Horndean Parish Council

NOTICE OF MEETING

A MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE WILL BE HELD ON MONDAY 09 DECEMBER 2019 AT JUBILEE HALL AT 7.30 P.M.

Members of the Committee Cllr D Alexander (Chairman), Cllr Mrs L Evans, Cllr A Forbes, Cllr J Lay are summoned to attend.

Carla Baverstock-Jones GCILEx, PSLCC, MCMI
Chief Officer

03 December 2019

AGENDA

1. To receive apologies for absence.
2. Declaration of interest: Members are reminded of their responsibility to declare any disclosable pecuniary interest which they may have in any item of business on the agenda no later than when that item is reached. Unless dispensation has been granted, you may not participate in any discussion of, or vote on, or discharge any function related to any matter in which you have a pecuniary interest as defined by regulations made by the Secretary of State under the Localism Act 2011. You must withdraw from the room or chamber when the meeting discusses and votes on the matter.
3. To open the meeting to members of the public to enable them to address questions to Parish Councillors**.** *The period of time which is designated for public participation shall not exceed 20 minutes. Each member of the public is entitled to speak once only in respect of business itemised on the agenda and shall not speak for more than 3 minutes. A question asked by a member of public during public participation session at a meeting shall not require a response or debate.*
4. To approve the Minutes of the Finance and General Purposes Committee meeting held on the 04 November 2019.
5. To receive and consider the final draft Budget for the year 2020/2021.

Horndean Parish Council

HORNDEAN PARISH COUNCIL DRAFT BUDGET 2020-21 (Version 4)

East Hampshire District Council Precept Notification

Horndean Parish Council received the precept notification from East Hampshire District Council on Monday 25th November.
It showed a small drop (5,092.66 in 2020-21, down from 5,107.55 in 2019-20) in the Band D equivalent.
In order to preserve the Band D precept, it has been necessary to draw £1.1k from General Reserves.

We have been informed of the following as an explanation for this drop:
The actual number of properties in Horndean has increased by 12 from 5,674 (Nov 18) to 5,686 (Nov 19). The Band 'D' equivalent is calculated taking other factors than growth into account.

This year the number of properties in Horndean that are exempt or have a discount or disregard has also increased, when you take this into account with the reduction for Council Tax support, the appeals and the bad debt provision it has led to an overall reduction in the Band 'D' equivalent for Horndean.

Included in the notification was the following request:

East Hampshire District Council is in the process of setting its budget for 2020/21 and will be presenting its budget report to the Council on 27th February 2020.

The budget requirement of the District Council includes the precepts levied by local Town and Parish Councils. I would therefore be grateful to receive notification of your precept for 2020/21 by **Tuesday 31st December 2019**.
If you have not already done so, please let me know as soon as possible if you cannot supply your precept by the above date.
Failure to notify the District of a precept in time for setting the Council Tax will mean that the Council will not be able to make any precept payments to the parish during 2020/21.

Recap of the Budget Process

The draft budget was circulated to all Councillors in advance and presented to a Budget Workshop held on 30th September 2019.
The budget was balanced without the need for a precept rise.

The table below details changes agreed and made at subsequent meetings of the Finance & General Purposes Committee (21st October, 4th November 2019)

Also included in the table is the financial impact of the triennial pension review and the change to the tax base both of which have now been confirmed.

CHANGES TO DRAFT BUDGET PRESENTED AT WORKSHOP ON 30 SEPTEMBER 2019					
Note	Budget Version	Description	£££	Change by Version	Notes
1	2	Reinstate Merchistoun Hall Playground Earmarked Reserve	15,000	15,000	
2	3	Tree Maintenance - Replenish Earmarked Reserve	£4,000		
3	3	Village Centre	-£2,100		
4	3	Football Pitch Maintenance	-£1,900		
5	3	Boardwalks - Earmarked Reserve	£0		CIL monies to be used
6	3	Play Equipment - Earmarked Reserve	£0		CIL monies to be used
7	3	Speed Indication Device	£5,000		
8	3	Napier Hall - replenish Earmarked Reserve	£1,000		
9	3	Election EMR - reduction	-£3,522		
10	3	Legal & Professional Fees EMR - reduction	-£5,000		
11	3	Interest Rate on Loan - increase from 2% to 3%	£2,710	£188	
12	4	Fixed Pension Charge	-£9,000		Removed
13	4	Employer's Pension %	£4,137		% increased to 18.9%
14	4	Employer's NI Threshold increased	-£702		threshold increased
15	4	Tax Base	£1,116	-£4,449	small decrease
		Total	**£10,739**	**£10,739**	

Jubilee Hall Project – VAT status

Extensive work has been done over the past few weeks to establish the VAT status of the new building under construction at Jubilee Hall and the potential financial impact of any VAT that may be payable and not reclaimable.

