

PARISH COUNCIL BUDGET 2018/19 AND 2019/20

1. **Purposes**

- 1.1 To report the likely outturn for the 2018/19 financial year.
- 1.2 To consider the budget strategy and highlight a number of specific budget issues for 2019/20.
- 1.3 To request the Council to set the budget and precept for 2019/20.

2. **Background**

- 2.1 In January 2018, the Council set a budget (net of income) for 2018/19 of £56,600. This included provision of £15,000 for street lighting repairs. It was also resolved to take £5,400 from unallocated reserves, leaving a precept requirement of £51,200 or £61.29 for a Band D property.
- 2.2 The total of reserves at 1 April 2018 was £75,126. This was nearly £35,000 higher than projected mainly as a result of delays in the street lighting replacement programme, which meant that there were no contract payments in the 2017/18 financial year. As indicated above, the approved 2018/19 budget and precept originally allowed for reserves to reduce by £5,400 at 31 March 2019.
- 2.3 Shropshire Council has advised that this Council's Council Tax base has increased by 1.9% between 2018/19 and 2019/20. This means that the Band D Council tax charge in 2019/20 will vary as follows:

<u>Change in Precept</u>		<u>Change in Band D Council Tax</u>	
£	%	£	%
-1,024	-2	-2.35	-3.8
-512	-1	-1.74	-2.8
0	0	-1.14	-1.9
+971	+1.9	0	0
+1,536	+3	+0.66	+1.1
+2,560	+5	+1.86	+3.0
+5,120	+10	+4.87	+8.0

It should be noted that a £1,000 change in the precept requirement will be equivalent to £1.17 or 1.9% in terms of the Parish precept and represents 2p per week for the average Council Tax payer.

ALVELEY AND ROMSLEY PARISH COUNCIL
REPORT BY CLERK OF COUNCIL

3. **2018/19 Financial Year**

3.1 The revised estimate of total payments including VAT to be reclaimed is £96,593 with projected income (other than precept) being £11,551, giving a net payments figure of £85,042. This is £28,442 more than the approved budget figure.

3.2 The main variances are:

Street Lighting replacement – contract payments	+£35,600
Churchyard maintenance)	
Play area maintenance and equipment)	-£4,000
Environmental work)	
Receipts not budgeted for	-£1,900
Earmarked reserves	-£1,250
Grant receipts	-£4,680
VAT to be reclaimed (net)	+£4,700

3.3 Reserves at 31 March 2018 are projected to fall to £41,284 of which £32,599 will be unallocated. It is sensible to maintain unallocated reserves at no less than 50% of the budget, so it is not considered advisable to plan a further significant reduction in 2019/20.

4. **2019/20 Financial Year**

4.1 The strategic focus over the previous three financial years has been the street lighting replacement programme. This remains a key priority and £15,000 has been included in the draft budget to enable this programme to be completed, by which time £85,000 will have been spent in total. Looking beyond 2019/20, it will be prudent to establish a street lighting replacement reserve and to earmark at least £5,000 per annum to this reserve.

4.2 The other areas where new contractual arrangements and financial commitments will be required in the near future are:

- Closed Churchyard;
- Alveley Play Area;
- Alveley Recreation Ground and other environmental maintenance contracts.

ALVELEY AND ROMSLEY PARISH COUNCIL
REPORT BY CLERK OF COUNCIL

The budget plan includes spending provision which has not yet been committed as follows:

	<u>2018/19</u>	<u>2019/20</u>
	£	£
Closed Churchyard	1,300	4,265
Alveley Play Area	1,100	5,635
Alveley Recreation Ground and other environmental maintenance contracts.	290	3,090

In addition, it is planned to utilise £4,780 of Neighbourhood Fund grant over the two years to support spending in these areas. This is an overall budget provision of over £20,000. Detailed plans and contracts will need to be finalised as soon as possible.

- 4.3 It is proposed to create two new earmarked reserves, with the proposed contributions being as follows:

	<u>2018/19</u>	<u>2019/20</u>
	£	£
Office equipment reserve	0	250
Localism reserve	1,000	1,000

The former is to anticipate the need for the Clerk to replace laptop and printer. The latter is to accommodate the further devolution of services by Shropshire Council.

- 4.4 Two major spending commitments from the current financial year have not been repeated, namely:

Grant for Severn Valley Country Park	£4,000
Cost of 2017 Parish Council Elections	£2,325

In addition, there is no provision within the forward year budget plan for Christmas lights or decorations.

- 4.5 A detailed budget statement is attached with estimated figures for 2019/20 in the right-hand column. Once procurement arrangements for environmental maintenance have been sorted out, the structure of the budget plan will be revised to make it easier to understand and control.
- 4.6 The financial summary below assumes that the Council Tax precept remains the same at £61.29. Precept income would rise to £52,170. The attached budget plan could be accommodated with a small increase of £940 in reserves. There would again be a contingency of £1,000.

ALVELEY AND ROMSLEY PARISH COUNCIL
REPORT BY CLERK OF COUNCIL

FINANCIAL SUMMARY 2019/20

	2018/19		2019/20
	01/04/2018	31/03/2019 Estimate	31/03/2020 Estimate

Earmarked reserves -			
Clock maintenance	750	1,000	1,000
Street Lighting Inspection	2,700	2,700	2,700
Footpaths	500	500	500
Community Led Plan	1,000	985	985
Neighbourhood Fund	4,106	2,500	0
Localism Fund	0	1,000	2,000
Office Equipment Replacement Fund	0	0	250

General Reserve	66,070	32,599	34,789
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Overall Balance	75,126	41,284	42,224
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Total payments		96,593	57,995
Total receipts		62,751	58,935
Change in Balance		-33,842	940

4.7 Every 1% change in the precept would change precept income by £512 and is equivalent to just over 1p per week for each household.

5. Matters for decision

- 5.1 In relation to the 2019/20 budget, these are –
- (i) Possible savings against the suggested budget plan;
 - (ii) Increases in spending compared with the suggested budget plan;
 - (iii) Whether the projected level of reserves is supported.

These decisions will determine a final net budget and precept requirement for 2019/20.