

East Langton Parish Council - Notes to Budget draft 3 for meeting 8/1/18

1. Two spreadsheets

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

Looking at Spreadsheet b first:

2. Spreadsheet b (the blue text refers to areas where predictions depend on decisions taken between now and the end of the financial year.

- Figures for April to December are exact, unshaded, already reconciled
- Yellow and blue (January) are those to be authorised at Jan (Yellow) meeting plus other predicted expenditure (blue) : -
 - i. the salary for December to be authorised meeting 8/1/18
 - ii. Room hire, that already authorised for December (but not yet paid, assuming charge for Church will be £10.00) plus that to be authorised for January meeting
 - iii. Registration with ICO, predicting Direct Debit was authorised at meeting 6/12/17. Expenditure authorised at November meeting.
 - iv. Training - £17.50 for GDPR training 31/1/18
 - v. IT Product and Support - £10 for Homefix Direct Debit
 - vi. VAT – £2.00 on Homefix payment
- Shaded blue are estimates
 - i. **Bus Shelter – nothing included. Repairs to bus shelter? Also maintenance of other street furniture. Could spend some of this in current year or all in next year.**
 - ii. General Expenses – have added estimate **£30 for stationary / ink**
 - iii. Salary for January, February and March plus that from transparency fund claim. The one for March is Feb and March salary plus the balance from the Transparency Fund. In reality the balance from the Transparency Fund grant is likely to be split between Jan, Feb and March Salaries
 - iv. IT Project and Support for Feb and March are the Homefix payments by Direct Debit
 - v. VAT – new category. **March entry assumes Lightsource spend (see below). This is balanced by the estimated income for VAT in 2018/19**
 - vi. **Project – this is assuming the Lightsource money is spent this year on the defibrillators? New category**

Then looking at Spreadsheet a

3. Spreadsheet a

- The grey column is the budget set for 17/18 taken from the details on the precept submission form
- The orange column is the receipts end expenditure up to 29/12/17 taken from spreadsheet (b) white columns April to December which was taken from the relevant sheet on the Accounts spreadsheet

- The green column is the estimate to 31/3/18 taken from spreadsheet (b), including estimates for January to March, figures shaded blue.
- The pink column is suggestions for next year's budget for the precept, see below for breakdown of explanations
- The blue section is a breakdown of the balances held showing an expected balance to be carried forward at 31/3/17. **This will change depending on what the final expenditure figures are in the green column at 31/3/17**
- The purple section is the predicted balances held, i.e. Reserves
 - i. Reserves (or contingency) held should be between three and 12 months expenditure and so I have put in a formula for it to calculate three months' worth of the "Gross Payment" figure in the pink column. This will change depending on the decisions taken on what to put into the precept.
 - ii. Earmarked reserves – This is what was put in for the election in 2016/17 plus 2015/16. Total £225. **HDC has advised that the cost if there is an election could be up to £3,500 so there is a shortfall.**
- Pink column – suggestions for budget / precept for 2018/19. (**Note that these are suggestions for discussion and final decision by the council**) There is some background to the decisions as I have outlined below and some will be varied depending on what decisions the council makes on certain projects. Major decisions / discussion points are highlighted below in blue. This also takes into account decisions at meeting 6/12/17, which included to increase the precept by 5% taking it from £4,755.00 to £4,933.00:
 - i. **Salary** – the salary scales for 2018/19 have not been issued yet so cannot tell what SCP 20 will be, assume still in negotiations. I have arrived at the figure of £2,120 by taking 12 month salary for current year and adding 1% (current pay cap).
 - ii. **Bus Shelter** –suggestion to expand this category to include maintenance (or purchase?) of all street furniture and war memorial? I have put in £400
 - iii. **Election – I have increased this to £969.50 taking into account the concern above about a shortfall.** This includes the extra from increasing the precept by 5% as agreed at meeting 6/12/17. This figure has been adjusted to bring the total to £4,933.00
 - iv. **General expenses** – have kept this the same. To include reimbursement of expenses for paper, printing, stationary etc
 - v. **Subscriptions** – have estimated this as £180 for LRALC renewal and increased by a further £50 to £230 to take into account SLCC subscription (looking at current year's figures from SLCC, it depends on income from both councils and splitting equally between TL and EL)
 - vi. **Village Hall** £12.50 a month would be £150 so I have entered £200 to take into account extra meetings, bigger room. Suggest amending the heading for this category to "Room Hire"
 - vii. **Website Maintenance** – current year from 2Commune was £275 so I have increased this to £300. Note VAT will be in that category below

- viii. **Insurance** – current year actual was £257.60. I have increased to £280 as we are not sure total cost of assets is covered and also if we purchase defibrillators?
- ix. **IT product and support** – increased from £150 in previous draft to £200, taking the £50 from the Dog Fouling Deterrent Category now removed as agreed at the meeting 6/12/17. This should be enough for the £10 a month “Business Fix”, Antivirus if we decide to get it and possibly the purchase of an external hard drive for back up purposes. (I have increased the VAT below to take into account the increase in this category).
 - x. **Dog fouling deterrent** – removed as agreed at meeting 6/12/17
 - xi. **Training** – I have put in £100.
 - xii. **Audit** – Information now received from LRALC that the expected fee for an electorate of 352 (as shown on Electoral Roll) is £170.00 What if we do not pass and have to have an external audit. **Should we increase this?**
 - xiii. **Reserves** – have left this blank as we now have reserves taken into account shown under “Reserves / Contingency (purple section) currently shown as £2084.38. This changes according to what the precept is, see explanation above
 - xiv. **VAT** - £623 is based on figures for Lightsource project expenditure in 2018/19, IT products, Website, Internal Audit. **Will vary depending on what final figures are**
 - xv. **Lightsource** – assumes that received in 2018/19 year is spent during that year
 - xvi. **GDPR** - £100 is based on advice from LRALC

4. Precept

This gives a precept of £4992.27, round up to £4993.00 which is the total we get when increasing last year’s precept by 5%

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 1.1%, which is below 2% so we won’t need to refer to HDC first before submitting it.

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>

5. 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