

## **BAR HILL PARISH COUNCIL**

### **Financial review to September 2015, projected financial out-turn at 31<sup>st</sup> March 2016, budget and precept recommendations for 2016-17.**

#### **1.0. Introduction**

1.1 This report considers the council's current financial performance for the year to date (6 month review) and projects the out-turn at 31<sup>st</sup> March 2016. It then sets out the proposed budget(s) for financial year 2016-17 and suggested options in regards to precept setting for Bar Hills.

#### **2.0 Financial performance 2015-16 and estimated out-turn at 31<sup>st</sup> March 2016**

2.1 Appendix 1 (summary sheet as attached column marked in pink extracted from councils primary budget sheet<sup>1</sup>) summarise the councils performance for the six months to the 30th September 2015.

Income received currently, including the full annual precept (£94738) from the Billing Authority (ECDC), exceeds current expenditure (£62736).

Small income is generated from room hire fees, tenancy and agency fees (higher Tier Authorities) that remain nominal and consistent with previously known amounts (Appendix 1 actual income 2014-15 light blue column far left hand side).

The total income received, other from precept monies, amounts to around 10 % of the total rate demand. In all cases all additional income is used to offset and reduce the precept calculations and/or PWLB (see points 3-5).

Expenditure in the current year (to date) is higher than expected due to primarily the following:

1. Litter bins (Community facilities)-purchased from the revenue (running) budget as there is no provision currently for such activity in capital expenditure. The annual charge from SCDC is anticipated at some point in the next two financial quarter (circa 5K)
2. Ongoing liability for non-domestic (business) rates associated with the Willows and costs associated with both the abortive leasing and solicitors fees, some invoices of which are still to be received together with upkeep costs related to the properties (see below).

Bar Hill Parish Council currently retains two properties for which it rents at, where possible, commercial (market value) rates. During this financial year the council agreed that:

1. this activity (renting) does not constitute 'trading' and as such there is no need to set up a company separate to the council for administration purposes (and incurring additional costs).
2. the activity (renting of property or land) does not require the council to be VAT registered (again would incur additional administration and commercial costs).
3. Ongoing difficulties with renting the property known as the Willows that has extended over a significant period of time (all this FY and most of last FY) and continues to place a significant and ongoing financial burden to the ratepayer (through the annual precept).

As a consequence of limiting this financial liability further to the ratepayer the council is looking at the possibility of realising this asset by selling (outcome tbd).

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<sup>1</sup> For more information refer to RFO

Most budgets other than those highlighted above are within acceptable tolerance and range (budgets of 'insurance' remains unspent whilst staff budget will be overspent by year end due to employing a cleaner, RFO (in house) changes to staffing arrangements).

2.2 Expenditure and income for the year to date has been projected for the remaining six months of the financial year (column marked in blue Appendices 1 and 2). Income is not expected to alter significantly from the declared figures presented whilst expenditure (as all budgets represent revenue expense) is expected to increase proportionately. At year end it is anticipated expenditure will be as recorded under the projected out-turn 31<sup>st</sup> March 2016 column.

2.3. These projections can be summarised as follows:

a) Financial performance 2015-16

	<b>£</b>
Expenditure	123619
less income	11818
(Deficit)/surplus	(111801)
plus	
• precept	94 738
Excess/(Deficit) income over expenditure	<u>(17063)</u>

b) balance projection at 31 March 2016

	<b>£</b>
balance b/f 1 <sup>st</sup> April 2015	51 944
projected deficit 2015/16	17 063
Projected balance as of 31 <sup>st</sup> March 2016	<u>34881</u>
represented by:	
allocated reserve	0.00 <sup>2</sup>
General reserve	34881 <sup>3</sup>

### **3.0. Budget 2016/17.**

3.1 Next years' budget has been formulated by Bar Hill Parish Council during considerations at council and committee meetings and on the basis that income and expense levels should, in so far as this is possible, be consistent with meeting its known current service demands and with all budgets remaining in line with this current years performance.

3.2 The council and relevant committees reviewed and presented their suggestions at a meeting on the 10<sup>th</sup> November 2015 in regards to fixed overhead, running cost (variable) and capital, one off and ongoing projects (numbers appear in **green**, column far LHS Appendix 1 ). Such revisions are duplicated and applied to summation columns for administration, office costs, environment, community amenities, commercial etc' (Appendix 2 (column highlighted in **green**). Any monies that remain unspent in this and next years budget are to be returned to the general reserves.

3.3 Total expenditure for 2016-17 is as currently budgeted at and takes into consideration the following assumptions and additional financial burdens:

1. Street lighting (7.5k)
2. Additional staff costs and other HR requirements (pension provision)
3. Willows is not sold/leased and continues to be a financial drain on the councils monies.
4. No provision for skate-park (no provision for earmarked/allocated funds in regards

<sup>2</sup> Bar Hill Parish Council currently has no resolutions to provide allocated funds for community activities/capital expenditure.

