

# Ditchingham Parish Council. PRECEPT 2016-17 *(corrected text)*

<b>Ditchingham Parish Council:</b>				
<b>15-16 Out turn, Budget &amp; Forecast</b>		<b>BUDGET</b>	<b>F'CAST</b>	<b>Budget</b>
Year ended:		<b>15-16</b>	<b>15-16</b>	<b>16-17</b>
Including transactions to 28/10/2015 for Quarter ending:				
	<input type="button" value="PrintMe"/>			
Out Turn		<b>BUDGET</b>	<b>NEW F'CAST</b>	<b>BUDGET</b>
YR Ended		<b>YR Ended</b>	<b>YR Ended</b>	<b>YR Ended</b>
31-03-15		<b>31-03-16</b>	<b>31-03-16</b>	<b>31-03-17</b>
Fin Yr 14-15		<b>Fin Yr 15-16</b>	<b>Fin Yr 15-16</b>	<b>Fin Yr</b>
25,000	Precept	34,250	34,250	27,750
0	Inflation increase	0		833
0	More dwellings	0		3,049
0	HollowHill footpath	0		7,500
2,604	SN Transition monies	0	2,951	0
0	Interest	5	10	10
2,675	Burial fees	2,200	5,000	4,000
255	Allotments	275	275	275
1,933	Recreation Grounds	1,750	2,038	2,000
0	Honorarium	0		0
2,974	Miscellaneous	0	0	0
300	Recycling	0		0
3,126	VAT	3,400	2,600	3,000
<b>38,867</b>	<b>Income</b>	<b>41,880</b>	<b>47,124</b>	<b>48,417</b>
10,692	General Reserve	10,738	21,964	28,007
142	Ring Fenced Reserves	2,642	2,642	7,142
<b>10,834</b>	<b>Reserves B/ Forward</b>	<b>13,380</b>	<b>24,606</b>	<b>35,149</b>
<b>49,701</b>	<b>Available Resources</b>	<b>55,260</b>	<b>71,730</b>	<b>83,566</b>
1,217	General Admin	2,700	2,000	2,000
6,372	Clerks Employment Costs	6,000	6,000	6,500
380	Clerks Office Costs	500	500	500
0	Section 137	0	0	0
500	Parishionner Magazine	750	750	750
100	Allotments	250	250	250
3,617	Burial Grounds	6,000	5,000	5,250
4,715	Village Maintenance	4,000	5,000	5,250
0	Honorarium	0	0	0
1,409	Play Areas	3,000	3,000	3,300
0	Increased Play reserve	2,500	2,500	3,500
0	New Strategies (web site)	2,000	2,000	2,000
0	Charge Against reserve	0	0	0
3,126	Play area maintenance	2,000	2,500	2,500
249	Bus Shelter	0	300	750
125	Miscellaneous	1,000	1,000	1,000
0	Xfer Reserves (Lychgate & HollowHill)	0	2,000	9,500
1,192	Insurance	1,000	1,181	1,181
2,093	VAT	3,400	2,600	3,000
<b>25,095</b>	<b>Expenditure</b>	<b>35,100</b>	<b>36,581</b>	<b>47,231</b>
<b>24,606</b>	<b>Reserves C/ Forward</b>	<b>20,160</b>	<b>35,149</b>	<b>36,335</b>
22,106	General Reserve	13,018	28,007	16,193
-142	Reserves expended	0	0	0
2,642	Play Area	5,142	5,142	8,642
0	Lychgate & HollowHill	2,000	2,000	11,500
	New Strategies	0	0	0
<b>24,606</b>	<b>Reserves (as above)</b>	<b>20,160</b>	<b>35,149</b>	<b>36,335</b>

The Finance and Resources (F&R) ADVISORY Committee including the Chairs of the Environment, Community, and Planning & Highways ADVISORY Committees, has reviewed the Council's income and expenditure forecasts for the remainder of the current year, and in the context of continuing the Council's strategy and policies recommend to Councillors the above noted budget for 2016-17; this budget being the key driver in establishing the requirements in the setting of the precept for 2016-17.

