

GREAT NESS AND LITTLE NESS PARISH COUNCIL

2018-19 BUDGET REPORT & RISK ASSESSMENT

1.0 PURPOSE OF REPORT

- 1.1 This report sits alongside the attached spreadsheet reviewing this year's budget and outlining a draft budget for 2018/19. The budget is based on the information available at present and it is for council to review the draft budget and determine the precept. The budget shows what precept is needed to achieve a balanced budget. As RFO, it is my recommendation to set a balanced budget as this approach manages the risks identified in this report. However, the council must decide what precept it feels is appropriate.

2.0 BUDGET REVIEW - 2017-18 (CURRENT YEAR)

- 2.1 In the current financial year, the parish council identified an expenditure budget requirement of £18,430. The council set a precept of £17,230 for the current financial year and it was anticipated that £1,600 of environmental maintenance grant will be received. Income actually received totals £30,805. It is comprised of Shropshire Council grants for environmental maintenance grant of £2,263, an LJC grant towards the youth club of £1,701 and contributions of £650 from other parishes towards the youth club. Central Government also provided a Transparency Grant of £411. An additional £8,699 of CIL neighbourhood fund was received and this has been ring fenced to be spent on eligible projects.
- 2.2 Expenditure for the year is anticipated to total £23,042, this being over budget by £4,612. A key area of overspend is the maintenance of the recreation grounds because extensive repairs and tree work need to be carried out.
- 2.3 The precept of £17,430 equated to £39.68 per Band D household this year. The council's reserves are split into general contingency reserves and the audit guidance is that these should be in the range of 25 to 100% of budgeted spend for a year. It is projected that by the end of this financial year the general reserve will be in the region of 75% of spend in the year. The council also holds ring-fenced reserves for specific purposes - this is typically to manage assets or risks or to plan for future spend on specified items.

3.0 BUDGET FOR 2018-19

- 3.1 A key challenge for 2018/19 is that grant funding currently received by the council is being lost - the transparency grant funding is being discontinued and Shropshire Council have not confirmed any budget for environmental maintenance grant or LJC youth grant. Ruyton XI Towns Parish Council have confirmed that they have set aside £500 in their budget to make a further donation towards the youth club. The discontinuation of the environmental maintenance grant means that the parish council will no longer have to cut the Great Ness cemetery because the parish has been cutting this on Shropshire Council's behalf, on the understanding that they would give a grant to fund this. Responsibility for cutting cemetery will now revert to Shropshire Council.

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- 3.2 By 25th May 2018, the council will also have to comply with new legislation regarding data protection, the GDPR. The cost of compliance is estimated to be £280 per annum as an independent data protection officer has to be appointed.
- 3.3 The budget appended to this report summarises all of the anticipated costs for 2018/19 in detail and in summary the total projected expenditure requirement is £18,525 and it is also recommended that £2,479 is budgeted for a Parish Plan review. Together with the funds in the Parish Plan reserve, this gives a budget of £3,000 in the event that the parish decides to review the Parish Plan. Therefore, the total budget requirement for 2018/19 is £21,004.
- 3.4 I have annotated the budget to explain the calculations and would draw attention to the following:
- Office costs – the council pays an annual subscription for Office 365 and payroll software and it is recommended that the council considers jointly purchasing an accounting package with other parishes.
 - The election fee will be payable this year and is £200.
 - The cost of GDPR compliance is £280.
 - A budget has been added for monthly inspections of the play area - this is £625 per annum.
 - I have assumed that no maintenance will be required at the play areas given the extensive amount of maintenance which has recently been undertaken.
 - In regard to street lighting, although the lights have been turned off it is recommended that they still have an annual check to ensure they are structurally safe. If a decision was made to turn the lights back on, the cost of the electricity would need to be funded through reserves for the first year as no budget has been identified for electricity for this year.
 - In regard to the Portacabin, I have increase the budget to allow for the electrics in the cabin to be safety tested annually.
 - Bin waste collections - in the current year's budget a total of £740 was identified for waste collection. The bin at Wilcott has been installed but no car park bin has been installed. However, the bin at Wilcott is a general waste bin and generally Shropshire Council do not charge the collection of such bins; I believe the original quote of £340 was based on a dog bin not a general bin. No charges have been made in the current year for collection of waste. I have therefore assumed that there will be no ongoing cost to the parish council for waste collection.
 - In regard to a potential financial contribution towards Nesscliffe Hills Country Park, Shropshire Council are requesting £3,000. This would need to be added to the precept and would equate to £6.81 per Band D household for this year. I believe that Ruyton XI Towns Parish Council are considering making a contribution. The council needs to decide if it wishes to contribute.
 - Contingency - I have increased this to £1,500 to allow for potential unforeseen costs. For example, if a charge is applied for collection of waste unexpectedly. I have also requested that the council give consideration to contributing towards a pension for the clerk and the contingency could be used towards this if a decision is made to contribute towards a pension.

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- The youth club's funds are shown as a reserve. I have assumed that the youth club's costs are approximately equal to its expenditure and therefore the funds held in the youth club account will remain approximately the same from year to year.
- A reserve is held for the playing field. It is not specific as to what this reserve is for. At present, there is £6,061 in this reserve. I would suggest that the tree works required at the play areas, which total an estimated £2,450, including survey cost, are funded from this reserve.

3.5 If the council sets a balanced budget and assuming it makes no contribution towards the Country Park, the precept requirement would be £20,504. This equates to £46.52 per Band D household, an increase of £6.84 per Band D household or 17%. If £3,000 is given towards the Country Park, the precept would be £23,504 which equates to £53.33 per Band D household. The council can set whatever precept it feels is appropriate.

4.0 RISK ASSESSMENT

4.1 It is good practice for Councils to risk assess their budget. Below I have set out a table of risks for discussion.

Risk	Description/level of risk
Precept	<p>Keeping the precept at its current level would be high risk as there would be a significant shortfall between expenditure requirement and the precept and this would lead to reserves being depleted.</p> <p>From a financial management point of view, it would be preferable to have a balanced budget which does not draw on reserves but it is not for the RFO to set the precept and the council needs to look at all options for setting the precept.</p>
Environmental maintenance grant	<p>Not identified in Shropshire Council's financial plan considered at January cabinet meeting I have therefore assumed it will not continue in 2018/19. It would be high risk to not identify funding for the activities currently part-funded by this grant. The only sources of funding I can identify are the precept or reserves, of which reserves would be a higher risk strategy.</p>
Youth funding	<p>Recent consultation showed no funding for rural areas so I have assumed the grant would be lost. It would be high risk to not identify funding for the activities currently part-funded by this grant. The only sources of funding I can identify are £500 donation from Ruyton XI Towns, the precept or reserves.</p>
Reserves	<p>Medium risk - the general reserves are over 75% of anticipated expenditure which is within audit guidelines.</p>