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Humber, Ford & Stoke Prior Group Parish Council

Proposed revenue and expenditure budget for 2019-20

and three-year forecast (2020-2023)

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 2018, although the legal deadline for this is the end of February, and many neighbouring councils do not intend to set their final budgets and precepts until January. The Council may wish, therefore, to discuss this proposed budget at this meeting, but defer approving a budget until the January meeting.

This proposed budget has been prepared by the Finance Working Group, based on the forecast revenue and expenditure for 2019-20 which was considered as an outline budget by Council on 19 September 2018.

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

Lengthsman budget maintained, with nil grants
As a result of budget cuts, Herefordshire Council is removing all grants for the Lengthsman scheme to zero from 2019-20, meaning that parishes will 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, there was no grant in 2018-19, and a budget of £2300 is continued into 2019-20, this being anticipated as sufficient for the work we wish to undertake.

For Public Rights of Way work, in 2018-19 there was a grant at £50 per km with a parish contribution of £15 per km. Spending on this has not been large (forecast as £650 in 2018-19), and this has therefore been reduced to £500 from 2019-20. It should be noted that Herefordshire Council still covers the costs of stiles, gates and signposts where these are provided by them.

Clerk's salary to reach minimum agreed target
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 £9.80 to £12.01 per hour).
The Clerk's salary was set at £3300 for 2017-18, rising incrementally to £3990 by 2019-20.

The Clerk's contract (reviewable annually) is for payment on point 21 of the current LC1 scale (£10.67 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 October 2018 were 480 hours (9.2 hours per week), excluding the holiday entitlement (which would be a further 67 hours pro-rata). At LC1 point 21 this would be a salary of £5836.

Elections costs for May 2019 elections
There will be elections for all parish councillors on 2 May 2019, and the costs of these are charged to parish councils by Herefordshire Council. It is estimated that for parishes with an electorate of between 200-300, the costs of a contested election will be £1000 per parish (taking into account that some costs will be attributable to ward elections held on the same day). Therefore, maximum costs of £2000 are budgeted for 2019-20.

The budget for councillor training has been increased for 2019-20 against training for new councillors.

Grants and donations budget increased
An additional budget of £400 is proposed for community initiatives and donations, because the Council has supported community facilities and initiatives in recent years (this year, the taster physical activities classes).

Council's Reserves to rise by £2000 against purchase of The Lamb

As at 31 March 2018 the Council had total cash reserves of £7292. £1200 was earmarked for two possible by-elections (although the cost of a single by-election is now estimated at £1500, and this is now budgeted for the future), £500 is earmarked for emergency Clerk cover, and £517 of reserves was raised from Community Week and is available for spending on future Community Week events. This leaves current general reserves at £5075.

However, the Working Group recommends that an additional £2000 should be ear-marked from reserves from 2019-20, against possible pre-contract costs of any attempted purchase of The Lamb. These would include a valuation fee for the borrowing approval (this was £700 in 2013) and other professional advice. Once purchased, a minimum reserve of £2000 for other ownership costs should be maintained in the forecasts, and this would require revision prior to the purchase and loan figures being agreed.

Guidance on the level of reserves which should be maintained is: "*As authorities have no legal powers to hold revenue reserves other than those for reasonable working capital needs, or for specifically earmarked purposes, whenever an authority's year-end general reserve is significantly higher than the annual precept or rates and special levies, an explanation should be provided to the auditor*." (Governance and Accountability for Smaller Authorities April 2018, para 5.166). NALC has in the past offered advice that small councils should have between £3000-5000 in general reserves.

On the assumptions of income and expenditure in 2018-19 in the main budget spreadsheet the Council's total reserves at the end of March 2019 will be £8190. The budget for 2019-20 would leave £7622 reserves in that year, of which £3105 would be general reserves for unforseen expenditure in that year.

A one-off increase in the Precept of 23%

The above policies would be met by a 23% increase in the precept to **£12289.** , The forecast agreed in November 2017 envisaged a 3% increase to £10289; the additional 20% (£2000) increase is for the policy of increasing reserves for a possible purchase of The Lamb.

