

Revised Budget 2017/18 Financial Update and invoices for approval

PURPOSE OF REPORT

To provide a Revised Budget 2017/18 and Medium Term Three Year Financial Strategy 2017–2020, amended to reflect:-

- i. the cash balance 31st March 2017 stands at £6,206 (as per the Final Accounts 2016-17),**
- ii. the decision taken at the December 2016 meeting regarding a resources strategy based on the Precept requests for the three years 2017-2020,**
- iii. the decisions taken at the 21st February meeting to include three allowances,**
- iv. noting the decisions at the 28th February meeting with regarding FP 7106a, Bertha's Lane,**
- v. two other material changes to the Budget 2017/18, and**
- vi. two further issues potentially affecting the Budget; annual donation to PCC and repair to Noticeboards?**

Original Draft Budget 2017/18

- 1.** The Original Draft Budget 2017/18 and Three Year Medium Term Financial Strategy 2017/18 to 2019/20, presented in detail at Appendix A to the December report, was constructed based on:-
 - a. the Precept remaining at the same cash level as in 2016/17,
 - b. **BDBC Grants reducing as announced in their letter to Parishes dated 3 November,**
 - c. routine 'fixed' operating costs remaining at the same level as in current year,
 - d. no allowance for inflation, except where it is known ie the 1% national increase in salary of the parish clerk in 2017/18,
 - e. maintain the financial provision for maintaining the village green,
 - f. continue with the donation to the Churchyard,
 - g. VAT payments and recovery based on the above.
 - h. the Council decision in Sept 2016 to apply an initial £1,000, and then the later view that it would be necessary to further contribute by £700 each year, towards the "Provision for Repairs and Maintenance to the Unadopted Roads".
- 2.** As with any financial model, there is always room for different interpretation. However, as a starting point the above represented the 'status quo'; with one exception. The financial model did NOT include any items of one-off or capital expenditure. The Draft Budget 2017/18 was therefore one in which the Parish Council was 'treading water'.
- 3.** With the budget figures for 2017/18 remaining very much as they were in 2016/17, the financial model highlighted the adverse effect of the decision by BDBC to phase out the two grants for 'General Admin' £1,100 and the 'Council Tax Support Grant' £103 over the next three years (2017/18 through to 2019/20). Over that three year period Hannington PC would 'lose' access to £2,406 (£401 17/18 plus £802 18/19 plus £1,203 19/20). By 2019/20 BDBC grant funding will have reduced by £1,203 from £1,430 to £229; a reduction of 84%. The cover report in December also advised there might be some doubt as to the guarantee for the continuation of the final parish grant which is to support 'grass cutting and closed churchyards' ie the £229.

4. The summary table in the December Council report showed the original draft 'status quo' Budget 2017/18 and the Three Year Medium Term Financial Strategy through to 31 March 2020 (after allowing for a more realistic scenario of an average one-off/capital expenditure in each year of just £1,000) would result in:-
- the Parish Council having a 'surplus' in year of only £73 by 2018/19 and a 'deficit' of £328 by 2019/20, and,
 - after allowing for the annual contribution to the "Provision for the Repairs and Maintenance of the Unadopted Roads", the General Fund balance would fall from the estimated £6,611 at 31st March 2017 to £3,975 by 31st March 2020... and would then continue to fall!
- (i) the actual cash balance as at 31st March 2017 is £6,206, a reduction of £400 from the £6,611 estimated in December.**

5. Taking into account the above scenario and in particular noting the decision by BDBC to phase out over three years from 2017/18 two of the three grants paid to Parish Councils, AND the uncertainty that Parish Council's, even those the small size of Hannington, may be capped in future by the Government, the Parish Council

(ii) AGREED to increase its precept by

- £1,203 to fully compensate for the loss of grant incomes that would occur over the three year period of the medium term strategy 2017/18 to 2019/20, and,**
- a further £103 in 2017/18, being a 2% inflationary allowance on its operating costs for the current year.**

6. This decision regarding the Precept and General Grant 2017/18 was communicated to BDBC Finance Dept by the Clerk.

Parish Council meeting 21st February 2017

7. At the first meeting of the Parish Council in February 2017, the Parish Council

(iii) AGREED that provision should be made in the Budget and allowance should be made in the Three Year Financial Strategy as follows:-

- £500 in each of 2016/17 and 2017/18** for repairs to FP7106a (rescinded on 28th February...see para 8 below),
- £1,500 in each of 2017/18, 2018/19 and 2019/20** for as yet unknown items of one-off expenditure, and,
- confirmed that £700 be transferred in each of the three years (2017/18, 2018/19 and 2019 20)** from the General Fund to the Specific Provision for the Repairs and Maintenance of Unadopted Roads.

Special Parish Council meeting 28th February 2017

8. At the second meeting of the Parish Council in February 2017, to discuss repairs to FP7106a, the Parish Council **AGREED:-**

a. Proposal I "to repair of the whole track - total cost estimate is £4,500" **was dismissed** as it was unlikely to be successful or be 'value for money' it was considered highly unlikely that any repair or resurfacing that the HPC carries out will last; due to the nature of the very wet ground and the continued use by heavy farm machinery.

b. Proposal II "to create a raised 1m wide pedestrian footpath on Berthas Lane is £6,700" was dismissed due to cost, as was the lower specification.

c. To support the New Proposal to create a 'dog friendly footpath along the hedgerow in Michaels Field'; noting the need for further investigation and support from the MFMC.

(iv) Notwithstanding the above specific decisions at the February 28th meeting regarding FP7106a, **I have included, at this stage, a provision of £500 in each of two years for general repairs and maintenance to footpaths; but this time in 2017-18 and 2018-19.**

(v) Two other material changes to the Budget

9. Other significant adjustments from the original Budget 2017-18 and the Medium Term Financial Strategy, that were presented to the meeting in December 2016, are:-

- a. **An increase of £377 in the VAT recoverable in 2017/18** due to the expenditure incurred on the purchase of IT equipment ie an increase from £445 to £822 (actual),
- b. **£400 further costs (staff costs and minor IT equipment) to be incurred in 2017/18** on finalizing the creation and implementation of the Hannington PC website; in compliance with the Transparency Code.

(vi) two further potential issues potentially affecting the Budget 2017/18.

- a. **The annual donation of £250 to churchyard.** This amount has been retained in the financial statement attached as no decision has yet been made by the Parish Council, and,
- b. **An estimate of £200 in 2017/18 for the repair and maintenance of the Parish Council noticeboards.** This issue was discussed at the Annual Parish Meeting in April. The financial statements includes this provision but Cllrs are reminded that no decision has yet been made by the Parish Council to incur this expenditure.

CONCLUSION

10. Attached as Appendix A is a Revised Budget 2017/18 and Three Year Medium Term Financial Strategy that reflects the SIX elements reported above. In order to help identify the issues and how they have been shown in the financial statement, I have highlighted the relevant financial fields with a **brown background**.

11. The conclusion is that the year end cash positions would be as follows:-

	31 March 2017	31 March 2018	31 March 2019	31 March 2020
Cash balance	6206	6907	7386	7864
Less Provision for Unadopted Roads	1000	1700	2400	3100
General Fund	5206	5207	4986	4764

Chris Pottinger,
Clerk, Hannington Parish Council, 2nd May 2017