

**BRIEFING NOTE** - for consideration by Finance + General Purposes Committee 6 December 2018.

**RE: Budget and Precept 2019/20**

1. The purpose of this Note is to seek approval of the Draft Budget 2019/20. The Finance + General Purposes Committee will have a further opportunity to refine the budget at its meeting 10 January 2019, after the Tax Base figures are confirmed by MSDC. The Committee will then be asked to make a RECOMMENDATION to Council for its meeting 24 January 2019 for approval and the setting of the precept.

The Committee is asked to consider the Draft Budget which is based on the above assumptions. (*Ref Budget 2019/20 WORKING DRAFT 28 November 2018 V2 and V3 (REVISED) ATTACHED*)

**2. REVENUE BUDGET:**

Each of the spending committees and the relevant Working Groups have considered their bids for the budget year, and these have been included in the Draft V2. In particular the following significant changes are noted:

- a) Court Bushes Community Hub: A revenue deficit of £13,000 in the year. This is expected to reduce to zero in three years. The figure is on an assumed rent paid to MSDC (*REF: Court Bushes WG 27 November 2018*).
- b) Planning: a sum of £5,000 for unspecified consultancy support.
- c) Planned repairs to the Chapel (£2,500), Village Garden Bus Shelter (£4,500).
- d) Staff: An increase of £13,000 for additional staff to manage Court Bushes Community Hub and the Village Centre (staff recruitment has been approved by Council but not yet implemented).
- e) Village Centre: An assumed income of £9,300 as a management charge to the HVCA trust.

The effects of these bids, and based on an assumed 2% increase in Tax Base and 2% increase in Council Tax, is a revenue deficit of £19,282.

**3. CAPEX BUDGET:**

The significant expenditure items are:

- a) Court Bushes Community Hub (capital items) (*REF: Court Bushes WG 27 Nov 2018*): £20,000
- b) Reeds Lane Play Area: £10,000 (£5,000 budgeted in 2018/19 but not sufficient to provide a viable project)
- c) Van replacement: £15,000 (previously budgeted in 2018/19 but not likely to be spent)
- d) Parish Office feasibility study/professional fees: £8,000.
- e) Hurst Meadows (principally the Marchants close boardwalk, plus other items) £35,000

The CAPEX income, from Hurst Meadows s106 commuted sums, less expenditure produce a CAPEX deficit of £5,000 in the year.

**4. RESERVES:**

Whilst the total funds remain strong at about £220,000, the Council has earmarked a substantial portion for future maintenance of Hurst Meadows (Council meeting 17 May 2018). The original principle of the s106 negotiations and agreement was that 75% of the funds would be drawn down over 20 years for ongoing maintenance. 25% would be utilised in the early years for preparatory works. The expenditure is being monitored by the Hurst Meadows Management Committee. However, there is no specific requirement in the s106 agreement that the sums are to be earmarked, only that the Council shall maintain the 'country open space'.

Page 11 of the Draft Budget shows the calculated and projected earmarked reserves. On the current projections the General Reserves are too low, at around 10% of revenue expenditure. It is considered good practice to allow for 4 months expenditure, or 33% of annual expenditure, which would be about £80,000.

The Council could consider transferring the Hurst Meadows preparatory works funds from earmarked to General Reserves to rebalance the funds, but this could deplete the longer-term funds available for the maintenance of Hurst Meadows. The alternatives are to reduce revenue expenditure and/or to raise the precept.

**5. PROPOSED BUDGET**

The Committee is asked to consider two options for the Budget 2019/20:

**(1) V2:**

including all committee requests and assuming a 2% Council Tax increase.

Revenue deficit: £19,282

CAPEX deficit £5,085

General reserves: dropping from £30,844 to £6,477 at 31 March 2018.

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It is suggested that this budget is not acceptable as it does not meet the Council's policy of a balanced revenue budget and does not confirm to the preferred General Reserves ratio.

**(2) V3 (REVISED)**

Precept: The REVISED draft budget has assumed the following:

Tax Base increase:	2.0%
Council Tax (Band D) increase:	7.0% (£4.78 pa on Band D property)
Precept increase:	9.0% (£18,000)

- a) Increase the Council Tax by 7.0% which combined with an assumed Tax Base increase would provide an additional £18,000.
- b) Planning Committee: reduce consultancy support contingency to £2,000, saving £3,000.
- c) Community Affairs Committee: Reduce grants from £9,500 to £6,000, saving £3,500.
- d) Salaries: Reduce staff salary adjustment from £10,000 to £5,000, saving £5,000.
- e) Postpone van replacement

Revenue surplus: £2,051

CAPEX surplus £9,915

General reserves: from £30,844 to £42,810 at 31 March 2018, being 15% of expenditure, rising to above 40% of revenue expenditure in following years.

If necessary Council could consider a temporary transfer of say £40,000 from Earmarked to General Reserves for the period 2019/20, in order to conform to the preferred ratio.

Alternatively, there could be any combination of these changes.

<b>The Committee is asked to confirm the changes to achieve a balanced revenue budget and retaining a minimum 33% annual revenue in General Reserves.</b>
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**RECOMMENDATION: The Committee agrees the draft budget, subject to final adjustment at the next meeting 10 January 2019.**

Stephen Hoyles  
CLERK TO THE COUNCIL  
28 November 2018

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