It is not possible to calculate exactly the rates payable by each property for the proposed precept for 2019-20 as this will depend on the number of properties paying Council tax (which is increasing with the new houses being built). However, the gross precept of £9989 in 2017-18 resulted in a charge of £34.84 (or 73p per week) for an average (Band D) house. The proposed increase is therefore likely to result in **an average (Band D) household paying an additional £8 per year (or 15p per week**).

It has been confirmed that government capping of local council precepts to 2% or £5 per Band D household will not be implemented for 2019-20 or 2020-21.

Three-year forecast 2020-2023

On this page, a summary three-year forecast (2020-2023) has been prepared of income and expenditure, showing projected reserves. The figures for 2019-20 come from the detailed draft budget on the next page.

The figures for the next three years are projections based on a broad estimate of anticipated income and expenditure trends.

The projected precepts for those years are those originally planned in 2017 as a 3% increase on previous years. That is, the additional £2000 on the precept in 2019-20 is forecast as a 'one-off' rise to fund increased reserves.

Under expenditure, most items increase by about 2% or an estimated small margin.
The budget for the Parish Pump increases by more against possible increased production costs.
The budget for training returns to a pre-election year level after 2019-20.
The budget for assets returns to an estimated baseline of £210.
The Lengthsman budget remains at levels to continue present activity.
The budget for elections returns to zero after 2019, although there are earmarked reserves of £1500.

General reserves will be maintained at or close to the minimum of £3000 considered prudent.

Three-year forecast Revenue and Expenditure	**2019-20 budget**	**2020-21 forecast**	**2021-22 forecast**	**2022-23 forecast**
Income				
Precept	12289.00	10598.00	10916.00	11134.00
VAT reclaim	1000.00	1029.00	1016.00	1036.00
Community Week fundraising	200.00	200.00	200.00	200.00
Misc	12.00	12.00	12.00	12.00
Pump advertising	900.00	900.00	950.00	1000.00
Total Income	**14401.00**	**12739.00**	**13094.00**	**13382.00**
Expenditure				
A. Clerk	4270.00	4355.00	4421.00	4509.00
B. Administration	240.00	245.00	250.00	255.00
C. Insurance, Audit, Professional etc	1225.00	1300.00	1400.00	1500.00
D. Hire of Halls for meetings	280.00	280.00	300.00	300.00
E. Parish Pump printing and postage	1400.00	1500.00	1600.00	1650.00
F. Training and Development	585.00	300.00	300.00	300.00
G. Asset Maintenance and purchase	510.00	210.00	215.00	220.00
H. Grants and donations	430.00	430.00	430.00	430.00
I. Election costs	2000.00	0.00	0.00	0.00
J. Lengthsman work	2800.00	2900.00	3000.00	3100.00
K. Special projects	0.00	0.00	0.00	0.00
L. Community Week costs	200.00	200.00	200.00	200.00
M. Reclaimable VAT on above	1029.00	1016.00	1036.00	1050.00
Total Expenditure	**14969.00**	**12736.00**	**13152.00**	**13514.00**
Surplus (Deficit)	-568.00	3.00	-58.00	-132.00
Overall Reserves	**7622.00**	**7625.00**	**7567.00**	**7435.00**
Community Week funds	517.00	517.00	517.00	517.00
By-election costs	1500.00	1500.00	1500.00	1500.00
Emergency Clerk cover	500.00	500.00	500.00	500.00
The Lamb	2000.00	2000.00	2000.00	2000.00
General reserves available	3105.00	3108.00	3050.00	2918.00

