ITEM 7

Horndean Parish Council

Budget for 2017-18

Background
The draft budget has been built from the bottom up by considering the full year income and expenditure 2015-16 and the year to date April to September 2016. (Updated from July since version 1)

Summary

The attached spreadsheet shows the detailed back up to the budget and consists of the following pages:

1. Summary, showing the total figures by cost centre split between income & expenditure.
2. Staff, showing a detailed analysis of the staff costs. (Confidential)
3. Individual pages for each cost centre with further analysis on individual lines (marked in grey) detailing fixed, variable and non-recurring costs.
4. Reserves, showing the current General and Earmarked reserves.

As you can see on the Summary page, with these assumptions, this second draft shows a deficit of £21.5k, which for the purposes of this draft, I have assumed will be funded from the General Reserve in 2017-18.

This deficit could be financed by one or more of the following options.

1. The tax base. It would require an increase of 298 to 5,356. The increase was 123 last year.
2. The precept. It would require a 5.9% uplift. This was ruled out as an option at the budget workshop on the 12th September.
3. Reserves. It could be funded by a downward adjustment to Earmarked or General Reserves although it is likely that there will be an underspend in 2016-17 in excess of £21.5k and if this is the case General Reserves would not fall.
4. A reduction in the expenditure budgets set in this first draft.
5. A combination of 2 or more of the above.

Changes from version 1

Following the budget workshop the following adjustments have been made:

1. Reduction in the Chairman's discretionary budget to £200.
2. Reduction in the Grants from £8,000 to £7,000.
3. Budget for a new fence at Napier Hall +£1,000.
4. New Earmarked Reserve for LychGate Repairs + £500
5. Increase in the Tyfield House Rent +£1,500
6. Review of Security & Phone budgets in the Halls.

At this stage there has been no allowance made for any Summer Party.

Staffing

All staff positions have now been filled so the budget is based on the actual salaries of the staff in post. Although one of the Countryside team is employed on an 18 month contract that runs to December 2017. It was agreed at the budget workshop that this post will be reviewed in autumn 2017 but the full cost of the post will be budgeted for in 2017-18.
However, the part of the budget that would not be needed if the contract is not renewed (£6,438) has been placed in an earmarked reserve that can be drawn upon if necessary.

Assumed that all admin and countryside staff will be in receipt of a 1% cost of living inflation rise. (The NJC have already agreed a 1% rise from April 1st 2017.)

I have budgeted for a pot of an average 3.5% performance related rise to accommodate the contractual annual pay review element of the non NJC staff. This is at the same level as in 2015-16.
This adds a total of £8.7k. Although it should be noted that this represents a rise of £6.7k on salaries, the balance being on costs.
As requested at the budget workshop the table below shows the amount that the budget would be reduced if the % was reduced.

	Staff	
PRP Inflation Allocation	Budget	Reduction
3.50%	283,833	0
3.00%	282,592	-1,241
2.50%	281,352	-2,481
2.00%	280,111	-3,722
1.50%	278,871	-4,962
1.00%	277,630	-6,203
0.50%	276,390	-7,443
0.00%	275,149	-8,684

Assume that all staff will be in the pension scheme from 1st April 2017.
Horndean Parish Council has a staging date of 1st January 2017.

Caretaker hours and openings based on averages of the last 12 months. Caretaker hourly rate maintained at £7.85 per hour.

Increase of the fixed pension charge from Hampshire CC from £6.5k to £7.0kpa. I have yet to receive confirmation of the figure for 2016-17 but the charge has increased by £500 in each of the last 3 years.

Income

1. In 2016-17 Horndean Parish Council received a Council tax Support Grant of £21,538. I have contacted East Hants DC to enquire as to whether this will be repeated in 2017-18 but have yet to receive confirmation at this stage.
2. The income from East Hants District Council for the Information Officer remains at £3.7k having been cut by £3.4k last year.
3. The income from Natural England for Higher Level Stewardship is as per the agreement at £7.9k.
4. The income from the Rural Payments Agency for the Basic Payments Scheme remains unchanged at £3.1k.
5. I have left the Football Pitch budgets unchanged pending a review.
6. I have prudently left the Hall Hire Income budgets for Napier and Jubilee unchanged although both Halls overachieved their targets in 2015-16. Increasing the targets to mirror the actual income would leave us vulnerable to underachieving should one of our regular users end their contract and we were unable to find a replacement. A review of hall hire costs was undertaken in March 2016.