This culminated in a visit from Steve Parkinson, a VAT expert specialising in Local Government on Monday 25th November.

In summary the Council can re-claim 100% of non-business VAT and up to a further £7,500 in business VAT per annum. If the £7.5k threshold is breached then none can be claimed in that financial year.

Annually, Horndean Parish Council reclaim c£1.5k to £2.0k per annum of business VAT.
VAT on the Jubilee Project will total c£180k-£190k over the duration of the construction.
An analysis of the floor plan indicates that only approximately 6% of the new build can be classified as business (attributable to the changing rooms).

Using a cash flow forecast provided by Spelthams to predict when invoices will be due for payment it seems likely that the £7.5k limit will be breached in 2019-20 and if not, then 2020-21. However, there is an additional clause that can be used when a Council has an extraordinary VAT claim in one year to circumnavigate this issue.

A calculation can be presented to HMRC showing the business VAT reclaimed in the last four full financial years (2015-16 to 2018-19) plus a forecast for the current year and the following two (2019-20 to 2021-22).
If the average for the seven year period is less than £7,500 then the Council is entitled to reclaim all the business VAT paid.

My calculations indicate that the average claim will fall well below £7.5k over the seven year period and therefore all VAT should be reclaimable. (see attached)

I have forwarded my calculations to Steve Parkinson and we will be in receipt of a full report to confirm my findings before Christmas.

At this stage just one assumptions is awaiting confirmation/clarification:

1. Quotes for the removal of the Ash trees that have Ash dieback. Following the receipt of another quote, in this version of the budget I am assuming that £25k will be needed from the General Reserves (down from £30k in previous version) in 2019-20 and that the £4k in the I&E budget and a further £4k in Earmarked Reserves is sufficient.

Summary

The attached spreadsheets show the following:

1. Summary, showing the total figures by cost centre split between income & expenditure.

2. Reserves, showing the current General and Earmarked reserves and proposed adjustments for 2020-21.

Reserves

Following the adjustments agreed and with the following assumptions the level of General Reserves will sit at approximately 4.4 months at the start of the 2020-21 financial. This is still within the guideline range, albeit at the lower end.

1. £25k reduction in General reserves for the Ash Dieback treatment.
2. An estimated £30k underspend on the 2019-20 accounts forecast as at the end of September 2019
3. £13k reduction in General Reserves to fund the budget without the need for a precept rise.

Council may wish to consider the reduction in the forecast levels of reserves held prior to setting the precept.

Precept

The table below shows the Band D precept since 2013-14.
A reminder that last year was the first time the precept had risen in seven years and the current precept is still significantly below the 2013-14 level.

Year	£££	Change
2013-14 Band D Precept	£80.05	n/a
2014-15 Band D Precept	£80.05	0.0%
2015-16 Band D Precept	£72.04	-10.0%
2016-17 Band D Precept	£72.04	0.0%
2017-18 Band D Precept	£72.04	0.0%
2018-19 Band D Precept	£72.04	0.0%
2019-20 Band D Precept	£74.92	4.0%

A 1% increase in the precept, given the tax base, would result in an additional c£4k in funds being generated.

Options which Council may wish to consider

1. Accept the forecast reduction in the General Reserves level and freeze the band D precept at the current level.

2. Increase the precept, with the option to reduce back down in 2021-22, to cover the estimated Ash dieback costs, by between 3% to 7%. This would replenish reserve levels by between c£12k and c£28k.

