

**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 2018/2019 and should be read in conjunction with the document headed **Receipts and Payment Estimate 2018/19**.

This document outlines what has been spent over the current financial year, from 1st April 2017 to the end of December 2017, and also shows 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 2016/2017, whilst Column 4 shows the budget for 2017/2018, set in January 2017.

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 to pay e.g. Christmas tree redecoration 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 2018/2019 based on a **0%**, **2%** and **4%** increase in the precept.

**Income / Receipts**

The **precept** for 2017/2018 was agreed at **£14,762** on a tax base of **359.78**, which means that at present the cost of Newstead Parish Council to a Band D household is **£41.03** per annum (NB this was the same cost as the previous year). Households in Tax Band C or less would pay less than this figure, whilst properties in the higher tax bands will pay more.

The tax base for the parish for 2018/19 has been set at **366.37**. Therefore if no increase is sought in the amounts paid by individual households i.e. that they continue to pay **£41.03** then slightly more income will be collected overall due to the increase in the tax base i.e. to **£15,032**. Also shown in the final two right hand columns of the **Receipts and Payments Estimate** is the income which would be received as a result of a 2% and 4% increase in the precept.

**Council Tax Support**, which last year was set at **£2,740**, has now been reduced to **£1,824**. This is a grant is paid to the Parish Council to offset changes to the tax base as a result of the Local Government Finance Act. The Council has previously been advised by Gedling Borough Council that less assistance will be provided in future, with the intention that this support is withdrawn entirely by 2020. This element represents a significant loss to the finances of the Parish Council as will be demonstrated later in this report.

In terms of income received from **cemeteries and other areas** during the current year, this is currently greater than that received during the whole of last year. The amount shown in

the estimate for 2018/2019 is based on the average income received over the previous three years and is always extremely difficult to predict with any degree of accuracy.

The Council will also need to agree revised cemetery fees as part of the precept meeting under Agenda item 4 and the revised charges from Anthony Clarke for grave digging applicable from 1<sup>st</sup> January 2018 are included with the paperwork for the precept meeting. As the Clerk now gets paid additional overtime for new burials, I would suggest that the Council strives to ensure any fees agreed for 2018/2019 covers both the grave diggers charges, plus any additional admin costs.

**Other income** usually includes grants received by the Council and any other income received. In 2017, the Council entered into an agreement with RCAN whereby a portion of the annual community levy on the wind turbine agreed at **£1,500** would be paid annually to the Parish Council over the next 25 years and this amount is included in figures shown. There are no outstanding grant claims at present. Although it is likely that some grant claims may be submitted during 2018/19, any additional income received under this heading is generally cost neutral to the council, where any income received is usually matched by a corresponding increase in expenditure. As a result I have not included any provision for grants in the figures shown.

**Bank interest** is as shown and assumes that interest rates will remain abysmally low.

### **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 Nottinghamshire County Council as part of the Local Government Pension Scheme (LGPS). In December 2016, the Parish Council was advised that the contributions paid by Newstead Parish Council as an employer would increase from the previous level of 14.7% of the Clerk's salary, to 17.7% applicable from the 1<sup>st</sup> April 2017 for the next three years. In addition further contributions also need to be paid into the Local Government Pension Scheme to meet the pension deficit identified during the latest valuation of the LGPS fund undertaken in 2016. In 2017/2018, this was set at £385 per annum, for 2018/19 at £394 per annum and by 2019/20 will have increased to £404 per annum. In April 2017, the Clerk purely as a voluntary arrangement decided to contribute towards the pension deficit payment outlined above, so that the amounts paid by Newstead taxpayers in respect of the pension deficit payments will not exceed £250 per annum for the 3 years beginning 1<sup>st</sup> April 2017 and ending in March 2020.

For 2018/19, the figures assume there will be a 2% increase in wage costs. No allowance has been made to include costs for overtime as a result of dealing with new burials as this cost is not easy to determine however fees collected should be set as such a level to absorb this cost.

**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 including cost of attending training courses held by NALC. For the purposes of these figures, I have assumed that the amount paid to the Chairman in 2018/19, to reflect the expense of holding office will remain the same as this year at £15 per month. As this sum has not been increased for a number of years, the Council may like to review this figure.

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 **£8** a month is also paid towards broadband costs and use of the Clerks home as an office. It is also assumed for the purpose of the budget that the same arrangements for the Christmas buffet will apply this year.

**Stationery and office equipment** is self explanatory. Again there is very little in terms of office equipment required but a provision has been included towards the cost of a new photocopier. The photocopier has become less reliable during the current year and the amount included under this heading will allow for replacement of this item should it fail. **NB** Due to the cost of a new printer/photocopier and with the existing being over four years old, it is unlikely to be worth repairing in the event of a breakdown.