Budget heading	Note	Last year 2017-18 actual £	This year (2018-19) Budgeted (adjusted) £	This year (2018-19) projected £	Next year 2019-20 Budget £
REVENUE					
Precept	1	8484.00	9989.00	9989.00	12289.00
Advertising in Parish Pump	2	736.00	600.00	864.00	900.00
Wayleaves for poles & stays	3	3.06	0.00	0.00	3.00
Savings account interest	4	2.55	0.00	9.00	9.00
VAT reclaimed from previous year	5	904.32	1657.00	840.25	1000.00
Grants and Donations	6	0.00	0.00	524.99	0.00
Community Week fundraising	7	221.45	200.00	204.00	200.00
Lengthsman Scheme devolved funding	8	1486.30	1800.00	600.00	0.00
Total Income		**11837.68**	**14246.00**	**13031.24**	**14401.00**
EXPENDITURE (net of reclaimable VAT)					
A. Clerk					
Clerk's salary	9	3330.00	3660.00	3660.00	3990.00
Clerk's expenses	10	268.40	250.00	280.00	280.00
B. Admin (stationery, postage, copying etc)					
Petty cash (stationery, postage)	11	112.33	130.00	115.00	120.00
Photocopying charges	12	75.29	110.00	115.00	120.00
C. Insurance, audit, professional, etc					
Insurance	13	238.64	250.00	167.44	180.00
Internal and External audit fees	14	250.00	150.00	150.00	150.00
HALC subscription	15	399.44	450.00	450.00	450.00
CPRE subscription	16	36.00	36.00	36.00	36.00
Clerk's subscriptions	17	114.00	78.00	114.00	114.00
Information Commissioner fee	18	35.00	35.00	35.00	35.00
Parish Online fee	19	15.00	30.00	15.00	15.00
Data adviser fees	20	0.00	200.00	75.00	75.00
Website fees	21	290.00	170.00	170.00	170.00
D. Hire of halls for meetings	22	204.00	280.00	280.00	280.00
E. Parish Pump printing & postage	23	1210.00	1210.00	1210.00	1400.00
F. Training and development					
Books and training materials for Clerk	24	0.00	35.00	104.00	35.00
Conference fees	25	0.00	50.00	0.00	50.00
Training courses for Clerk & Councillors	26	130.00	200.00	100.00	500.00
G. Purchase and maintenance of Assets					
Maintenance of assets	27	321.00	50.00	0.00	350.00
Purchase of assets	28	0.00	0.00	685.00	160.00
H/I. Grants & Donations					
Royal British Legion poppy appeal	29	30.00	30.00	30.00	30.00
Community initiatives and donations	30	0.00	200.00	192.00	400.00
J. Election costs	31	0.00	0.00	0.00	2000.00
K. Lengthsman work					
Minor highways maintenance	32	1700.00	2300.00	2300.00	2300.00
PROW maintenance	33	550.00	2340.00	650.00	500.00
L. Special Projects	34	0.00	0.00	0.00	0.00
M. Community Week costs	35	150.00	140.00	200.00	200.00
N. Reclaimable VAT paid on above	36	840.25	1200.00	1000.00	1029.00
TOTAL EXPENDITURE		**10299.35**	**13584.00**	**12133.44**	**14969.00**
SURPLUS (DEFICIT) OF INCOME OVER EXPENDITURE	37	**1538.33**	**662.00**	**897.80**	**-568.00**
Funds available (Reserves) as at 31 March	38	**7292.22**	**7954.22**	**8190.02**	**7622.02**

Funds available (Reserves) as at 31 March 2018	£
Deposit account	4516.75
Current bank account	2774.75
Cash in hand	0.72
Total	**7292.22**

Notes:

Notes relating to specific budget items:

