

Budget 2018/19 notes for updated for meeting 9/1/18

1. Two spreadsheets

- a Expenditure Against Budget estimate to 31/3/18
- b Tur Langton 18/19 Budget Proposal

2. Spreadsheet a

- 1. Figures for May to December are exact, those shaded pink are already reconciled, the white ones for January are the ones for meeting on 9/1/18
The yellow columns for February and March are estimates

Notes on estimates

- 2. The salary estimate of £2133 includes salary for each month up to March 2018 plus £47.04 carried forward from 2016/17 year for NP work plus £60 from the Transparency Grant carried over from 2016/17 year (£216) for monthly payments being the balance of £216 less £156 estimate for upgrading the website
- 3. Stationary / office assume an additional spend on £50 for ink / paper / stamps etc
- 4. Hall hire for meetings – we have paid up to the May meeting and have an invoice for 9/1/18 meeting of £50 for June to November. The figure of £40 in March is the payments for Jan and March (£20) meetings plus an estimated £4 a meeting electricity for five meetings.
- 5. Training - £17.50 is half of the training fee for course clerk is attending in January (other half ELPC)
- 6. £5 Section 137 is anticipating Leicestershire Footpath Association donation
- 7. IT of £200 includes the estimated £156 for upgrading website from Transparency Grant plus something for antivirus
- 8. Travel is for clerk's travel to Anstey for training course – 29 miles for return trip @ £0.45 mile
- 9. Defibrillator - Annual Support fee of £126

3. Spreadsheet b

- 10. Grey column is budget set for this current year, 2017/18, as revised July 2017
- 11. Light orange column is the current figures to date including those to be authorised at meeting 8/1/18
- 12. Light Green Column Payments is the estimate totals of 17/18 taken from Spreadsheet a above.
- 13. Light green column receipts - VAT refund claim has been submitted includes some of 2017/18
- 14. Light Green column income for grass cutting – this includes 2016 season reimbursement as this was received late from LCC plus 2017 season now received
- 15. Pink column is a suggested proposed budget for 2018/19
- 16. Pink Column Receipts VAT – estimate income of £300 for VAT refund – total VAT estimate for current (2017/18 year) is £823.33 but £523.33 is included in claim already submitted so the balance is £300

Payments for next year, pink column estimates

17. **Salary** – current year is based on the current salary of 9.24 a hour for four hours a week plus Home Working allowance of £8.67 a month. There are not details of pay scales from April 2018 and so have assumed a 1% increase to £9.33 an hour. This gives £161.72 a month. Adding the Homeworking Allowance to this gives an estimate of £2044.68 for the year
18. **Information Commissioner** – expand heading to GDPR (General Data Protection Regulations) - £100 put in on advice from LRALC, very rough estimate
19. **Hall hire for meetings** – last year we put in £216, assuming the worst case scenario that the lease would not be renewed and we would have to meet somewhere else. Now we know this is not the case and if we continue to be able to meet in Village Hall cost is £10 a meeting plus £4 into the meter for heating in cold months. For six meeting estimate £84, not taking into account any extra meetings. But we may have to meet elsewhere during refurbishments? Therefore left at £216, any not spent could be put towards the village hall refurbishments – for discussion
20. **External Audit** – have put in £100 in case we are referred to External Audit
21. **Internal Audit** – have increased this to £170 in line with guidance from LRALC that for an electorate of between 150 – 500 the fee will be £170 (TL electorate on latest roll is 161)
22. **Insurance Renewal** – put up estimate to £270
23. **Donations – Section 137** – I have put in £50, we usually only spend £5 on Leicestershire Footpaths Association. For discussion
24. **Village Hall** - £500 put in, which will bring up the total to £3,500 for Village Hall for the payment to Merton College. In the future putting in £500 under this heading will help to future proof us in case capping comes in for when Merton College rent £500 becomes payable.
25. **Grass Cutting / Highways** – have put in £1,000 again – this will depend on the decision made about renewing the contract but expect to be enough.
26. **Repairs and Maintenance of Benches and notice board** – Could we make this into one category? currently two. Historically nothing put into these categories, £60 in reserve. Are we likely to need to do repairs and maintenance in 2018/19? Also we now have the phone kiosk to maintain. Can we discuss and review this category?
27. **IT equipment plus domain plus website** – have put in £200 and we hold £200 in reserve. Need to take into account antivirus, renewal of domain / website upgrade. Plus in 2019 we will need to update the email domain again, £25 a year for two years in advance so £25 a year needs to be put in for this. Is this enough / too much? For discussion
28. **Memorial Garden** – new category for spend of donation £478.16 – see point 34 below)
29. **Election Expenses** - £233 put in to build up reserves over four years (see 35 below)
30. **Village improvements** – Have put in £400 as last year. For discussion, do we want to name a project?
31. **Neighbourhood Plan** – nothing put in for this, no more grant money available, will we need any more to complete it or printing when finished???

