

14 January 2019 APPROVED Budget 2019-2020 Key Features – Summary and Detail:

1. SUMMARY

- a. **GTC Priorities and Action Plan** – these inform the budget.
- b. **Reserves** – see pages 2-3 for background and rationale.
- c. **SLDC Calculations - Precept/Council Tax Base/Council Tax Grant/Street Lighting Charges** – To allow for no increase to household bills the total income to GTC would be £172,318. This is calculated: £80.62 (Band D charge 18/19) x 2,137.41 (confirmed number of houses). This means that income would increase by £4,315 - even though no change to residents - because more houses have been built.
- d. **Staffing (Dept 1 - Council)** – calculated at current staffing levels.
- e. **Pensions (Dept 1 - Council)** – costs defined by Local Government Pension Scheme.
- f. **Projects (Dept 1 – Council)** – reduced to £3,800 (from £22,000 in previous year) due to loss of SLDC grant.
- g. **Christmas Lights (Dept 1 – Council)** – 5 year contract to 2022.
- h. **Accountancy Service (Dept 1 – Council)** – covers PAYE, payroll, VAT, pensions.
- i. **Victoria Hall (Dept 2)** – SLDC no longer paying £28,000 annual grant.
- j. **Information Centre (Dept 3)** – some costs included in Dept 2 (Victoria Hall).
- k. **Public Conveniences (Depts 4,5,6)** – draft budget (page 7) shows £6,834 deficit for whole service. Deficit increased by £2,000 due to:
- l. **Ornamental Gardens Public Conveniences (Dept 6)** – SLDC grant reduced by £2,000.
- m. **Recreation Ground (Dept 7)** - in 2018/19 the only cost in first six months was the annual inspection fee to SLDC.
- n. **Public Domain Maintenance (Dept 10)** – includes Ornamental Gardens wall top planting and Lengthsman skip.
- o. **Grants (Dept 11)** – GTC to administer Bay Villa Grants.
- p. **Public Works Loan Board** – surplus generated to cover repayment from capital.
- q. **Surplus** – as above and any remaining funds put towards other projects and/or future shortfall in SLDC grants towards running of Ornamental Garden public conveniences and Victoria Hall as well as capital replacement costs.

DRAFT Budget 2019-2020 Key Features:

2. DETAIL

a. Priorities and Action Plan

Councillors resolved the current Action Plan and Priorities at Full Council in October 2018. Note – there are full elections in May 2019.

b. Reserves

At the end of 2017/18 total assets less current liabilities were £219,944.

However, the following deductions have to be made from the total reserves figure:

- Public Works Loan Board loan (£28,962 remaining) is a liability;
- £20,000 SLDC LIPS grant must be spent on Yewtree Play Project;
- £5,000 earmarked as resolved for Yewtree Play Project.

This means that the actual reserve was £165,982.

The term 'reserve' doesn't mean spare hard cash. It is working capital.

The reserve figure is the theoretical amount of money that would be left in the bank if the Council ceased on that day, collected all assets in and paid all liabilities.

It is a snapshot in time and the payments list which goes to Council each month shows how this position fluctuates.

Reserves are needed for:

i) Day to Day Operation

Reserves are needed to fund the day to day operation of the Council. This includes paying wages and mitigation against delays in funding income. A reserves buffer is needed to fund working capital.

ii) Income Changes

Reserves are needed where funding shortfalls are anticipated but services still have to be provided. The SLDC grant towards running the public conveniences is being withdrawn gradually. For 2019/20 this has been reduced by £2,000.

iii) **Contingencies**

Reserves are needed for contingencies such as legal disputes, for example employment tribunals or disputes like the Ledbury Ruling (May 2018) which cost Ledbury Town Council in excess of £200,000.

iv) **Asset Maintenance**

Reserves have to be kept – and allocated - towards the maintenance of assets.

Grange Town Council owns the Victoria Hall. The final payment of the SLDC £28k per annum grant towards the Victoria Hall has now been made. Reserves are held towards the long-term maintenance of the Victoria Hall, the Recreation Ground (for example: I-Play), the Allotments (for example: fences), and the Public Domain (for example: War Memorial, grit bins, benches).

When considering the financial situation of any Town Council, and considering the working capital held, the liabilities and responsibilities of the specific council need to be taken into account.

It is meaningless to make comparisons between Town Councils. This is because every council is unique in terms of its' assets and liabilities.

Grange is a small place which has ended up owning a big asset/liability – the Victoria Hall. This is a disproportionate responsibility in relation to the size of the electorate. Grange also chose to keep the Information Centre open when SLDC closed them all down, unlike other towns. The circumstance of owning the Victoria Hall and choosing to run an Information Centre both have an effect on the amount of working capital required.

v) **Holding Funds from Others**

At the end of 2017/18 GTC held £20,000 from SLDC (Locally Important Projects Grant) for the Yewtree Play Project.

These allocations were approved as part of the 17/18 Annual Return as below:

CLOSING RESERVES 2017/18

COUNCIL	41,028
VICTORIA HALL	85,000
SLDC LIPS GRANT	20,000
PUBLIC CONVENIENCES	15,000
RECREATION GROUND	5,000
YEW TREE PLAYGROUND	5,000
ALLOTMENTS	2,000
WEBSITE	4,000
PUBLIC DOMAIN	10,000
PUBLIC WORKS LOAN BOARD	28,962
SURPLUS FOR THE YEAR	3,954
RESERVES PER ANNUAL RETURN 31/03/2018	<u>219,944</u>

c. SLDC Calculations - Precept/Council Tax Base/Council Tax Grant/Street Lighting Charges

The Council Tax base changes each year. Houses being built increases it; more residents claiming discount decreases it.

