

# Humber, Ford & Stoke Prior Group Parish Council

## Revised draft revenue budget for 2014-15

Presented to Council 15 January 2014

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. Herefordshire Council have requested that precept requests for 2014-15 be made to them by 31 January 2014. This revised draft budget has been prepared following discussion at the Finance Working Group and at Council's November 2013 meeting.

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

### ***Increasing the Council's Reserves***

In November 2013 the Council agreed that general reserves (excluding £1200 earmarked for any by-elections) should be increased to £4000, to cover unexpected expenditure at a time of services being withdrawn by Herefordshire Council. This is in line with NALC guidance for small councils, which is that between £3000-5000 should be kept in general non-earmarked reserves. The budget projects a small surplus of income over expenditure to enable total reserves at the close of the year to rise to just over £4000. Because of the large planned expenditure on the NDP in 2014-15 there will be a one-off additional £1126 of VAT paid out on that project which can be reclaimed early in 2015-16, and will therefore come back into general reserves in 2015.

### ***Guaranteeing the ability to undertake a Neighbourhood Development Plan***

Separate budget options for the NDP have been prepared, with expenditure of £12,121 (excl VAT) for 2014-15 dependent on obtaining grants of £7000 from government and £5067 from the Lottery. This leaves a small balance of £54 to be covered from the Council's general income and up to £1126 of VAT to be reclaimed in 2015. Should both applications be unsuccessful, an alternative 'shoestring DIY' budget of £918 before VAT has been prepared, to be funded from reserves.

### ***Extending Lengthsman work***

Currently expenditure on minor highways work through the Lengthsman is confined to the devolved income from Herefordshire Council. Under current arrangements this income will reduce by approximately £500 from 2016-17, and the system is currently under review. To offset these anticipated reductions in future funding, spending on Lengthsman work is budgeted to increase by £730, funded from the precept.

### ***Increasing the Clerk's salary***

In November 2013 the Council determined that the Clerk's salary should increase to the minimum wage for the minimum hours required for the job. This increase of £500 is funded from the precept.

### ***Increase in Precept***

The above policies, when taken with a projected deficit for 2013-14, require a precept of £6400 in 2014-15. Although this is a large increase, it has been suggested that residents will accept a significant increase if they see the Council doing more and preparing for uncertainties ahead.

In 2013-14 the precept of £3850 resulted in a Band D property paying £13.26 (26p per week) and a Band G property £22.10 (43p per week). (This was the 23<sup>rd</sup> lowest rate in the county out of 140 local councils.)

It is not possible to calculate exactly the rates for the proposed precept for 2014-15 as this will depend on the number of properties paying Council tax and any government grant under the Council Tax Support Scheme.

**However, a precept of £6400 would increase the Band D payment by approximately £8.78 (or 17p per week) and the Band G payment by approximately £14.64 (or 28p per week).**

