

Hurstbourne Tarrant Parish Council

Report

Hurstbourne Tarrant Parish Council Monday 19th November 2018 – Agenda Item No 13

Budget Setting for 2019/20 – Part 1

Decisions required:

To discuss a budget, set a precept and prioritise project plans for 2019/20 set within the context a three-year rolling financial plan.

The Council is invited to consider a proposal to keep the 2019/20 precept at **£15,300** representing a £0 (0%) rise following the recent rise of £450 (3% rise) in the current financial year.

Introduction:

Hurstbourne Tarrant PC is expecting to run a balanced budget over the medium-term financial period covering the next 2/3 years.

Expenditure pressures:

Setting a budget to cover current clerking costs which are currently the main financial pressure on the Parish Council

Income pressures:

S106 monies no longer exist. Only those remaining can be utilized, within the parameters of how they have been allocated.

High Priority Projects:

The parish council has identified one high priority project for completion by 31st March 2019:

- Replacement of Church St railings - planned funding from CIL monies for riverbed regrading works. Update expected Dec 2018/Jan 2019.

Medium Term Financial Funding options:

The parish council will be expected to take on more responsibilities for basic service delivery over the medium-term financial period covering the next 2/3 years as a result of the devolution of services from HCC and TVBC. These devolved services may be **fully funded, part funded or unfunded** and as such the parish council will be under pressure to find additional resources to meet any shortfall.

There are five possible ways that additional resources or funding may be raised:

- Through additional increases in the annual precept.
- Use of remaining developer contributions initially from the old S106 scheme and latterly from CIL monies for larger projects. CIL monies generate lower levels of funding for the parish, particularly as the opportunities for new developments within the parish are restricted by a general lack of land available for new developments, and CIL monies are for specific projects within guidelines set by TVBC.
- To generate additional funds mainly in support of capital projects through successful grant applications.
- To build additional resources by expanding the number of 'volunteer' hours delivered each year by parishioners.

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- To develop partnership working with neighbouring parish councils, and/or TVBC and HCC, where cost efficiencies can be achieved.

Note: As the plans for the devolution of more services locally onto parish councils becomes clearer, new initiatives will play an important part in our parish service delivery. For small rural parishes there will be a need to examine and exploit the benefits of working closer with our neighbouring parishes.

Background:

Financial Planning Data

	2021/22 £s	2020/21 £s	2019/20 £s	2018/19 £s	2017/18 £s	2016/17 £s
Precept (3% inflation):	16,717	16,230	15,760	15,300	14,850	14,850
Total Income	19,087	18,650	19,180	Est 22,165	35,552	19,222

	2021/22	2020/21 £s	2019/20 £s	2018/19 £s	2017/18 £s	2016/17 £s
Expenditure:				Est		
Services (3% inflation)	4,715	4,575	4,440	4,310		
Salaries	8,447	8,201	7,963	7,732		
Projects	TBA	TBA	TBA	6,110		
Total expenditure				19,152	24,627	35,753
General Reserves (Cash at year end)					16,225	5,300
Earmarked Reserves				9,850	4,070	6,570

There is a need to maintain a rolling 3-year financial plan.

Why plan and prioritise projects?

The parish council will need to plan and prioritise project demands and manage parishioner expectations carefully with regard to what can be funded and delivered at the parish level. Project funding can only be met from increased precept, grant or matched funding that has to be approved advance or by the drawing down of S106 monies (or CIL monies) which require TVBC authorisation.

Reserves can be used to fund urgent projects, in particular when unexpected costs occur within the current financial year. However, reserves must be replenished and maintained in the range of £10k - £15k over the longer term to limit financial risk and maintain appropriate financial control within audit guidelines.

Purpose of the review:

Initial discussions of the proposed budget, precept and project plans for 2019/20 set within the context a three-year rolling financial plan.

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Resources and cost implications:

Identifying, prioritising and costing projects over a three-year horizon.

Attachments:

1. Proposed Base Budget for Financial Year 2019/20 using a precept of £15,300
2. Project and asset registers last reviewed in October 2018
3. Income and expenditure breakdowns for 2017/18 and 2018/19 (half year figures)

Some questions for Councillors to consider during budget discussions:

- Setting the level of fees and charges in 2019/20
- Project list – is it complete? Are the Council's priorities realistic? Do project plans with earmarked reserves have a firm planned delivery date?
- Income generation – are there any additional sources of income including understanding the availability and access to grants?
- Savings – are there any opportunities to reduce costs?
- Are the budget planning assumptions reasonable?
- Is the level of general reserves fit for purpose and does it meet audit recommendations?
- There is a longer term need to develop partnership working with neighbouring parish councils, TVBC and HCC – how does the parish council propose to meet this challenge?