Report Prepared by Simon Ritson, Responsible Finance Officer
2nd December 2019

Horndean Parish Council

FINAL BUDGET (DRAFT) 2020-21

Cost Centre Code	Cost Centre Name	FULL YR ACTUAL 2018-19	FULL YR BUDGET 2019-20	YTD ACT APR-AUG 2019-20	FULL YR BUDGET 2020-21	Change	Notes
201	Central Costs	173,485	190,700	66,281	194,623	3,923	
222	Grants	5,284	7,000	1,450	7,000	0	
	TOTAL EXPENDITURE	178,768	197,700	67,731	201,623	3,923	
201	Central Costs	-13,227	-5,304	-11,056	-5,504	-200	
	TOTAL INCOME	-13,227	-5,304	-11,056	-5,504	-200	
Finance & General Purpose	**NET EXPENDITURE**	**165,542**	**192,396**	**56,675**	**196,119**	**3,723**	
301	Napier Hall	21,917	30,552	20,490	20,757	-9,795	£10k non recurring for refurb in 19-20
305	Jubilee Hall	46,638	23,835	29,850	22,190	-1,645	
306	Jubilee Admin	0	0	0	36,300	36,300	Transfer from 310/315 + loan
308	LEOH Community Building	2,750	0	0	0	0	
310	Tyfield House	24,873	25,724	14,527	0	-25,724	closed
315	Lucky Lite	9,237	10,214	5,386	0	-10,214	closed
	TOTAL EXPENDITURE	105,415	90,325	70,253	79,247	-11,078	
301	Napier Hall	-28,078	-24,300	-12,028	-29,200	-4,900	increased income target
305	Jubilee Hall	-26,865	-27,200	-11,078	-27,900	-700	
	TOTAL INCOME	-54,943	-51,500	-23,106	-57,100	-5,600	
Property Management	**NET EXPENDITURE**	**50,472**	**38,825**	**47,147**	**22,147**	**-16,678**	
407	Countryside Sites	4,400	1,090	55	1,000	-90	
408	Amenity Sites	28,038	15,044	5,936	8,608	-6,436	
470	Other Open Spaces Costs	168,452	176,429	61,829	175,783	-646	
	TOTAL EXPENDITURE	200,890	192,563	67,820	185,391	-7,172	
407	Countryside Sites	-19,070	-11,729	-2,149	-11,729	0	
408	Amenity Sites	-12,519	-2,011	-2,542	-2,100	-89	
	TOTAL INCOME	-31,589	-13,740	-4,690	-13,829	-89	
Open Spaces	**NET EXPENDITURE**	**169,301**	**178,823**	**63,130**	**171,562**	**-7,261**	
	GRAND TOTAL EXPENDITURE	**485,074**	**480,587**	**205,804**	**466,260**	**-14,327**	
	GRAND TOTAL INCOME	**-99,758**	**-70,544**	**-38,852**	**-76,433**	**-5,889**	
	GRAND NET EXPENDITURE	**385,316**	**410,044**	**166,952**	**389,827**	**-20,216**	
	EARMARKED RESERVES		**26,000**		**5,071**	**-20,929**	
	GENERAL RESERVES		**-53,386**		**-13,357**	**40,029**	
	GRAND TOTAL		**382,658**		**381,541**	**-1,116**	
	EHDC Allowance (tax Support Grant)		**0**		**0**		
	Precept		**382,658**		**381,541**		
	Tax Base		**5,107.55**		**5,092.66**		
	2019-20 / 2020-21 Band d precept		**£74.92**		**£74.92**	**0.0%**	

SUMMARY

Horndean Parish Council

Code	RESERVES	Q1 ACT Jun-19	Q2 ACT Sep-19	Q3 FCAST Dec-19	Q4 FCAST Mar-20	Transfers	F&GP Adj	Ash Die Back	EMR Adj's	Forecast Apr-20	Notes	19-20 BGT
310	**GENERAL FUNDS**	**140,223**	**144,166**	**144,166**	**144,166**	**429**	**3,522**	**-25,000**		**123,117**	may be used to finance Jubilee Hall project in 19-20 but will be replenished in April 20 from loan	
	CURRENT YEAR FUNDS	**91,063**	**-13,332**	**90,000**	**30,000**					**30,000**	forecast made as at the end of September 2019	
	Funds needed to balance budget									**-13,357**		
		231,286	**130,834**	**234,166**	**174,166**	**429**	**3,522**	**-25,000**	**0**	**139,760**		
	% of Precept									**36.6%**		
	No. of Months Running Costs									**4.4**		
325	IT Equipment	6,000	6,000	6,000	6,000					6,000	£6,000 reserve held for possible replacement of IT equipment	1,500
326	Vehicle Replacement	20,000	20,000	20,000	20,000				5,000	25,000	to be increased each year by £5,000 to reach £25,000 by 2020/21	5,000
329	Napier Hall Improvements	19,669	16,929	12,929	12,929	-12,929	1,000			1,000	reduced as refurbishment undertaken in 2019-20, to be built up in coming years	0
334	The Granary	6,000	6,000	6,000	6,000					6,000		0
338	Lith Avenue re-surfacing	3,838	3,838	3,838	3,838					3,838		0
340	Jubilee Hall Project	153,728	153,003	0	0	12,500				12,500	for fixtures & fittings (£2,500) plus possible duplicate costs (£2,500 x 4 months)	0
341	Playgrounds	15,000	15,000	15,000	15,000					15,000	Wet Pour at Merchistoun Playground (£15,000)	15,000
342	Grounds Equipment	4,517	4,517	4,517	4,517					4,517		0
343	Legal & Professional Costs	10,000	10,000	10,000	10,000		-5,000			5,000		0
344	Election	6,000	5,522	5,522	5,522		-3,522			2,000		0
346	Fencing	5,000	5,000	5,000	5,000					5,000		0
347	Tree Maintenance	4,000	4,000	4,000	0		4,000		0	4,000		4,000
348	LychGate Repairs	1,500	1,500	1,500	1,500				500	2,000	to be increased each year by £500 to reach £5,000 in preparation for repair works in 2027/28	500
350	Community Infrastructure Levy	14,423	14,423	21,000	21,000					21,000		0
351	Land East of Horndean	7,250	7,250	7,250	7,250					7,250		0
352	Wagtail Road Grass Cutting	4,000	4,000	3,750	3,750					3,750	£250 to be used for Wagtail Rd each year	0
	TOTAL OF EARMARKED FUNDS	**280,924**	**276,981**	**126,305**	**122,305**	**-429**	**-3,522**	**0**	**5,500**	**123,854**		**26,000**
	GRAND TOTAL	**512,210**	**407,815**	**360,471**	**296,471**	**0**	**0**	**-25,000**	**5,500**	**263,614**		