Budget heading	Note	Last year (2012-13) actual £	This year (2013-14)		Next year (2014-15) Budget £
			budgeted £	projected £	
<b>INCOME</b>					
Precept	1	3500.00	3850.00	3850.00	6400.00
Advertising in Parish Pump	2	718.00	659.00	659.00	659.00
Wayleaves for poles & stays	3	0	1.50	2.76	0
Savings account interest	4	27.94	30.00	30.00	30.00
VAT reclaimed from previous year	5	166.63	41.50	220.35	558.00
Donations and miscellaneous income	6	96.00	0	105.00	120.00
Community Week fundraising	7	278.20	200.00	240.40	250.00
Lengthsman Scheme	10	0	2500.00	2519.00	2519.00
NDP government grant	10a	0	0	0	7000
Lottery 'Awards for All' grant	10b	0	0	0	5067
<b>Total Income</b>		<b>4786.77</b>	<b>7282</b>	<b>7626.51</b>	<b>22,603</b>
<b>EXPENDITURE (net of reclaimable VAT)</b>					
<b>A. Clerk</b>					
Clerk's salary	11	1000.00	1500.00	1750.00	2000.00
Clerk's expenses	12	160.00	120.00	120.00	120.00
<b>B. Admin (stationery, postage, copying etc)</b>	13	163.76	145.00	260.00	320.00
<b>C. Insurance, audit, professional, etc</b>		0	0	0	0
Insurance	14	358.04	360.00	234.95	250.00
Internal and External audit fees	15	80.00	30.00	30.00	30.00
HALC subscription	16	218.20	240.00	239.84	285.00
CPRE subscription	17	30.00	30.00	30.00	30.00
Clerk's SLCC subscription	18	0	48.00	63.00	69.00
Information Commissioner fee	19	35.00	35.00	35.00	35.00
Parish Online fee	20	10.00	10.00	10.00	10.00
VoA market valuation for The Lamb	20a	755.00	0	0	0
Planning Application fee for Stoke Prior Village Hall	20b	97.50	0	0	0
<b>D. Hire of halls for meetings</b>	21	164.00	200.00	200.00	200.00
<b>E. Parish Pump printing &amp; postage</b>	22	1171.16	1100.00	1170.00	1210.00
<b>F. Training and development</b>		0	0	0	0
Books and training materials for Clerk	23	150.00	70.00	97.00	35.00
Conference fees	24	18.00	100.00	15.00	50.00
Training courses for Clerk & Councillors	25	25.00	300.00	50.00	125.00
<b>G. Equipment</b>		0	0	0	0
Replacements/repairs	26	121.00	360.00	535.00	100.00
Purchase of salt-grit bins	27	0	194.40	194.40	130.00
<b>H. Section 137 Grants &amp; Donations</b>	28	0	0	0	0
Royal British Legion and other charities	28a	35.00	20.00	20.00	25.00
Jubilee mugs for children	28b	96.00	0.00	0	0
<b>I. Other Grants and donations</b>		0	0	0	0
Community Week fund grants	29	0	200.00	240.00	250.00
Grants to community groups	30	100.00	0.00	0	0
<b>J. Election costs</b>	31	0	0.00	0	0
<b>K. Lengthsman: highways maintenance</b>	32	0	2250.00	2269.00	3000.00
<b>L. Neighbourhood Plan</b>	33	0	380.00	120.00	12,121.00
<b>M. Reclaimable VAT paid on above</b>	34	222.31	84.00	550.00	1866.00
<b>TOTAL EXPENDITURE</b>		<b>5009.97</b>	<b>7776.4</b>	<b>8233.19</b>	<b>22,261</b>
<b>SURPLUS (DEFICIT) OF INCOME OVER EXPENDITURE</b>	35	<b>(223.20)</b>	<b>(494.40)</b>	<b>(606.68)</b>	<b>342.00</b>
<b>Funds available (Reserves) as at 31 March</b>	36	<b>4378.50</b>	<b>3884.10</b>	<b>3771.82</b>	<b>4113.82</b>

Funds available (Reserves) as at 31 March 2013	£
Deposit account	3790.02
Current bank account	553.33
Cash in hand	27.15
<b>Total</b>	<b>4378.50</b>

## Notes:

This draft budget has been prepared without taking into consideration the possible purchase of the freehold of *The Lamb Inn* as a community asset and leasing this property. Should this proposal go ahead, a revised revenue budget would be prepared and adopted. It is intended that the income and expenditure implications of the acquisition of *The Lamb* would be broadly neutral in total, although some increased general costs (eg of audit and insurance) would be incurred.