Should we take from another category to fund this, or use some of contingency money?? For discussion.

Balances held – blue section at RHS, bottom

- 32. Contingency – the recommendation is to hold between three and 12 months expenditure as a general reserve, so I have entered a formula for this to calculate three months' worth of the total gross payments.
- 33. Memorial Garden donation – this has been added to “Earmarked Reserves” on the assumption that this will not be spent during 2017/18 year
- 34. Election - £233 from last year put into reserves to bring this to £1629.00

Precept

This gives a precept of £5166.55, round up to £5167.00, compared to £5117 for current year.

We now have the tax base information from HDC and I have entered this figure in and attached the document, as you can see it results in an increase in Council Tax of 0.5% or £0.24 due to changes in tax base.

Capping

We now know that the Secretary of State for Communities and Local Government has announced "that the government intends to defer the setting of referendum principles for town and parish councils for three years". For more information on this important announcement please see <https://www.gov.uk/government/speeches/provisional-local-government-finance-settlement-2018-to-2019-statement>

4. Other guidance

[See extract from SLCC Clerk Magazine November 2017](#) on page 4

[See extract from LRALC Newsletter – Top Tips by Frances Webster – don't be baffled by your budget](#) (Pages 4 & 5)

Extract from The Clerk Magazine November 2017

Preparation of the annual budget

Preparation of the budget is one of the most important annual tasks a council must undertake. Preparation of a budget is required as part of 'proper practices' as set out in the Practitioners' Guide. In addition, it is not lawful to set a precept unless a budget has been prepared and approved. This is because the precept is not a figure arbitrarily set by the council, but is the balancing figure (referred to in legislation as the 'council tax requirement') after taking into account estimated expenditure, other estimated income and any amounts proposed to be taken to or from reserves.

It is important that members are involved at an early stage in the preparation of the budget. Naturally members will expect the RFO to advise on normal annual running costs such as staff costs, insurance and business rates, but it is members who need to consider what services the council intends to deliver, and in particular, whether the council intends to undertake any new projects. It is too late for members to come up with ideas for new projects once the budget has been approved and the precept set. It is often helpful to have informal (private) meetings of members to ensure that they are fully briefed and have the opportunity to share ideas.

Most councils probably use 'incremental budgeting' to prepare the budget. This involves looking at last year's expenditure and income and this year's estimated out-turn; broken down by category as appropriate, and then considering what to include for next year. Care must be taken, however, not to roll forward items of expenditure or (especially) income that will not recur; a one-off grant for example.

It is generally helpful to show members a series of drafts so that they can be satisfied that the budget is developing in the way they want. Where a council has committees with delegated powers, each committee could usefully scrutinise its own draft budget. Where there is a finance committee, that committee should see a final or near-final version of the budget.

Although the precept is a balancing figure in law, the RFO must be able to advise members on both the absolute amount of the precept that the draft budget will require and the Band D equivalent. The budget must be approved and the precept set, at a Full Council meeting. The statutory deadline for approval is 28 February, but billing authorities (district/unitary councils) will usually ask for the precept to be notified in January. There is no provision for the precept to be increased once it has been notified.