This budget should be read in the context of the following notes:

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## Process

This paper repeats the process established in 2012-13 where each budget line is examined for realism and adequacy. The objective of this paper before this meeting is to determine the level of precept necessary for 2016-17 considering:

- **Income.** Sources of income (other than the Precept)
- **Expenditure.** What level of services and amenities DPC wishes (or can afford) to deliver to the village and the community on a 'status quo' basis?
- **New Initiatives.** What new initiatives (if any) should DPC support?
- **Reserves.** The impact of maintaining specific ring fenced reserves and an adequate level of general reserves
- **Recommendation.** The recommendations of the F&R committee that maintain a balanced budget recognising the factors above; and
- **Impact.** the impact that this has 'per household'

Considering these matters in turn:

## Income

- Currently the only sources of income that DPC can directly influence are:
  - **The Precept:** This will be decided through the process of this decision. It must be determined at a level adequate to 'balance the books'
  - **Cemetery (Burial fees):** The Council's policy is to review these fees annually in line with national levels with local adjustments.

## Expenditure (levels of service)

- In considering expenditure there is very little opportunity for discretion. Identified below are the core cost pressures reconciling the forecast outturn 2015-16 with the recommended budget 2016-17:
  - **Village Safety & Tidy.** (Play area & other maintenance)
  - **Clerk's salary.** (Increased hours, scale and additional training)
  - **Community engagement.** (web site)
  - **Cllr/Clerk expenses.** (eg Councillor training, membership of advisory bodies)

## New initiatives

- This Council has previously discussed the creation of an alternative [safer] **footpath alongside the B1332 at the Hollow Hill bends**. The cost of this footpath together with associated works is anticipated to be in the order of £10,000 - £15,000. If it is the wish of this Council to commit to this footpath the source of funding must be identified and provisioned. Options include:
  - **Grant funding.** Various grant funding sources have been explored, so far unsuccessfully.
  - **S106 monies.** Arising from the Maltings development (with the developer's, and BA agreement).
  - **DPC funding.** Meeting the cost either in full or in part (as in match grant funding through NCC's partnership scheme).
- Councillors are invited to acknowledge their support for the footpath scheme by levying an additional charge on the precept in 2016-17 to create a ring fenced reserve in the event that DPC

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funding is required. Council would need to acknowledge that it may be necessary to levy a further charge on the precept in 2017-18 and that maintenance of the footpath will add a (small) additional, ongoing expenditure.

## Reserves

- The precept is also impacted by the Council's reserves policy (adopted November 2014):
  - **Play Area Reserve:** The ring fenced reserve for play area reserve was fully drawn-down in 2013-14. The Council committed in 2014-15 to fund a renewals and repairs reserve for the two locations (the Thwaite Road play area, and the Dip) at £2,500 per annum; this Council noted in the September 2015 meeting the recommendation of the Environment Advisory Committee that this figure be increased to £3,500. This reserve currently stands at £5,142, with no call on this reserve anticipated and given the recommendations of this budget this reserve will increase to £8,642
  - **Lychgate Reserve:** The Council identified at the 2014-15 budget setting meeting the need to create a ring fenced reserve for future repairs to the Lychgate [estimated then to be in the region of some £8,000 within 3-5 years] at £2,000 per annum. This reserve currently stands at £2,000, with no call on this reserve anticipated and given the recommendations of this budget this reserve will increase to £4,000
  - **General Reserves.** General reserves are those that are not ring fenced for a specific purpose and provide a 'financial cushion for the unknown'. The 2014-15 precept included a one-time levy of £6,500 to increase the general reserve to a minimum adequate level equivalent to around 6 months precept. Given this one time levy, and better than anticipated net expenditures in 2014-15 outturn, and forecast outturn in 2015-16 general reserves are now considered adequate. The general reserves are forecast to stand at £28,007, at the close of 2015-16 and given the recommendations of this budget will close 2016-17 at £16,193 (ie 51% of the core precept).