**Cemeteries and Parish 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 a three year grounds maintenance contract was agreed with Anthony Clarke in April 2015, with the option to extend the contract for a further year. The cost of this contract is **£3,920** per annum, where prices are fixed for the duration of the contract and at the January meeting of the Council, it was agreed to extend the contract for a further year with Anthony Clarke. In addition to the work outlined under the contract, it was agreed to continue to maintain mowing the grass around the MUGA (an additional **£350** per year) and to continue cutting the verge at the top of Station Road (**£140** per annum). It was also agreed to ask Anthony to include a price for mowing the verge on the opposite side of Station Road (at the time of writing this has yet to be received) for which a provisional figure of **£200** has been included for the purpose of this report **NB** Update to be provided at meeting, if received.

In respect of restocking of the grit bins, the Parish Council will be responsible for six grit bins instead of four at present, so I have included a provision of at least **£200** to cover this aspect of expenditure.

Other costs under this heading also include the provision of a Christmas tree (**£450**), and installation, decoration and disposal of the same (**£350**). Cllrs will also need to bear in mind there will be additional costs in respect of Newstead Meadow, which will require annual strimming and removal of the haylage. The same also applies in respect of the Old Cemetery and the budget assumes costs of **£1,500** towards maintenance of both these

areas of land. Other items for consideration include strimming of the brambles on Station Road (**£250**) and also included within the budget proposed is **£150** towards plants for the planters, plus **£400** in respect of watering the planters/hanging baskets

Burial fees are also included under this heading, but these costs are always covered by the fees charged by the Council and the budget assumes costs of around **£1k**. It is also likely that some pruning of the trees will be required in both cemeteries and following an inspection of the cemeteries recently, where it was noted that as a result of the recent storms a number of branches had fallen from trees, the Clerk would like to recommend that a tree survey of all the trees in both cemeteries is carried out.

Also included 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 additional grit bins and other sundries such as paint and weedkiller used by the lengthsman. With known expenditure under this heading expected to come in the region of **£9k**, I have included an additional amount of **£2k** to cover any unexpected contingencies in terms of expenditure on maintenance in the parish. This sum could also be used towards any tree surgery considered essential.

**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. It is assumed that costs will rise slightly this year.

**Room Hire** – The figure proposed for 2018/19 takes into consideration the present cost of hiring the Newstead Centre and assumes that one additional meeting is likely to be held by the Council over and above the regular council meetings.

**VAT payments** – Any VAT payments will always be cost neutral to the Council. The Council is able to reclaim VAT on room hire costs and on other goods and services it buys which are subject to VAT. At the end of December 2017, there is presently **£339** of VAT to be reclaimed back from HMRC, and with further VAT to be incurred between 1<sup>st</sup> January and the 31<sup>st</sup> March 2018, the final amount expected to be refunded back to the Council by HMRC during the next financial year will be **£492**.

**Section 137/Donations** – These are usually grants paid to other bodies that approach the Parish Council for funding. For the purpose of this budget I have increased the amount under this heading to **£1,225**, which reflects the donations agreed over the current year.

**Other Expenses** – This heading includes items of ad hoc expenditure, primarily 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 sum of **£5k** and includes a provision towards enhancement of the area around the skate park and

towards a roundabout on the small children's play park. This sum does not include any amount towards improvement works to be undertaken on Vicarage Corner, nor for work on the former Coal Stocking Yards and in Freckland Wood, where provision has already been allocated in the 2017/2018 capital expenditure budget, yet to be spent.

### **Summary**

There has been no increase in the precept since April 2016. The present forecast for 2018/2019, assumes that by the end of the year, the expenditure of the Council will exceed income by at least **£3.5k** should there be no increase in the precept and that the reserves of the Council are expected to reduce to **£45k**, of which **£40k** was previously earmarked towards the extension of the new cemetery.

Part of the deficit is as a result of the decrease in the amount of Council Tax Support received from Gedling Borough Council, which will have fallen by **£916** compared to the previous year. By comparison a 1% increase in the precept yields an additional **£150** per annum. Therefore to cover this reduction alone would require an increase in the precept of 6%.

Even with the excess of expenditure over income, the Parish Council still has substantial reserves, however there remains a number of significant challenges over the next year both in terms of the Newstead Centre and the Newstead and Annesley Country Park. Also, over the next few years, the Council will need to undertake the replacement of the remaining two sides of the original boundary wall of the Old Cemetery (but not the stone wall adjacent to Hucknall Road) and I also suspect the Council will also have to undertake work on some of the trees in the cemeteries, which is never going to be a cheap undertaking.

As the Responsible Financial Officer for the Council, my own advice is that the Council agree an increase in the precept of between 2% and 4% to offset the continuing reduction in Council Tax Support, with other capital projects/expenditure over and above that already mentioned in this report to be funded from existing reserves.

Overall, I am pleased to report that the financial position of the Council remains in line with budget

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 provide an overview of the finances of the Council and provide a basis for further discussions.

Signed

Mrs J Johnson  
**Responsible Financial Officer for the Council**

