

Report for the Precept Meeting

This report has been written by the Responsible Financial Officer of the Council to assist in setting the precept for 2015/2016 and should be read in conjunction along with the document headed **Receipts and Payment Estimate 2015/16**.

This document outlines what has been spent over the current financial year, from 1st April 2014 to the end of December 2014, and the expenditure over the same period in the previous year (left hand side columns on this sheet).

The third column shows the actual income and expenditure incurred by the Council for the whole of 2013/2014, whilst Column 4 shows the budget for 2014/2015 set in January 2014.

Also shown (third column from the right) is a forecast of expenditure for the remainder of this year and includes goods and services already purchased by the Council for which it has yet pay e.g. Christmas tree plus other regular expenses such as the Clerks wages, room hire, and Chairman's Allowance.

The final columns demonstrates the effect on the budget set for 2015/2016 based on a **0%**, **2%** and **4%** increase in the precept.

Income / Receipts

The **precept** for 2014/2015 was agreed at **£13,615** on a tax base of **345.14**, which means that at present the cost of Newstead Parish Council to a Band D household is currently **£39.45** per annum. Households in Tax Band C or less would pay less than this figure, whilst properties in the higher tax bands will pay considerably more.

The tax base for the parish for 2015/16 has been set at **357.12**. If no increase is sought in the amounts paid by individual households, more money will be collected overall due to the increase in the tax base. The amount of income received as a result of a 0%, 2% and 4% increase in the precept are shown in the far right hand columns of the **Receipt and Payments Estimate** along with a forecast of income and expenditure for 2015/2016.

Council Tax Support, which last year was set at **£2,321**, is a grant is paid to the Parish Council to offset changes to the tax base, which as a result of the Local Government Finance Act had fallen significantly from **409.89** in 2012/2013, to **342** in 2013/2014, but recovered slightly last year to **345.14**.

In December 2014, the Parish Council were advised by Gedling Borough Council that additional assistance has been provided by the Government to further offset the effects of the changes to the tax base and it is proposed by Gedling Borough Council (subject to final ratification by Gedling Councillors in March 2015) to increase the proposed financial assistance for Newstead during 2015/16 to **£3,886**. This represents an increase of **£1,565** on

the sum provided in 2014/2015 and is much welcomed. There is however no guarantee that the support provided will be continued in 2016/2017, or indeed at what level.

The increase in the precept last year was set at **5%** to achieve a balanced budget. The present indication is that if the Council chooses not to undertake work to extend the cemetery car park (more on this later in this report), the Parish Council will end up with a surplus of income over expenditure in the region of **£8,000**. For the purpose of the **2014/2015 forecast** shown, I have chosen to increase the amount to be spent under **Capital Expenditure** by a further **£7k** based on estimates received for the cost of undertaking work to extend the cemetery car park, should the Council opt to have this work carried out.

In terms of income received from **cemeteries and other areas**, it is very difficult to assess the amount of income the Council is likely to receive from this source. The income received so far this year has been well above that received over past few years. I believe it would be unrealistic to set an amount based on the demand experienced over the past year and the amount shown in the estimate for 2015/2016 is based on the average income received over the last three years from this source.

The Council will also need to agree revised cemetery fees as part of the precept meeting under Agenda item 4 and the revised charges for grave digging for 2015 are attached with the agenda. It should be noted that if the grounds maintenance contract does change hands this year, the grave digger reserves the right to change these fees at short notice to take into consideration that at present discounts are given for the service currently provided, where economy of scales are achieved by the same contractor who also at the present time also carries out the ground maintenance within the cemeteries.

Other income includes grants received by the Council. There is currently one outstanding grant claim from Biffa in respect of Newstead Wildlife Meadow. The Council has already received **£1,625** in the current financial year which represents 50% of the total amount expected, with the remainder of the grant to be received in the next financial year. Accordingly, I have included the sum of **£1,625** under **Other income** expected by the Parish Council in 2015/2016. The Parish Council has also submitted a claim for funding to install CCTV in the area of the MUGA to the Notts. County Council under the Supporting Local Communities Fund, where the outcome of this bid will not be known until May 2015. As there is no certainty the Parish Council will be successful in obtaining this grant, I have made no provision in respect of any income anticipated from this source. However in terms of the precept any grants received are usually matched by an increase in capital spending, so are generally cost neutral.

Expenditure/ Payments

In respect of **salaries** this heading includes wages paid to the Clerk and also includes pension contributions in respect of the Clerk paid by the Council to the Notts. County Council under

the Local Government Pension Scheme. For 2015/16, I have assumed for the purpose of this report there will be 2% increase in wage costs based on current inflation rates, where the Council has agreed to review the Clerks wage annually. The next review is due in July 2015. Only a small amount of income tax is now deducted as the total earnings of the clerk fall below the level on which contributions to HMRC have to be made. Pension contributions in respect of the Clerk cost the Council a further 14.7% of the salary paid to the Clerk. This cost has also been increased by 2%.