1. The precept for 2019-20 is the balance of the income required to equal planned expenditure to maintain total reserves at or near the minimum level of £3000 considered prudent (see note 38).
2. Advertising revenue has recovered since 2017, and is forecast to rise slightly.
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 pays a small sum of interest.
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. A grant of £524.99 was obtained for the purchase of a laptop computer and software in 2018-19.
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 2018 events, it is expected that a total of £517 will be held in the Council's accounts for this purpose. (see note 35).
8. Grants for devolved Lengthsman work have decreased since 2017-18. In 2018-19 there was a grant available for PROW work – this will be removed from 2019-20.
9. See note on page 1.
10. The Clerk claims travel expenses: estimated annual mileage in 2018-19 is 700, claimed at 40p per mile.
11. Stationery/consumable costs are estimated to increase slightly
12. £120 is estimated for the copying/service contract on the photocopier, at 0.8p per standard copy.
13. Cover from the new insurers, Zurich, is cheaper than the previous insurer, but is budgeted to rise in 2019.
14. 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 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 2019-20 there will be no external audit fee for the previous year, and only the internal audit fee.
15. The HALC subscription for each year is payable in advance. HALC has agreed an increase which would see our subscription rise by about £50 during 2018-19. As assumption has been made that this large increase will not be repeated in 2019-20. The subscription includes two free evening course training places for councillors, worth £50.
16. The minimum CPRE subscription for local authorities is set at £36.00.
17. The Council pays the Clerk's membership subscription to the Society for Local Council Clerks (the professional body), and to the Association of Local Council Clerks (the trade union) as is permitted by HMRC rules. The SLCC subscription is based on salary bands: that for £3001-4000 is £78. The ALCC subscription is £36.
18. The Information Commissioner fee is a statutory fee for the Council to register as a public body holding personal data.
19. Parish Online provides access for the Clerk and councillors to on-line local mapping data. The fee was reduced for smaller councils in 2017.
20. A fee of £75 is budgeted for the continuing services of a Data Protection Adviser, as agreed by Council in May 2018.
21. An annual fee of £170 is budgeted for 2018-19.
22. The Village Halls reviewed their hire rates to the Parish Council in 2018 and these increased from £6 to £9 per hour.
23. 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). An increase is budgeted against possible increases in production costs.
24. A small budget is provided for purchase of occasional essential reference books. In 2018-19 a new edition of the standard Clerk's legal reference book will be purchased.
25. Most HALC and Council conferences are free. A small budget permits councillors' attendance at other events.
26. HALC training courses are charged at £25 +VAT per person for an evening course or £100 for a full-day course. HALC members receive two free evening training places per year for councillors. An increased budget is provided in 2019-20 for attendance of new councillors at training courses.
27. A sum of £50 was budgeted in 2018-19 to cover any necessary repairs to council equipment and assets such as the noticeboards, waste-bins and benches. In addition to this in 2019-20, £300 is budgeted for renovating the phone kiosk in Risbury once re-located to the Village Hall, and for moving the heated defibrillator cabinet into the kiosk.

28. In 2018-19 the £525 grant for a laptop/software will be spent, and £160 was spent on purchasing two additional salt-grit bins at requested locations. Another 2 grit bins are budgeted for 2019-20.
29. A donation is made to the Royal British Legion for the annual poppy appeal.
30. In 2017-18 £192 is projected to be spent to kick-start the physical activities classes for residents. A budget of £400 is provided for 2019-20 for similar community activities and facilities.
31. There will be elections for all parish councillors on 2 May 2019, and the costs of these are charged to parish councils by Herefordshire Council. It is estimated that for parishes with an electorate of between 200-300, the costs of a contested election will be £1000 per parish (taking into account that some costs will be attributable to ward elections held on the same day). Therefore, maximum costs of £2000 are budgeted for 2019-20.The costs of any by-elections will be met from the eamarked reserves (see Note 38).
32. A budget of £2300 is continued for minor highways maintenance by the Lengthsman.
33. A budget of £500 is made for PROW maintenance by the Lengthsman. The large sum budgeted in 2017-18 allowed for the maximum spend using all of the available grant (see note 8), although in practice this sum is not needed.
34. No large special projects have been identified at this point.
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 surplus is anticipated for 2018-19. A small deficit is budgeted for 2018-19, but would still maintain general reserves at the minimum £3000 considered prudent.
38. Of the total £7622 projected reserves in 2019-20, the following are ear-marked:

    £1500 for the costs of a by-election in one of the parishes

    £500 for emergency clerk cover for essential tasks for up to 3 months (HALC can provide trained emergency clerk cover at £25 per hour of £100 per meeting).

    £517 raised from Community Week events for future Community Week events.

    £2000 for pre-contract costs for any attempted purchase of The Lamb (see page 2)

    This leaves £3105 in general reserves.

Philip J Brown
Responsible Financial Officer

14 November 2018