Expenditure

I have built the budgets by first putting in fixed costs and then reviewing variable costs by comparing with the full year cost of 2015-16 and the current year to date to the end of September. I have also stripped out any non recurring items.

Reserves

Brought forward General Reserves from 2015-16 stood at £207,196.
This figure will rise or fall or depending on whether we under or overspend on current year funds in 2016-17. As at the half point of the year we are forecasting a full year underspend of c£42k.
Currently it is forecast that we will have approximately 7 months running costs in General Reserve at the start of 2017-18.
The Earmarked reserves have been increased by £7.5k in line with decisions made in the budget setting process of 2015-16 plus a further the £500 for LychGate repairs.
A further £9.0k that has been transferred from I & E budgets on the request of the Countryside manager. These were agreed at the budget workshop.
Additionally, as previously mentioned as part of the salary of the 18 month contract post within the Countryside Team has also been moved into Earmarked Reserves.

Tax Base
I have contacted East Hants DC to ask when the figure for 2017-18 will be available. Last year the information arrived on the 19th November.

Cost Centre by Cost Centre

201 – Finance and General Purposes.
A small increase in the income target due to the investment into a higher interest rate account.
A reduction in the Printing budget due to a new, cheaper, contract.
A Chairman's Discretionary budget of £200 has been included.
An increase in the fixed pension charge to £7,000. (tbc)

222 – Grants
A reduction of £1,000 to £7,000.

301 – Napier Hall
A reduction in both the Caretaker salary and License budgets as both were over-estimated in 2015-16.
An additional, non recurring, £1,000 for a new fence.

305 – Jubilee Hall
The increase in the staff cost is due to the assumption that all staff will be in the pension scheme in 2016-17

310 – Tyfield House
A reduction in the cleaning budget due to a change in provider.
A reduction in the Security budget as the 2015-16 included non recurring budget for the installation of CCTV.
The rent in the new contract for Tyfield House starting 01-01-17 has been agreed and included at the higher figure.

315 – Lucky Lite
The rent on Lucky Lite reaches the end of the three contract at the end of December 2016. An estimated increase of 2% has been included.

407 – Countryside Sites
As you may remember the Countryside cost centres were simplified in 2016-17 so I have restated 2015-16 income & expenditure in the new format to allow meaningful comparisons.
There is one centralised budget of £6,000 for all Countryside sites. Expenditure is charged to the specific sites to capture the detailed information.

408 – Amenity Sites
There is one centralised budget of £2,000 for all Amenity sites. Expenditure is charged to the specific sites to capture the detailed information.
A reduction of £1,000 for Non Recurring budget re the Lych Gate repair.

470 – Other Open Spaces
An increase in the Dog Waste bins budget to reflect the increase in the contract.
A reduction in both the Fencing & Tree maintenance I&E budgets but corresponding entries on earmarked reserves as the Countryside Manager prefers this approach to potentially one off large spends.
This was agreed at the budget workshop.

Suggestions to close the gap in the budget

1. When we are in receipt of the revised Tax Base figures from East Hants District Council part of this gap is likely to close.
2. Reduce the Tree Maintenance Budget by £2k.
3. Reduce the PRP inflation on the Salaries budget. See table in report for amount that could be trimmed although it should be noted that this is within the contracts of non NJC staff.
4. Reduce the Football Pitch maintenance Budget to £2k to be in line with the income received and recent historical expenditure. Saving = £1k.
5. Reduce the centralised budget on the Countryside Sites (Cost Centre 407) from £6k to £5k. Saving = £1k.
6. Reduce Playground Equipment Budget by £1k.
7. Agree to a budget that draws on reserves to balance it in 2017-18. This is unlikely to have a negative impact on the level of reserves as the forecast underspend for 2016-17 is currently £42k.

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