### Notes relating to specific budget items:

1. The precept for 2014-15 is the balance of the income required to equal planned expenditure plus a surplus to increase reserves to £5200 (see note 36).
2. Contribution rates for adverts in the Parish Pump have remained unchanged.
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 currently pays 0.08% gross.
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 income, but a reimbursement of the reclaimable VAT paid out the previous year. The VAT paid in 2013-14 (and to be reclaimed in 2014-15) was underestimated, as it did not take account of VAT being charged by the Lengthsman contractor, which is a large new element of the budget.
6. General Donations in 2012-13 were for purchase of Jubilee Mugs (see item 28). In 2013-14, donations have been for additional copies of the Parish Guide, and an estimated £100 income as contributions towards copying. In 2013-14 £120 is budgeted for contributions towards copying.
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, and therefore the net income/expenditure will be zero.
10. The devolved budget for the Lengthsman Scheme for 2014-15 is assumed to be at the same rate as 2013-14.
- 10a/b. The application for the maximum £7000 government grant for the Neighbourhood Development Plan will be submitted in February 2014. The application for the Lottery Awards for All grant for the NDP will be submitted in January 2014. Should either of these not be successful, the NDP budget will be reduced accordingly and item L therefore will be reduced, as will item M.
11. The Council has determined to increase the Clerk's remuneration towards the minimum pay level on nationally-agreed scales. A salary of £2000 represents payment at the minimum wage (£6.31) for the minimum hours (26 per month) required for routine Council business and functions.
12. The Clerk claims travel expenses: estimated annual mileage is 600, claimed at 20p per mile for fuel costs only.
13. This includes an estimated £120 for the copying/service contract on the photocopier.
14. A reduction in the insurance premium was negotiated in 2013; a slight increase is budgeted for 2014.
15. Under Audit Commission rules, an authority with income or expenditure of under £10,000 pays no external audit fees. £30 has been the honorarium paid to the internal auditor. The increased turnover through the Council's accounts because of the Neighbourhood Development Plan will probably result in an external audit fee of up to £200 in 2015-16. Also, new audit requirements from 2015 may result in some professional internal audit fees.
16. For 2014-15 the HALC base affiliation fee will remain unchanged at £130 plus VAT. The per-electoral subscription rate will increase from 21p to 31p, to offset the removal of the Herefordshire Council grant, resulting in an increase of approximately £50 in our subscription. The subscription includes two free evening course training places for councillors, worth £50.
17. The CPRE subscription for local authorities is a voluntary amount.
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 2012-13 subscription was included in the previous year's accounts.
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.
21. 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.
22. Council agreed in September 2012 to pay the Parish Pump Editor £100 for the copying and distribution costs of each standard monthly edition (recommended to rise to £110 as from October 2013). There are 11 editions each year. These costs are offset by donated contributions for advertising (see item 2).
23. In 2012-13 this was for the Clerk's CiLCA qualification fee. In 2013-14 a new edition of the standard legal reference work will be bought, plus a new definitive reference work designed for councillors.
24. Most HALC and Council conferences are free. A small budget would permit councillors' attendance at other events.

25. HALC training courses are charged at £25 +VAT per person for an evening course. From 2012-13 HALC members receive two free training places per year. The uptake of training courses has been small, hence the reduction in the budget for this.
26. In 2013-14, £350 was spent on refurbishment & installation of two new noticeboards, and £185 plus VAT for a replacement second-hand photocopier. The photocopier is now covered by a contract (see item 13) which covers servicing, breakdown and parts as well as toner; however, a sum of £100 is budgeted to cover any necessary repairs to other council equipment and assets such as the noticeboards, waste-bins and benches.
27. Provision for the purchase of three additional salt-grit bins for locations in the parish was carried forward from the 2012-13 budget. These have not yet been provided (if the locations are graded 'A' these may be provided free).
28. Under the Local Government Act 1972 s.137, a local council has the power to spend a limited amount on anything of benefit to some or all of their area or inhabitants, provided there is no other specific power for that activity. The limit is fixed at £6.98 per elector in 2013-14. The Council is required, under section 137, to keep a separate account of the amount spent using this power.
- 28a. The budgeted sum for 2014-15 is the annual donation to the Royal British Legion.
- 28b. Jubilee mugs were purchased for children in the parish, mostly funded by specific donations and Community Week fundraising.
29. See note 7 above.
30. In 2012-13 £100 was granted to Steens Bridge residents group. No donations are budgeted for 2013-14 or 2014-15.
31. No budgeted amount for elections is included, as should a by-election take place, the costs would be transferred in from the reserves, of which £1200 is ear-marked for this purpose.
32. See note 10 above. An increased sum is budgeted (funded from the precept) for 2014-15.
33. Most of the proposed budget for the Neighbourhood Development Plan will be funded from grant applications (see notes 10a/b above). Should both of these be unsuccessful, a scaled-down alternative budget of £918 before VAT has been prepared, to be funded from general reserves.
34. See note 5 above. In 2014-15 there will be a large one-off expenditure on the NDP which will incur up to £1126 of VAT which will not be recovered until 2015-16
35. A surplus of income over expenditure is budgeted to transfer to reserves.

### **36. Reserves**

The Council's funds on 31 March 2013 were £4378.50. The total projected funds at 31 March 2014 are £3771.82. This, together with the budgeted surplus of £342 for 2014-15 would give available funds (cash reserves) of just under £4114 by 31 March 2015.

The Audit Commission requires that all reserves are justified, and NALC guidance is that small councils should have between £3000-5000 as general reserves.

The Council should keep in reserve a specific sum of £1200 against possible elections (a by-election in one of the two parishes would cost at least £600), and £1000 for an alternative scaled-down NDP budget (see note 33), leaving £1914 as general reserves to be drawn upon for unforeseen expenditure. However, this will rise by £1126 early in 2015-16 when the one-off VAT is reclaimed.

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Responsible Financial Officer  
23 December 2013