council's Reserves

As at 31 March 2016 the Council had total cash reserves of £5855, of which £1370 was the balance of the Lottery grant earmarked and spent on the final printed Neighbourhood Plan. A further £1200 is earmarked for possible bye-elections (a bye-election in each parish estimated to cost at least £600). A further £500 should be ear-marked for emergency Clerk cover, and £440 of reserves was raised from Community Week and is available for spending on future Community Week events.

On the assumptions of income and expenditure in 2016-17 in the main budget spreadsheet the Council's total reserves at the end of March 2017 will be £4559.

The budget for 2017-18 would leave £2419 in general reserves for unforeseen expenditure in that year. NALC guidance is that small councils should have between £3000-5000 in general reserves.

An increase in the Precept of 23.6%

The above policies (including general reserves falling to £2419) will be met with a 23.6% increase in the precept from 2016-17, to **£8484**.

It is not possible to calculate exactly the rates payable by each property for the proposed precept for 2017-18 as this will depend on the number of properties paying Council tax. However, the gross precept of £6863 in 2016-17 resulted in a charge of £24.16 (46.5p per week) for an average (Band D) house.

It has been assumed that the suggested capping of all local council precepts to 2% or £5 per Band D household will not be implemented for 2017-18.

Three-year forecast 2018-2021

On this page, a summary three-year forecast (2018-2021) has been prepared of income and expenditure, showing projected reserves. The figures for 2017-18 come from the detailed draft budget for 2017-18 on the next page.

The figures for the next three years are projections based on a broad estimate of anticipated income and expenditure trends. These show, under Income, that the Lengthsman grant will reduce to the £1800 for PROWs in 2018-19, and then to zero on 2019-20. Other income is shown as increasing slightly (perhaps through increased advertising revenue).

The projected precepts for those years increase by 17.7%, 2.5% and 2.5% respectively. Should capping of 2% or £5 per Band D property (whichever is higher) be introduced from 2018-19, the first of these increases might have to be reduced slightly.

Under expenditure, the Clerk's salary (including expenses) is shown as reaching the target by 2019-20 and other costs are adjusted as appropriate.

Spending on the Lengthsman will remain at £2300 on highways, but reduce to £540 on PROWs once the PROW grant disappears in 2019-20.

2019 will be an election year, so £1200 is budgeted for contested elections in both parishes, with an increased budget for new councillor training.

On these projections, general reserves will be increased to the minimum recommended £3000 by 2020-21.

Three-year forecast Revenue and Expenditure

	2017-18	2018-19	2019-20	2020-21
Income				
Precept	8484.00	9989.00	10239.00	10495.00
Lengthsman grant	2395.00	1800.00	0.00	0.00
Other income	2473.00	2500.00	2500.00	2500.00
Total Income	13352.00	14289.00	12739.00	12995.00
Expenditure				
A. Clerk	3610.00	3940.00	4270.00	4480.00
B. Administration	270.00	280.00	290.00	300.00
C. Insurance, Audit, Professional etc	1289.00	1290.00	1300.00	1310.00
D. Hire of Halls for meetings	210.00	210.00	210.00	210.00
E. Parish Pump printing and postage	1210.00	1400.00	1400.00	1410.00
F. Training and Development	335.00	335.00	335.00	335.00
G. Maintenance and Equipment	50.00	50.00	50.00	50.00
H. Grants and donations	230.00	230.00	230.00	230.00
I. Election costs	0.00	0.00	1200.00	0.00
J. Lengthsman work	4640.00	4640.00	2840.00	2840.00
K. Special projects	0.00	0.00	0.00	0.00
L. Community Week costs	100.00	100.00	100.00	100.00
M. Reclaimable VAT on above	1150.00	1250.00	1000.00	1000.00
Total Expenditure	13094.00	13725.00	13225.00	12265.00
Surplus (Deficit)	258.00	564.00	-486.00	730.00
Overall Reserves	4559.00	5123.00	4637.00	5367.00
Ear-marked reserves	2140.00	2140.00	2140.00	2140.00
General reserves available	2419.00	2983.00	2497.00	3227.00