The Council Tax Base for 2018/19 was 2110.11.

The cost to the average (Band D) household in 2018/19 was £80.62.

SLDC have confirmed the Council Tax Base for 2019/20 is 2,137.41.

If the Precept demand is adjusted to allow for the new houses, and all households pay the same as last year, the total income to GTC would be £172,317.99 (£80.62 x 2,137.41 households).

The Council Tax Grant is given by SLDC to each parish to supplement the Precept. This was £8,656.10 in 2016/17; in 17/18 it was £8,861.94; in 18/19 it was £8,989.52. SLDC have confirmed the Council Tax Grant for 2019/20 will be £9,544.91 and the Street Lighting Charge will be £10,713.11. The difference between these two figures is the amount that is charged to Grange residents and retained by SLDC. It is listed on the Council Tax bills as a charge from GTC. This year the amount is £1,168.20 which is 5p per household per month.

d. Staffing (Department 1 - Council)

The core staff cost is calculated at current staffing levels, with an estimate on Front of House provision based on Hall hire rates. Town Clerk and Finance Administrator estimated contingency hours included.

A staff surplus has been maintained by the Council for a number of years as good business practice to allow for unforeseen expenditure on staffing.

Staff appraisals have been completed. Revised salaries with effect from 1 April 2019 were approved at December Full Council. 2% increment from April 19/20 as negotiated by NALC included. Employers NI is included, estimated by the accountant.

e. Pensions (Department 1 - Council)

Auto-enrolment took place from February 2017.

All staff enrolled on the Local Government Pension Scheme (LGPS).

The budget amount represents the costs as defined by LGPS.

f. Projects (Department 1 – Council)

Expenditure forecast for 18/19 as resolved and identified in Action Plan and Priorities resolved October 2018:

- £4,000 second phase replacement skate ramps for Recreation Ground. (Resolved Feb 2017 C16/192 - subsequent ramps £4,000 each in 19/20 and 20/21).

The Projects Budget for 2019 – 2020 has been reduced to £3,800 due to the loss of £30,000 annual income from the District Council.

This means that any new projects need to be carefully considered. The Projects Budget is augmented by Community Infrastructure Levy (CIL) payments from SLDC and may also be augmented by fundraised grants. GTC has resolved to purchase and install cycle racks outside the Library using CIL income.

g. Christmas Lights (Department 1 – Council)

This is a fixed 5-year commitment until 2022, £4,544 per annum plus carriage and electricity charges.

h. Accountancy Service Fees (Department 1 – Council)

Accountancy services, PAYE, payroll, pensions and VAT.

i. Victoria Hall (Department 2)

Maintenance for the Victoria Hall is £12,000 Repairs and £6,000 Regular Maintenance. Expenditure is detailed in the Victoria Hall Maintenance Plan as resolved by Council in April 2018.

Donations from the Victoria Hall Support Group are shown (code 4117).

All offices are now tenanted.

j. Information Centre (Department 3)

This is a subsidised service which GTC provides and this budget does not show the true cost. Costs not included: rent, printing, stationery, volunteer expenses, staff and utilities. Utilities are currently included in the overall running costs for the Victoria Hall as they are not metered separately.

k. Public Conveniences (Departments 4,5,6)

Rates are not charged due to the service being run through the Bay Villa Trust. It is common practice to run public conveniences through a charity; this is widely

practised by town and parish councils. From April 2020, this will change as public conveniences will become exempt from business rates.

i. Ornamental Gardens Public Conveniences (Department 6)

SLDC devolved providing public conveniences to the Town Council in 2011 and an annual grant of £15,000 was given by SLDC.

This is now being phased out on the schedule below:

2017/18:	£15,000
2018/19:	£12,000
2019/20:	£10,000
2020/21:	£8,000
2021/22:	£7,000

For the 2013/14 budget, the then Financial Services Manager recommended that the precept be raised by £3,000 per annum each year to cover the shortfall for when the grant finishes.

m. Recreation Ground (Department 7)

The Recreation Ground is leased by GTC from SLDC who gave up running the facility. In March 2016, a contract was agreed with Horton Landscapes to provide this service for 2 years, Council resolved to enter a further 5-year contract in November 2016. Costs to GTC under this contract involve long-term maintenance of the site, SLDC inspections and equipment repairs and renewals.

n. Public Domain Maintenance (Department 10)

This includes £1,500 towards Ornamental Gardens wall top planting (resolved October 2016). Provision of a skip is included in the budget for the Lengthsman.

o. Grants (Department 11)

Grants budget unallocated this year due to loss of income from SLDC. Bay Villa Trust grants to be administered as this community resource has not been fully utilised.

p. Public Works Loan Board

The Town Council needs to generate a budget surplus of approximately £6,000 per annum to fund the capital repayment of the loan from the Public Works Loan Board.

The previous Financial Services Manager advised generating an annual surplus to cover this; the current accountant agrees.

The interest payments are allocated within the annual budget for the Lido public conveniences. The total payment to the PWLB is the same every year, so as the interest payments decrease, the loan repayment increases.

q. Surplus

This budget shows a surplus which represents sufficient to ensure funds for loan repayments from capital. Any remaining funds will be put towards other projects and/or:

- i) Future shortfall in SLDC grant towards running of Ornamental Garden public conveniences as recommended by previous Financial Services Manager in 2013.
- ii) Capital replacement costs: The Town Council Finance Risk Assessment (approved October 2018) shows that funds should be set aside annually towards capital replacement costs of assets.