
Humber, Ford & Stoke Prior Group Parish Council

Revenue and expenditure budget for 2018-19

and three-year forecast (2019-2022)

approved by Council 17 November 2017

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 2018-19 be made to them by 31 December 2017.

This draft budget has been prepared by the Finance Working Group, based on the forecast revenue and expenditure for 2018-19 which was considered as an outline budget by Council on 20 September 2017.

Each item has an explanatory note. However, there are some main headlines:

Lengthsman budget

As a result of budget cuts, Herefordshire Council is reducing the funding for the Lengthsman scheme, 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 £30 per km to **zero** in 2018-19. In anticipation of this, a reduction in spending by the Council to £2300 from 2017-18 was forecast. It is anticipated that spending on highways maintenance within this amount will be sufficient for 2017-18, and the same amount is therefore budgeted for 2018-19.

For Public Rights of Way work, the grant will continue at the current level (£50 per km) in 2018-19, falling to zero from 2019-20. However, to obtain this grant, parishes must contribute at least £15 per km. 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 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 onwards.

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 £3300 for 2017-18. 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 August 2017 were 351 hours (6.75 hours per week), excluding the holiday entitlement (which would be a further 47 hours pro-rata). At LC1 point 21 this would be a salary of £4124.

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

Council's Reserves

As at 31 March 2017 the Council had total cash reserves of £5754. £1200 is earmarked for possible by-elections (a by-election in each parish is estimated to cost at least £600), £500 is earmarked for emergency Clerk cover,

and £524 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 2017-18 in the main budget spreadsheet the Council's total reserves at the end of March 2018 will be £5357.

The budget for 2018-19 would leave £5399 reserves in that year, of which £3175 would be 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 17.7%

The above policies will be met with a 17.7% increase in the precept to **£9989**, as envisaged in the three-year forecast agreed in November 2016.

It is not possible to calculate exactly the rates payable by each property for the proposed precept for 2018-19 as this will depend on the number of properties paying Council tax. However, the gross precept of £8484 in 2016-17 resulted in a charge of £29.95 (or 57.5p per week) for an average (Band D) house.

It has been assumed that capping of local council precepts to 2% or £5 per Band D household will not be implemented for 2018-19.

Three-year forecast 2019-2022

On this page, a summary three-year forecast (2019-2022) has been prepared of income and expenditure, showing projected reserves. The figures for 2018-19 come from the detailed draft budget for 2018-19 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. Pump advertising has decreased in recent years, but the aim should be for it to recover to previous levels and then be increased, to cover possible increased production costs.

The projected precepts for those years increase by 3% each year.

Under expenditure, the Clerk's salary (including expenses) is shown as reaching the target by 2019-20 after which about 2% increases are budgeted for increases in salary scales and expenses. 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 fall below the recommended £3000 in 2019-21 because of election costs, but return to above £3000 by 2021-22.

Three-year forecast Revenue and Expenditure

	2018-19	2019-20	2020-21	2021-22
Income				
Precept	9989.00	10289.00	10598.00	10916.00
Lengthsman grant	1800.00	0.00	0.00	0.00
VAT reclaim	1657.00	1200.00	900.00	825.00
Community Week fundraising	200.00	200.00	200.00	200.00
Pump advertising	600.00	800.00	850.00	900.00
Total Income	14246.00	12489.00	12548.00	12841.00
Expenditure				
A. Clerk	3910.00	4000.00	4100.00	4250.00
B. Administration	240.00	250.00	260.00	270.00
C. Insurance, Audit, Professional etc	1399.00	1400.00	1450.00	1500.00
D. Hire of Halls for meetings	280.00	280.00	280.00	280.00
E. Parish Pump printing and postage	1210.00	1400.00	1500.00	1500.00
F. Training and Development	285.00	585.00	300.00	300.00
G. Maintenance and Equipment	50.00	150.00	150.00	150.00
H. Grants and donations	230.00	230.00	230.00	230.00
I. Election costs	0.00	1200.00	0.00	0.00
J. Lengthsman work	4640.00	2840.00	2840.00	2840.00
K. Special projects	0.00	0.00	0.00	0.00
L. Community Week costs	140.00	140.00	140.00	140.00
M. Reclaimable VAT on above	1200.00	900.00	825.00	830.00
Total Expenditure	13584.00	13375.00	12075.00	12290.00
Surplus (Deficit)	662.00	-886.00	473.00	551.00
Overall Reserves	5278.00	4392.00	4865.00	5416.00
Ear-marked reserves	2224.00	2140.00	2140.00	2140.00
General reserves available	3054.00	2252.00	2725.00	3276.00

