

## **Budget for 2018/2019**

Please find below tables which show a comparison between last year's budget (2016/2017), this year's (2017/2018) and that anticipated for next year (2018/2019).

Actual figures are shown where possible but when anticipated these are *italicised* and **emboldened**. Please note that I have included figures where necessary **for guidance only** in order to aid the process of setting the budget & precept.

### **Budget v Expenditure**

- The R&AC has set its budget for 2018/2019 at **£37,326**.

The Portal Woodlands Conservation Group requests **£100** (please note that this is added to the sum the PC carries forward for them at the end of each financial year).

- The F&GPC has set an Administration budget of **£103,270** exc. Grants but including £16k for a new member of staff & £2k for Data Protection, to be agreed.
- The full PC has agreed grant expenditure of **£1,826**.

The Council is therefore considering a total budget of **£142,522 for 2018/2019**.

Please note these figures exclude earmarked reserves.

	<b>2016/17</b>		<b>2017/18</b>		<b>2018/19</b>
	<b>Budget (revised) £</b>	<b>Actual £</b>	<b>Budget (revised) £</b>	<b>To year end £</b>	<b>Budget £</b>
Recreation & Amenities	33,101	25,969	32,601	<i>27,606</i>	<i>37,326</i>
Admin	73,745	75,264	81,650	<i>79,604</i>	<i>103,270</i>
Portal Woodlands	1,634	111	1,643	<i>450</i>	<i>100</i>
Grants	3,254	2,360	5,015	<i>5,015</i>	<i>1,826</i>
<b>Total expenditure</b>	111,734	103,704	120,909	<i>112,675</i>	<i>142,522</i>

## Income

The F&GPC agreed in Nov 2008 not to project income from other sources as this usually comes from grants for projects and is offset by corresponding expenditure.

	<b>2016/17</b>		<b>2017/18</b>		<b>2018/19</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>To year end</b>	<b>Budget</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Interest	500	679	550	<i>450</i>	<i>450</i>
Grants		11,367		<i>4,124</i>	
Income from other sources		767		<i>237</i>	
<b>Total</b>	500	12,813	550	<i>4,811</i>	<i>450</i>
Precept	120,000	120,000	130,000	130,000	?
Council Tax Support Grant	521	521	0	0	0
<b>Total Income</b>	121,021	133,334	130,550	<i>134,811</i>	?

## Reserves held by the Parish Council

The following table shows the allocation of the PC's earmarked reserves (EMR), and its remaining general reserves. Please refer to the Financial Summary & Draft Earmarked Reserves for 2018/19 reports for the figures used.

Expenditure from earmarked reserves, of estimated **£19,130**, to year end 2017/18 is **excluded** in the expenditure table above, but included below.

**If recommendation F2017/12c (additional £1,741) is agreed, then proposed earmarked reserves for 2018/19 are £86,186.** This however will change according to how much money is left in 9008 EMR Neighbourhood Plan, 9003 EMR Locality Budget & 9010 EMR BMX Project because in these cases the remaining balance is just carried forward. If we receive any grants that have not yet been spent, they will also be earmarked.

The committees have recommended again this year that where the PC does not have a clear proposal for expenditure, rather than setting the budget higher, an earmarked reserve is set.

In recent years the Council has based its precept demand on the budget and replenishing and establishing an earmarked reserve for contingencies. The Governance and Accountability Guide for Smaller Authorities in England March 2016 gives the following guidelines on reserves:

*5.160. As authorities have no legal powers to hold revenue reserves other than those for reasonable working capital needs, or for specifically earmarked purposes, whenever an authority's year-end general reserve is significantly higher than the annual precept or rates and special levies, an explanation should be provided to the auditor.*

I have not made any projections on what the PC might spend on earmarked reserves during 2018/19.

	2016/17		2017/18		2018/19	
	Start of year £	End of year £	Start of year £	End of year £	Start of year £	End of year £
General reserves	73,838	86,645	86,645	<b>87,409</b>	<b>65,538</b>	?
Earmarked reserves	62,661	62,073	62,073	<b>64,315</b>	<b>86,186</b>	?
<b>Total reserves</b>	136,499	148,718	148,718	<b>151,724</b>	<b>151,724</b>	?

## Setting the Precept

Using the above projections for expenditure, income and earmarked reserves (which of course may well be changed), the PC now needs to consider at what level it wishes to maintain its general reserves in order to calculate the precept request for 2018/2019. Please bear in mind government guidance above.

The F&GPC recommends (F2017/12h) that the **budget of £142,522** is agreed (**Budget agreed by Resolution C2018/11**). It recommends a precept of **£143,000 (Precept agreed by Resolution C2018/1m)**. On page 5 I show the effect this will have on general reserves, two other examples are also given. Of course any amount can be substituted. You can see in the table on page 5 what the general reserves might be at the end of 2018/19 if all the earmarked reserves were spent, which seems very unlikely. This might help the PC consider whether it needs to increase the precept for earmarked reserves.

**Recommendation F2017/12i (agreed, Resolution C2018/1m):** Our tax base has gone up to 2,291.24 Band D equivalent properties (an increase of 94 properties from 2017/18). Therefore if we were to keep our precept the same the charge would show as a 4.12% decrease. This financial year, with our precept of £130,000, a Band D equivalent property is paying £59.18. The F&GPC reviewed the risk assessment of general reserves, see Decision F2017/12f of the committee's December minutes, and considered it wise to maintain reserves & not let them fall. In light of this, the committee recommends that the precept covers the budget. The recommended precept of **£143,000** means that the charge for a Band D equivalent property would be **£62.41** ( $£143k \div 2,291.24$ ). This would be an increase of only £3.23 per annum, approximately 5.46% increase. For your information, the PC increased the precept by 6.09% for 2017/18.

**Example 2:** A precept of **£135,596 (rounded)** would show a 0% change, due to the increase in the number of properties in Martlesham. The Band D property charge would stay the same at **£59.18**.

**Example 3:** This shows the impact of a 2% increase, which is likely to be the maximum we can increase our precept without triggering a referendum, should referendum principles be imposed upon town & parish councils in the future. This shows a precept of **£138,308**, which would result in a charge of **£60.36** per band D property, only £1.18 extra per year.

These are just examples to assist in the decision making process. The PC will need to decide what is most important, e.g. increasing its reserves to cope with increasing demands or maintaining a zero or minimal tax increase in line with the principal authorities.

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>
	£	£	<b>Res C2018/1m</b>	<b>example 2</b>	<b>example 3</b>
	£	£	£	£	£
<b>START OF YEAR</b>					
General reserves	73,838	86,645	65,538	65,538	65,538
Earmarked reserves	62,661	62,073	86,186	86,186	86,186
<b>Total reserves</b>	136,499	148,718	151,724	151,724	151,724
Income exc precept	12,813	4,811	450	450	450
Precept	120,000	130,000	143,000	135,596	138,308
Council Tax Support	521	0	0	0	0
<b>Total income</b>	133,334	134,811	143,450	136,046	138,758
Expenditure	(inc EMR)(121,115)	(inc EMR) (131,805)	(exc EMR)( 142,522)	(exc EMR)( 142,522)	(exc EMR)( 142,522)
<b>END OF YEAR</b>					
General reserves	86,645	87,409	66,466	59,062	61,774
Earmarked reserves	62,073	64,315	86,186	86,186	86,186
<b>Total reserves</b>	148,718	151,724	152,652	145,248	147,960