

13 January 2020

APPROVED Budget 2020-2021 Key Features – Summary and Detail:

1. SUMMARY

- a. **GTC Priorities and Action Plan** – this is what the budget is for.
- b. **Reserves/Working Capital** – background and explanation pages 2-4.
- c. **SLDC Calculations - Precept/Council Tax Base/Council Tax Grant/Street Lighting**
Council Tax base is 2,138.24 properties (increase of 0.83).
- d. **Staffing (Dept 1 - Council)** – calculated at current staffing levels.
- e. **Pensions (Dept 1 - Council)** – cost defined by Local Government Pension Scheme.
- f. **Projects (Dept 1 – Council)** – total for year £7,000.
- g. **Christmas Lights (Dept 1 – Council)** – 5-year contract to 2022.
- h. **Accountancy Service (Dept 1 – Council)** – 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 projected deficit for whole service. Deficit increased by £2,000 in 2020-21 due to:
- l. **Ornamental Gardens Public Conveniences (Dept 6)** – SLDC grant reduced by £2,000.
- m. **Recreation Ground (Dept 7)** – infrastructure repairs and SLDC annual inspection fee.
- n. **Public Domain Maintenance (Dept 10)** – includes Ornamental Gardens wall-top planting and Lengthsman skip.
- o. **Public Works Loan Board** – surplus generated to cover repayment from capital.
- p. **Surplus** – as above then remaining funds put towards other projects and/or future shortfall in SLDC grants towards running of Ornamental Garden public conveniences (ceases 2022) as well as capital replacement costs.

APPROVED Budget 2020-2021 Key Features:

2. DETAIL

a. Priorities and Action Plan

Councillors resolved their Action Plan and Priorities at Full Council in October 2019.

b. Reserves

At the end of 2018/19 the Council's current liabilities subtracted from total assets gave a total of £203,003.

However, the Public Works Loan Board loan (£23,411 remaining) is a liability so has to be deducted.

This means that the actual reserve was £179,592.

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

The 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.

Working capital is 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 2020/21 this has been reduced by a further £2,000.

iii) **Contingencies**

Reserves are needed for contingencies such as legal disputes, for example employment tribunals or Code of Conduct 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. South Lakeland District Council no longer pays anything towards the Hall.

Reserves are allocated for the maintenance of the Victoria Hall (for example: replacing heating system), the Recreation Ground (for example: I-Play and fencing infrastructure), the Allotments (for example: fences), and the Public Domain (for example: War Memorial, Lengthsman services, grit bins and 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 the assets and liabilities it has to manage.

Grange is a small place which has ended up owning a big asset – the Victoria Hall.

This is a disproportionate responsibility in relation to the size of the electorate.

Grange also chose to keep the Information Centre when SLDC closed them all down, unlike other town councils.

When SLDC closed the public loos, Grange opted to get a loan and to keep three blocks open, despite only receiving a grant from SLDC for one of them.

When SLDC withdrew from operating the Rec Ground, Grange opted to take the service on and provide the facility.

The circumstance of owning the Victoria Hall and choosing to run an Information Centre, loos and other services all have an effect on the amount of working capital required.

Allocations were approved as part of the 18/19 Annual Return as below:

OPENING RESERVES 2019/20

COUNCIL	62,592
VICTORIA HALL	85,000
PUBLIC CONVENIENCES	15,000
RECREATION GROUND	5,000
ALLOTMENTS	2,000
PUBLIC DOMAIN	10,000
PUBLIC WORKS LOAN BOARD	23,411
RESERVES PER ANNUAL RETURN 31/03/2019	203,003

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 2019/20 was 2,137.42.

The cost to the average (Band D) household in 2019/20 was £84.39.

SLDC have confirmed the Council Tax Base for 2020/21 is 2138.24. This is an increase of 0.83 properties.

The Council Tax Grant is given by SLDC to each parish to supplement the precept. In 19/20 this was £9,544.91.

SLDC have confirmed the Council Tax Grant for 2020/21 will be £9,429.25.

SLDC Street Lighting Charge has been confirmed as £11,915.11. The difference between this figure and the Council Tax Grant 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. In 20/21 this amount will be £2,485.86.

SLDC Parish Election Charges GTC has now been notified that the parish election charge for May 2019 will be £1,548.28 and that SLDC will be raising this as part of the Grange Town Council section of the Council Tax.

The Parish Election Charge of £1,548.28 plus the additional Street Lighting Charge means a total of £4,034.14 of Grange Town Council's Precept will go to SLDC. This is 16 pence per Band D household per month, which is a 2% increase.

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 2020 were considered by the Staffing Committee and approved at Full Council. 2% increment from April 2020 as negotiated by NALC included. Employers NI is included, estimated by the accountant.

e. Pensions (Department 1 - Council)

Auto-enrolment commenced February 2017. All staff enrolled on the Local Government Pension Scheme (LGPS), nobody opted out. The budget amount represents the costs as defined by LGPS.

f. Projects (Department 1 – Council)

Projects Budget for 2020/21 is £7,000.

Expenditure resolved includes:

- £4,200 third and final replacement skate ramp for Recreation Ground.
(Resolved Feb 2017 C16/192 - subsequent ramps £4,000 in 19/20 and 20/21).
- £650 trial of contactless payment at one cubicle at Ornamental Garden Loo.
(Resolved November 2019 C19/114).

The Projects Budget may be augmented by Community Infrastructure Levy (CIL) payments from SLDC and by grant fundraising.

CIL payments to date total £617.25. These were spent as part of the project to purchase and install cycle racks outside the Library. The total cost of this project was £1,405.

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)

Includes PAYE, payroll, pensions and VAT.

i. Victoria Hall (Department 2)

Budget shows £18,000 for Repairs and £6,000 for Regular Maintenance. Expenditure is detailed in the Victoria Hall Maintenance Schedule last reviewed by Full Council October 2019. Budget increase reflects increased usage of the building.

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, and utilities. Staff costs shown are notional. 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, and charged for, by town and parish councils. Government is in the

process of considering that, from April 2020, public conveniences will be exempt from business rates.

l. 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 2-year contract was agreed with Horton Landscapes to operate it. Council resolved to enter a further 5-year contract in November 2016.

Costs to GTC under this contract are the long-term maintenance of the site, SLDC inspections and equipment repairs and renewals. The budget has been increased this year to cover the cost of repairs to the railway-side fence which is repeatedly vandalised.

n. Public Domain Maintenance (Department 10)

This includes provision for Ornamental Gardens wall-top planting (resolved October 2016) and a skip for the Lengthsman.

o. 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 Prom public conveniences.

p. 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. This grant ceases entirely in 2022.
- ii) Capital replacement costs: The Town Council Finance Risk Assessment (approved October 2019) shows that funds should be set aside annually towards capital replacement costs of assets.