Budget heading	Note	Last year	This year (2017-18)		Next year
		2016-17 actual	Budgeted (amended)	projected	2018-19 Budget
		£	£	£	£
REVENUE					
Precept & Council tax support grant	1	6863.00	8484.00	8484.00	9989.00
Advertising in Parish Pump	2	528.00	800.00	600.00	600.00
Wayleaves for poles & stays	3	0.00	3.00	3.06	0.00
Savings account interest	4	23.87	0.00	0.00	0.00
VAT reclaimed from previous year	5	1134.89	1370.00	904.32	1657.00
Donations and miscellaneous income	6	0.00	0.00	0.00	0.00
Community Week fundraising	7	473.30	300.00	221.45	200.00
Lengthsman Scheme devolved funding	8	3858.50	2395.00	2395.00	1800.00
Total Income		12881.56	13352.00	12607.83	14246.00
EXPENDITURE (net of reclaimable VAT)					
A. Clerk					
Clerk's salary	10	3000.00	3330.00	3330.00	3660.00
Clerk's expenses	11	242.40	280.00	250.00	250.00
B. Admin (stationery, postage, copying etc)					
Petty cash (stationery, postage)	12	105.02	160.00	110.00	130.00
Photocopying charges	13	90.73	110.00	100.00	110.00
C. Insurance, audit, professional, etc					
Insurance	14	233.31	250.00	238.64	250.00
Internal and External audit fees	15	250.00	250.00	250.00	150.00
HALC subscription	16	410.15	440.00	440.00	450.00
CPRE subscription	17	36.00	36.00	36.00	36.00
Clerk's SLCC subscription	18	78.00	78.00	78.00	78.00
Information Commissioner fee	19	35.00	35.00	35.00	35.00
Parish Online fee	20	28.00	30.00	30.00	30.00
Miscellaneous/one-off professional fees	21	0.00	0.00	0.00	200.00
Website fees	22	0.00	170.00	290.00	170.00
D. Hire of halls for meetings	23	216.00	210.00	210.00	280.00
E. Parish Pump printing & postage	24	1210.00	1210.00	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	90.00	250.00	150.00	200.00
G. Equipment					
Replacement/repair of equipment	28	0.00	50.00	0.00	50.00
Purchase of equipment	29	500.00	400.00	522.00	0.00
H. Grants & Donations					
	30	148.72	230.00	30.00	230.00
I. Election costs					
	31	0.00	0.00	0.00	0.00
J. Lengthsman					
Minor highways maintenance	32	2664.14	2300.00	2300.00	2300.00
PROW maintenance	33	551.00	2340.00	2340.00	2340.00
K. Special Projects (inc NDP)					
	34	2099.88	0.00	0.00	0.00
L. Community Week costs					
	35	90.00	100.00	139.00	140.00
M. Reclaimable VAT paid on above					
	36	904.32	1150.00	1657.00	1200.00
TOTAL EXPENDITURE		12982.67	13494.00	13745.64	13584.00
SURPLUS (DEFICIT) OF INCOME OVER EXPENDITURE					
	37	-101.11	-142.00	-1137.81	662.00
Funds available (Reserves) as at 31 March	38	5753.89	5611.89	4616.08	5278.08
Funds available (Reserves) as at 31 March 2017					
		£			
Deposit account		3914.20			
Current bank account		1839.76			
Cash in hand		-0.07			
Total		5753.89			

Notes:

Notes relating to specific budget items:

1. The precept for 2018-19 is the balance of the income required to equal planned expenditure to maintain total reserves at or near recommended levels (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 to the usual £800. It seems likely that revenue will be about £600 in 2017-18, and this has been budgeted for 2018-19.
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 December 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 have included revenue as contributions for copying. This is currently 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. After anticipated invoices are received for the 2017 events, it is expected that a total of £524 will be held in the Council's accounts for this purpose. (see note 35).
8. Grants for devolved Lengthsman work have been decreased since 2017-18. From 2018-19 there will be no grant for Lengthsman minor highways work, and from 2019-20 there will be no grant for PROW work (see explanation on page 1).
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.)
11. The Clerk claims travel expenses: estimated annual mileage is 625, claimed at 40p per mile.
12. Stationery/consumable costs are estimated to increase slightly
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 2017; an increase is budgeted for 2018, because our current broker is no longer handling parish council business.
15. Under previous external audit rules, the fee for small councils was £100. Under new rules applicable from 2017-18, an authority with a turnover of less than £25,000 may choose to have 'exempt authority' status from external audit, and would just publish its financial and other information following an internal audit. The Internal Auditor (HALC) charges £150 plus VAT. It is therefore anticipated that in 2018-19 there will be no external audit fee for the previous year, and only the external audit fee.
16. The subscription level for 2017-18 payable in advance was £410.15 – 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 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 subscription is based on salary bands: that for £3001-4000 is £78.
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 2018.
21. A budget of £200 is set to cover anticipated costs of compliance with new data protection legislation in 2018, including one-off fees and contract fees for the appointment of an external Data Protection Officer.
22. Annual fees of £170 are budgeted for 2018-19, although fees of £145 covering 2017 and 2018 have been paid. This is to cover an anticipated transfer of the website to a new provider in 2018-19.
23. Village Halls hire costs are currently £6 per hour (£20 for a full Council meeting in the winter in Risbury). The village halls are reviewing their charges to the Council, and an increase is therefore budgeted.
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 for councillors.
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 £500 was spent from reserves on a public access defibrillator in Risbury, and in 2017-18 £322 spent on electrical/installation work for this at Risbury Village Hall and the adoption of the phone kiosk. An additional £100 is projected in 2017-18 for changes to this installation when the defibrillator is installed in the re-located phone kiosk at the village hall, and £100 for refurbishment of the kiosk (moving the kiosk is anticipated to be done by volunteers).
30. In 2017-18 anticipated spending will be the annual donation of £30 to the Royal British Legion. No donations were made from the Community Week surplus. The budgeted sum for 2018-19 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.
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. A deficit is anticipated for 2017-18. A surplus is budgeted for 2018-19, to keep general reserves at £3000 (see three-year forecast on page 3).
38. Of the total £5278 projected reserves, the following are ear-marked:
 - £1200 for any by-election costs (a by-election in each parish would cost about £600).
 - £500 for emergency clerk cover for essential tasks for up to 3 months (HALC can provide trained emergency clerk cover at £25 per hour or £100 per meeting).
 - £524 raised from Community Week events for future Community Week events.This leaves £3054 in general reserves for unforeseen essential expenditure. NALC guidance is that a small council should have between £3000-£5000 in general reserves.

Philip J Brown
Responsible Financial Officer

9 November 2017