	DESCRIPTION OF FUNDS	
325	*IT Equipment*	*New IT Equipment installed into the Admin Office in 2015-16. Assumed Lifecycle 4 years. Fund to be built up for 2019/20*
326	*Vehicle Replacement*	*2 x New Vehicles purchased in 2015-16. Assumed Lifecycle 5 years. Fund to be built up for 2020/21*
329	*Napier Hall Improvements*	*Reserve for future maintenance on Napier Hall*
334	*The Granary*	*Reserve for future maintenance on the Granary*
338	*Lith Avenue re-surfacing*	*Reserve for future maintenance on the Lith Avenue Re-surfacing*
340	*Jubilee Hall Project*	*Reserve for costs associated with Jubilee Hall redevelopment*
341	*Playgrounds*	*Reserve for maintenance/upgrades to Play areas*
342	*Grounds Equipment*	*Reserve for purchase of large pieces of equipment*
343	*Legal & Professional Costs*	*Reserve for major legal and professional expenses*
344	*Election*	*Funds to be increased to build a reserve for the next parish Elections*
346	*Fencing*	*Reserve for major fencing works*
347	*Tree Maintenance*	*Reserve for major tree works*
348	*LychGate Repairs*	*Funds to be increased year on year to prepare for any major project*
350	*Community Infrastructure Levy*	*Funds Received stored here until projects to spend monies identified*
351	*Land East of Horndean*	*Reserve for costs associated with Land East of Horndean*
352	*Wagtail Road Grass Cutting*	*Reserve for Grass Cutting Contract addition for Wagtail Road (£2.5k) ; Beautification Project (£1.5k)*

PARTIAL EXEMPTION SUMMARY		STANDARD HALLS								JUBILEE HALL PROJECT					
		NAPIER HALL				JUBILEE HALL			HALLS	TOTAL	TOTAL	%	BUSINESS	GRAND	ROLLING
YEAR	ACTUAL OR FORECAST	%	Recurring	Non	Total	%	Recurring	Total	TOTAL	GROSS	VAT		VAT	TOTAL	AVERAGE
2015-2016	ACTUAL	100.00%	554.60	0.00	554.60	89.03%	987.59	879.23	1,433.83	0.00	0.00	5.86%	0.00	1,433.83	
2016-2017	ACTUAL	100.00%	812.65	0.00	812.65	89.03%	951.25	846.87	1,659.52	0.00	0.00	5.86%	0.00	1,659.52	
2017-2018	ACTUAL	100.00%	978.06	0.00	978.06	89.03%	806.25	717.78	1,695.84	1,773.87	354.77	5.86%	20.78	1,716.63	
2018-2019	ACTUAL	100.00%	691.70	406.00	1,097.70	89.03%	739.68	658.52	1,756.22	26,864.11	5,005.82	5.86%	293.25	2,049.47	
2019-2020	ACTUAL/FORECAST	100.00%	802.87	1,742.70	2,545.57	89.03%	961.40	855.91	3,401.48	550,722.39	110,144.48	5.86%	6,452.49	9,853.97	
2020-2021	FORECAST	100.00%	767.98	0.00	767.98	89.03%	889.23	791.66	1,559.64	314,127.10	62,825.42	5.86%	3,680.44	5,240.08	
2021-2022	FORECAST	100.00%	767.98	0.00	767.98	89.03%	889.23	791.66	1,559.64	20,975.75	4,195.15	5.86%	245.76	1,805.40	3,394.13
2022-2023	FORECAST	100.00%	767.98	0.00	767.98	89.03%	889.23	791.66	1,559.64	0.00	0.00	5.86%	0.00	1,559.64	3,412.10
	TOTALS		**6,143.81**	**2,148.70**	**8,292.51**		**7,113.86**	**6,333.29**	**14,625.80**	**914,463.23**	**182,525.64**		**10,692.73**	**25,318.53**	