Top tip by Frances Webster – Don't be Baffled by your Budget...

It's that time again...time to blow the dust off your calculator and sit down to assemble your annual budget. To this end, I thought I'd share some helpful thoughts which some of you might find of interest.

A legal obligation: a reminder that ALL councils, however small, have a legal duty to prepare a meaningful budget for their council. It is not legally acceptable to simply set [guess!] a precept amount; your budget must also be approved at a full Council meeting, as must any revisions. Your Council's budget is an important tool to keep your Council spending on track, ensure expenses do not exceed income and, vitally, to plan for the future.

Don't forget to scrutinise: as Jake has said in newsletters past, best practice suggests your Council should ideally have the opportunity to discuss and review your draft budget at a council meeting at least once before it resolves to approve it (some of you may choose to do this at a committee meeting instead before final approval by full council). If you've got new Councillors on board this year, this can be a useful opportunity: a fresh pair of eyes to scrutinise the figures, challenge assumptions and suggest improvements should be seen as a positive input. New Councillors should be encouraged to actively participate in the budget discussion – and resist temptation to leave it to Councillors more familiar with the task. ALL

Councillors should engage and have a clear understanding of why the budget figures are set as they are as they are equally accountable for what is agreed.

Remember your reserves: when setting your budget and precept, don't forget to consider your reserves. General reserves carried by a parish or town council should be equal to between 3 to 12 months net revenue expenditure for the council. Member councils need to be aware of the risks of carrying inadequate reserves as this leaves them exposed to being unable to meet unexpected expenditure, a typical example being emergency tree works. Similarly, Councils should be aware of carrying excessive reserves (i.e. unallocated reserves of a value in excess of their precept). Unlimited reserves can be held if allocated for a specific capital project, and this purpose must be clearly recorded and agreed by council - it can't be a wish list.

Be aware of precept capping: as you will now be aware local councils continue to operate in the shadow of potential future precept capping. Local Councils are again being asked by Government to evidence restraint when setting precept increases that are not a direct result of taking on additional responsibilities, and to make precept decisions more transparent to local tax-payers.

Budget for your plans, commitments, and duties: if you are starting a project (e.g. a Neighbourhood Plan) have you factored in the additional costs associated with the extra officer resource (usually increased hours) that such projects invariably require? Do you have any one-off purchases planned? We know of councils where councillors have insisted that a non-essential item (e.g. a roll of honour board) which has not been budgeted for be purchased mid-year at considerable cost. There is usually no reason why such purchases can not be foreseen and included in the budget if proper thought is given by councillors about their priorities for the year ahead, and it is poor practice to regularly be purchasing non-essential items other than consumables which have not been budgeted for; leave them for next year's budget and make a note to include them during your next round of budget discussions. Finally, government seemingly introduces new statutory duties on local councils each year (e.g. the new General Data Protection Regulation comes into effect during the 2018-19 financial year; have you factored in any costs which your council may incur in becoming compliant? These will vary from council to council, but LRALC suggests that councils who will be looking to use our planned (tbc) Data Protection Officer service should allow a figure of £50 for this for example (it is hoped any DPO service and fee will be agreed by the end of the year). Finally, the Transparency Fund ends on the 31st March 2018. If you are covered by the Transparency Code have you included the costs which were covered by the Transparency Fund for the last 3 years?

How LRALC can help: as you may know, my new role at LRALC is to help develop an exciting training programme for the coming year ...so please don't forget to budget for your Council's training needs: investing in well-trained Councillors and Clerks with the skills and motivation to make a difference are an invaluable asset to your community. Also, we have recently sent all councils a hard copy of "The Good Councillor's Guide to Finance and Transparency", this publication is a very useful reference document at budget/precept time. Should your council require any further advice, information or support on how to achieve any of the above, please don't hesitate to contact us at LRALC.

Frances Webster