## Recommendations

**The F&R Committee invites Councillors to consider their recommendations in respect of the 2016-17 precept as follows; the component elements (1.1 & 1.2), and the final precept (2.1):**

- 1.1 That required to support the main budget and to **maintain the status quo**;
- 1.2 That required to support the **Hollow Hill footpath scheme**; and
- 2.1 The **final precept**

**1.1 To maintain the status quo** To deliver the budget as noted in this paper, being a continuation of existing strategy the F&R ADVISORY Committee recommends that the core precept including community engagement must increase from the current level of £27,750 to £31,632. **The F&R Advisory committee recommends that the Council levy a core Precept of £31,632.**

**1.2 To support the Hollow Hill footpath scheme.** If the Council is to support this scheme and in the event that DPC will need to make a direct contribution to costs the F&R ADVISORY Committee recommends that an additional levy on the 2016-17 precept be made in the sum of £7,500 (on the expectation of 50% match funding) and that the balance be levied on the 2017-18 precept. The funds raised by this additional levy will be ring fenced and may not be used for any other purpose. In the event that these funds are not required (eg the scheme is not commissioned, or that funding is met by alternative sources) this funding will used to reduce the core precept in 2017-18. **The F&R Advisory committee therefore recommends that the Council levy a supplementary Precept of £7,500.**

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**2.1 The final precept.** In these matters it is too easy to be overly 'precise', therefore if Council adopts the recommendation(s) as above it is proposed that the precept be rounded as follows:

ONLY 1.1 (NOT 1.2) **the F&R Committee recommends that the final precept be £31,500** (rounded from that calculated downwards from £31,632), OR

BOTH 1.1 & 1.2 **the F&R Committee recommends that the final precept be £39,000** (rounded from that calculated downwards from £39,132).

## Cost per Household

The precept for 15-16 at £34,250 equates to an average of £45.67 per household (£0.88 per week). This included a one-off to strengthen financial reserves. [The equivalent calculation without the one-off adjustment equates to £37.00 per household].

In order to calculate the precept for 16-17 we have: removed the one-off reserves adjustment, adjusted for inflation (RPI), and recognised that the approximated number of dwellings has increased from some 750 to 830 (mainly as a result of completion of the Maltings development).

The proposed core precept on this basis equates to an average of £38.11 per household (£0.73 per week), in effect a reduction of 17%. Should the Council support the creation of a 50/50 match funding reserve in respect of the Hollow Hill footpath, the full precept will increase to £47.15 per household (£0.91 per week, an increase of 3% over the 15-16 level.

Clearly averages must be explained, the tax base on which the actual precept is calculated makes allowance for varying reliefs (eg for the least able to pay and empty properties) and for adjustments between Council tax bands... the effect being that the increase for properties in band A will be less and in band H more.

The calculations are set out below.

	Precept	Core	Supplement.	Total	Household/yr	Household/WK	% change
a	2015-16 Actual	34,250			45.67	0.88	100.0%
b	less one time levy for reserves 15-16	-6,500					
c	Increase to maintain Status Quo (inflation +3%)	833					
d	<b>SubTotal</b>	<b>28,583</b>					
e	estimated # of households 15-16	750					
f	<b>per household =(d/e)</b>	<b>38.11</b>			<b>38.11</b>	<b>0.73</b>	<b>83.5%</b>
g	extra households (75 extra at Maltings +5) 16-17	80					
h	estimated # of households 16-17	830					
	<b>Core precept, adjusted for inflation &amp; increased # of households =(h*f)</b>	<b>31,632</b>			<b>38.11</b>	<b>0.73</b>	
	Supplementary precept re Hollow Hill footpath		7,500				
	Total of core & supplementary precepts			39,132	47.15	0.91	103.2%
	<b>Rounded</b>	<b>31,500</b>	<b>7,500</b>	<b>39,000</b>	<b>46.99</b>	<b>0.90</b>	<b>102.9%</b>

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## **SN Grant & Transition monies**

In 2015-16 the Council received a grant of £2,951 from SN arising from reorganisation of national government funding. An equivalent (but lesser) grant may be available for 2016-17. Additionally, the Council are reminded of continued [albeit possibly more remote] concerns that the Secretary of State for Communities and Local Government may cap local precepts and Councillor's should again be concerned with regard to this for 2016-17 or the following year. The F&R ADVISORY Committee recommend that in the event that a grant is available this year that this is used to support reserves and not to reduce the underlying precept which could have serious ramifications for future years in terms of a [reduced] capped precept.

*NB. This paper revised after November 2015 meeting to include correction of typographical errors (replacing 14-15 with 15-16 and 15-16 with 16-17 in text & figures as required).*