Expenses – This covers the allowance previously agreed for the Chair of the Council, any travel or subsistence costs for Councillors and other expenses assumed by Councillors in the course of their duty. During the current year it was agreed to increase the amount paid to the Chairman from **£10** per month to **£15**. For the purposes of these figures, I have assumed that the amount paid to the Chairman in 2015/16 will remain the same as this year. Expenses also cover a number of items such as postage, ink cartridges and other sundry items, which are bought by the Clerk as and when needed and are reimbursed to her as expenses. A sum of **£6** a month is also paid towards broadband costs and use of the Clerks home as an office. Also included under this heading is membership of the Society of Local Council Clerks (**£87**) and costs connected with the Christmas buffet (**£112**).

Stationery and office equipment is self explanatory. Again there is very little in terms of office equipment required but a provision has been included to include purchase of new answering telephone answering machine or contribution towards new computer equipment.

Cemeteries and Village Maintenance – Again it is not easy to predict with any certainty the amounts likely to be paid out under this heading. Cllrs will be aware that the existing grounds maintenance contract with Anthony Clarke comes to an end this year. During last year a total of **£4,690** has been paid for strimming the cemetery and village greens where prices have been held these past four years. Quotes for the grounds maintenance contract for the next three years are currently being obtained. To recognise the fact that the specification for the grounds maintenance contract has been increased and also that any price given will have to endure for the next three years, I have for the purposes of setting the precept assumed that these costs will rise to **£6,000**. Also under this heading comes repairs undertaken to parish council property such as seats, notice boards, and the MUGA, either as a result of wear and tear or sadly due to vandalism and also includes other ad hoc expenses relating to the parish such as removal of fly tipping, the provision of grit, and weedkiller.

Other costs under this heading also include the provision of a Christmas tree, and installation decoration and removal of the same.

Burial fees are also included under this heading, but these costs are always covered by the fees charged by the Council.

It is fair to say that the budget allocation under this heading for 2015/2016 is generous to accommodate any unexpected contingencies in terms of expenditure.

Audit/Insurance and Subscriptions – Again these are based on the amounts paid out during current year in respect of insurance and charges for both the internal and external audit.

Room Hire – The figure proposed for 2015/16 takes into consideration a small increase in costs and assumes that two additional meetings are likely to be held by the Council over and above the regular council meetings held.

VAT payments – Any VAT payments will always be cost neutral to the Council.

Section 137/Donations – These are usually grants paid to other bodies that approach the Parish Council for funding. During 2014/2015 the following payments have been made:

Room hire fees for meetings of Future Newstead **£73**, **£100** to Nomads Cricket Club in respect of nets, **£150** paid to Brownfield First, **£100** towards the garden competition and **£25** towards Newstead PTA, **£32** towards Poppy Appeal, **£250** towards Newstead Bonfire Event (although this cheque has yet to be cashed), **£150** to Newstead PCC (Christmas Fayre) and **£150** to Newstead Youth Club.

For the purpose of setting the precept, I have assumed that payments under S137 in 2015/16 will remain the same as this year.

Other Expenses – This heading includes items of ad hoc expenditure primary membership of N.A.L.C, copies of local council review, bank charges, etc.

Capital Expenditure – Expenditure under this heading for this year includes the cost of installing the new notice board and some additional keys for the same. As referred earlier in this report, the Parish Council will be asked to consider at its next meeting estimates obtained for work to extend the existing cemetery car park. Provisional costs received indicate this work could be completed for a maximum figure of **£7k**. Should the Council agree to proceed with this work, the figure shown in the forecast 2014/2015, assumes that work will be completed within the current financial year.

The provision for 2015/2016 at **£5,250** takes into consideration expenditure incurred for improvements to Newstead Wildlife meadow as a result of the Biffa Grant obtained (**£3,250**) plus a further **£2k**. This amount could either be used as a contribution towards CCTV, as per the SLC grant submitted to the Notts County Council in December 14, or could be used towards other items of capital expenditure such as new street signs.

Summary

The Parish Council has previously faced the loss of substantial grant aid from the Borough Council which represented a significant portion of the Council's income. A large increase in the precept during 2012/2013 did much to offset the loss of some of that income. Last year

the Council opted to increase the precept by **5%** to achieve a balanced budget, however income was far better than anticipated mainly in respect of cemetery fees. Expenditure is also down especially in terms of cemetery and other areas. This is because a number of ad hoc jobs have been carried out by the lengthsman at no cost to the Council. As a result, the reserves of the Council are better than expected.

At the end of this financial year, even with expenditure on the car park extension (if agreed by the Council), the reserves of the Council are expected to increase to **£49,733**, whereby **£40k** of this is earmarked towards the extension of the new cemetery.

I do not believe it is necessary to further shore up the Council's reserves, indeed the Council was criticised by the Auditor in September 2014, who felt the reserves were on the high side. As can be seen even with a small deficit in the 2015/16 budget (as a result of either a 0% increase or 2% increase being agreed by the Council), the reserves will still be higher at **£49,269**, than they were on the 1st April 2014 at **£48,561**.

As the Responsible Financial Officer for the Council, my own recommendation would be that the Council agree an increase in the precept from between **0** to **2%** and for any other capital expenditure over and above that mentioned in this report to be funded from existing reserves.

Overall, I am pleased to report that the financial position of the Council remains healthy.

In terms of future projects that the Council wishes to undertake, these will form part of the discussions at the precept meeting. However I hope the attached report will give some idea of the implications in terms of funding for new projects that may be undertaken.

Signed

Mrs J Johnson
Responsible Financial Officer for the Council