Budget heading	Note	Last year	This year (2016-17)		Next year 2017-18 Budget £
		2015-16 actual	Budgeted (amended)	projected	
		£	£	£	
REVENUE					
Precept & Council tax support grant	1	6528.00	6863.00	6863.00	8484.00
Advertising in Parish Pump	2	459.00	800.00	800.00	800.00
Wayleaves for poles & stays	3	3.01	0.00	0.00	3.00
Savings account interest	4	30.99	32.00	18.45	0.00
VAT reclaimed from previous year	5	1415.16	1821.00	1134.89	1370.00
Donations and miscellaneous income	6	35.31	30.00	0.00	0.00
Community Week fundraising	7	137.50	130.00	473.30	300.00
Lengthsman Scheme devolved funding	8	2015.00	4676.00	4676.00	2395.00
NDP grants	9	1836.00	0.00	0.00	0.00
Total Income		12459.97	14352.00	13965.64	13352.00
EXPENDITURE (net of reclaimable VAT)					
A. Clerk					
Clerk's salary	10	2250.00	3000.00	3000.00	3330.00
Cover for clerk's absence	10a	0.00	500.00	0.00	0.00
Clerk's expenses	11	257.20	280.00	274.00	280.00
B. Admin (stationery, postage, copying etc)					
Petty cash (stationery, postage)	12	121.42	170.00	160.00	160.00
Photocopying charges	13	63.74	140.00	100.00	110.00
C. Insurance, audit, professional, etc					
Insurance	14	234.95	250.00	233.31	250.00
Internal and External audit fees	15	140.00	140.00	250.00	250.00
HALC subscription	16	743.67	350.00	420.00	440.00
CPRE subscription	17	36.00	36.00	36.00	36.00
Clerk's SLCC subscription	18	154.00	80.00	67.00	78.00
Information Commissioner fee	19	35.00	35.00	35.00	35.00
Parish Online fee	20	28.00	28.00	28.00	30.00
Miscellaneous/one-off professional fees	21	0.00	0.00	0.00	0.00
Website fees	22	170.00	50.00	170.00	170.00
D. Hire of halls for meetings	23	174.00	200.00	210.00	210.00
E. Parish Pump printing & postage	24	1210.00	1265.00	1210.00	1210.00
F. Training and development					
Books and training materials for Clerk	25	0.00	35.00	0.00	35.00
Conference fees	26	0.00	50.00	0.00	50.00
Training courses for Clerk & Councillors	27	100.00	200.00	260.00	250.00
G. Equipment					
Replacement/repair of equipment	28	0.00	50.00	50.00	50.00
Purchase of equipment	29	0.00	300.00	150.00	0.00
H. Grants & Donations	30	442.00	160.00	130.00	230.00
I. Election costs	31	87.16	0.00	0.00	0.00
J. Lengthsman					
Minor highways maintenance	32	3605.00	3376.00	3376.00	2300.00
PROW maintenance	33	523.00	1800.00	1800.00	2340.00
K. Neighbourhood Development Plan	34	3146.21	500.00	2099.88	0.00
L. Community Week costs	35	0.00	107.00	90.00	100.00
M. Reclaimable VAT paid on above	36	1134.89	1250.00	1370.00	1150.00
TOTAL EXPENDITURE		14656.24	14352.00	15519.19	13094.00
SURPLUS (DEFICIT) OF INCOME OVER EXPENDITURE	37	-2196.27	0.00	-1553.55	258.00
Funds available (Reserves) as at 31 March	38	5855.00	5855.00	4301.45	4559.45
Funds available (Reserves) as at 31 March 2016		£			
Deposit account		3890.33			
Current bank account		1964.67			
Cash in hand		0.00			
Total		5855.00			
HF&SP GPC final budget 2017-18					

Notes:

Notes relating to specific budget items:

1. The precept for 2017-18 is the balance of the income required to equal planned expenditure to maintain total reserves at £4559 (see note 38).
2. Revenue received for adverts in the Parish Pump was late in 2015-16, and does not seem to have been recovered in 2016-17. The usual £800 is projected for 2016-17 and budgeted for 2017-18.
3. The Council receives a small sum from Western Power for the stays on the un-registered land near Normans Lane. This is now paid every two years.
4. The Barclays Deposit account paid 0.08% gross until 31 October 2016; this rate is now zero.
5. The Council can reclaim VAT on 'non-business activities' (broadly, the running and normal non-revenue generating activities of the Council) and also (provided specified limits are observed) VAT-exempt 'business' activities (eg charging for use of property). All expenditure is therefore stated as exclusive of reclaimable VAT, with reclaimable VAT paid as a separate item; The VAT shown under item 5 is not strictly net revenue, but a reimbursement of the reclaimable VAT paid out the previous year.
6. General Donations include revenue as contributions for copying. This is now projected to be zero.
7. Although Community Week funds are handled through the Council's accounts, the understanding is that the Community Week committee will determine the use for any surplus. In 2016-17 a donation of £100 was made to Risbury Village Hall for use of their facilities and after expenses the remaining income (£283.30) was carried forward towards costs of organising events in future years. A total of £440 is held in the Council's accounts for this purpose. (see note 35).
8. Grants for Lengthsman work are being phased out from 2017-18 (see explanation on page 1).
9. The NDP project was completed in August 2016.
10. The Council has determined to increase the Clerk's remuneration towards the minimum pay level on nationally-agreed scales. The minimum hours required for routine Council business and functions are 6.5 per week. (See explanation on page 1.)
- 10a. The Council has identified in its Risk Assessment and Management that Deputy Clerk cover may be required for occasions when the Clerk may be unavailable. HALC can provide such cover at £100 per meeting or £25 per hour. This is covered by £500 of ear-marked reserves from 2017-18 rather than a recurrent expenditure item.
11. The Clerk claims travel expenses: estimated annual mileage is 700, claimed at 40p per mile.
12. Stationery/consumable costs are estimated to remain constant.
13. £110 is estimated for the copying/service contract on the photocopier, at 0.8p per standard copy.
14. The insurance premium was unchanged in 2016; a slight increase is budgeted for 2017.
15. Under current rules, an authority with income or expenditure of between £10,001 and £25,000 pays a fixed External Audit fee of £100 plus VAT. The current system of External Audit will continue until 2016-17. The Internal Auditor (HALC) charges £150 plus VAT.
16. Two years' subscription to HALC (2015-16 and 2016-17) were paid in 2015-16, as HALC now requires payment in advance. The subscription level for 2016-17 was £405.35 – increases to this are projected. The subscription includes two free evening course training places for councillors, worth £50.
17. The CPRE subscription for local authorities is now set at £36.00.
18. The Council pays the Clerk's membership subscription to the Society for Local Council Clerks (the professional body), as is permitted by HMRC rules. The subscriptions for 2015-16 and 2016-17 (£77 each) were paid in 2015-16 as this should be paid in advance before 1 April. With the formation of a separate trade union (the ALCC) the Clerk will pay the subscription to this personally, but the subscription rate will increase in line with the increase in the Clerk's salary, so it is estimated that the SLCC subscription will be £78 for 2017-18.
19. The Information Commissioner fee is a statutory fee for the Council to register as a public body holding personal data.
20. Parish Online provides access for the Clerk and councillors to on-line local maps. The fee last increased in 2014, and it is anticipated that there will be an increase in 2017.
21. Past items under this heading have been planning application fees and property valuation fees. None are anticipated for 2017-18.
22. Annual fees of £170 are budgeted, based on 2015-16 costs.
23. Village Halls hire costs of £6 per hour (£20 for a full Council meeting in the winter in Risbury) are expected to stay the same. The projected increase in meeting costs for 2016-17 is also budgeted for 2017-18.
24. Council agreed in October 2013 to pay the Parish Pump Editor £110 for the copying and distribution costs of each standard monthly edition. There are 11 editions each year. These costs are offset by donated contributions for advertising (see item 2).

25. A small budget is provided for purchase of occasional essential reference books.
26. Most HALC and Council conferences are free. A small budget permits councillors' attendance at other events.
27. HALC training courses are charged at £25 +VAT per person for an evening course or £100 for a full-day course. From 2012-13 HALC members received two free training places per year. The uptake of training courses has increased this year, with the Council policy of requiring councillors to attend at least one general training course, and attendance at specialised (planning) courses.
28. A sum of £50 is budgeted to cover any necessary repairs to council equipment and assets such as the noticeboards, waste-bins and benches.
29. In 2016-17 the budget included £150 for the replacement of broken salt-grit bins, and £150 for new Neighbourhood Watch signs; Balfour Beatty have confirmed they will pay for the salt-grit bins, so this is removed from the projected spending. The £1000 for the Public Access Defibrillator budgeted in 2016-17 is now removed from projected expenditure, as this is unlikely to be obtained in this financial year, and is intended to be covered from either a grant or public fundraising. If required, this £1000 would come from general reserves.
30. In 2016-7 spending will be £30 donation to the Royal British Legion, and £100 to Risbury Village Hall from Community Week fundraising. The budgeted sum for 2017-18 is the annual donation to the Royal British Legion and £200 of the projected Community Week fundraising.
31. No budget is set for election costs in 2017-18, as there will be no ordinary elections. The costs of any by-elections will be met from the earmarked reserves (see Note 38).
- 32 and 33. See page 1.
34. The NDP project was completed in August 2016. £1370 of spending in 2016-17 was from ear-marked reserves, being the remainder of the Lottery Grant obtained in 2014.
35. These are costs of organising Community Week events (eg hire of portable toilets), met from Community Week fundraising or ear-marked reserves from previous years' surpluses.
36. See note 5 above.
37. The apparent deficit in 2016-17 is mostly accounted for by the £1370 spent on completion of the NDP, from ear-marked reserves. A surplus of revenue over expenditure is budgeted for 2017-18 to transfer to reserves (see three-year forecast on page 3).
38. Reserves: See page 2.

Philip J Brown
Responsible Financial Officer

18 November 2016