<sup>3</sup> Bar Hill Parish Council consistently maintains a general reserve of less than ½ annual precept.

- to capital/project expenditure)
5. Precept does not add to general reserves of council
  6. Income received, before precept, being estimated at 11 136

3.3 Based on these projections Bar Hill Parish Council will have to meet expenditure before receipt of precept of £133505

#### **4.0. Precept.**

4.1 The current (2015-16) precept is 94 738

4.2 Maintaining the precept at current levels would not cover projected net expenditure in 2016/17 and additional could deplete the general reserves which are currently well under the recommended amount for local Authorities to operate under to an unacceptable level (NEGATIVE EQUITY) (refer to Appendix 2, column identified as being 4.2 **yellow**).

4.3. Bar Hill Parish Council previously historically not set a base figure for its 'general reserves' nor made financial provision for allocated reserves for specific capital or project/replacement expenses.

4.4 Suggested options (4.1-4.3) are highlighted in Appendix 2 and courses of action (recommendation in para 5).

#### **5.0 Recommendations**

Council will be recommended to:

- 5.1 Note the financial performance for the year to date and the projected year end out-turn
- 5.2 Adopt the suggested expenditure budget for 2016-17 as considered at the meeting on the 10<sup>th</sup> November 2015 set out in Appendix 1.
- 5.3 Set the precept for 2016-17 at:
  - 5.3.1 Current precept of £94738 **WHICH IS NOT ADVISED** as this figure will neither cover anticipated expenditure and leave the councils **WITHOUT** general reserves (Appendix 2 option 4.2 -**yellow column**).
  - 5.3.2 £122 369 provide a balanced budget to cover anticipated expenditure with known liabilities but without consideration to the councils general reserves (Appendix 2 option 4.1 **green column**).
  - 5.3.2 £132369 to provide a balanced budget but increasing the general reserves to a more acceptable although less than recommended level (Appendix 2 option 4.3 **grey column**).
- 5.4 The financial impact of all the above suggestions in regards to rate for Band D dwellings may be found at the bottom of table Appendix 2 in that
  - A precept of £122 369 would increase current precept of 28% and an increase per week to the ratepayer of 35p/week
  - A precept of £132 369 increase current precept of just under 37% and an increase per week to the ratepayer of 48p/week  
(For comparison a Band A dwelling without applicable discounts and with a precept of £122369 would increase by 19p/week)
  - It should be noted that neither options as currently stated under 5.4 might be acceptable to council.

#### **NOTES TO CONSIDER**

All suggestion currently do not not make provision for any allocation of reserves for specific activities (such as skate park) or contingencies/unexpected expenditure by the

PC.

ALL suggestions do not consider the realisation of sale of the Willows (monies if realised **CANNOT be used for offsetting the precept and must be used in capital schemes**).

*For a 5 (and where possible 10) year review of issues please refer to review document at end of report.*

*Bar Hill PC needs to consider whether its 'environment' budget and expenditure in regards to this activity remains valid given that a PC does NOT have the power to undertake work on private/homeowners property which includes the land (and subsoil) up to and including the mid line of a highway (be that a footpath or road) (as attached at end of report).*

*For further information please refer to <http://www.landregistryinfo.co.uk/common-law-presumptions-in-boundary-disputes-england-wales-part-2/>*

*For maps used in this assessment (Bar Hill services) refer to <http://my.cambridgeshire.gov.uk/>*

*End report*

5 year review

General reserves should be maintained at half the declared precept/6 month running costs of the PC NOT accounting for any earmarked reserves of the council (currently Bar Hill PC maintains NO allocated reserves for any activity)

94% of the reserves of the PC have been depleted over last 10 years and are now at levels well below recommended amount

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>General reserves b/f 31<sup>st</sup> March (box 1)</b>		TBD	51944	62762	70813	60216	54832	44176	54154	257472	285361	1012544	934533
Change (£) surplus/deficit between years		TBD	TBD	-10818	-8051	10597	5384	10656	-9978	-203318	-27889	-727183	78011
% change in 10 years				-94%									
<b>staff costs (BOX 4)</b>		TBD	18016	22012	21020	21541	22205	21143	21647	22418	21804	19967	18820
% change in 10 years		TBD		-4.27%									
<b>ENVIRON-Grass cutting, paths, hedges, trees</b>		TBD	58473.56										
% change in 5 years		TBD		50.2%									
% of precept charged				64.2%	43.2%	37.0%	33.1%	39.7%					
<b>ALL OTHER expense (excluding staff and environ. Cost)</b>		TBD	30321.44	46597.11	52719.06	56541.89	49872.94	109465	378943	199001	204717	716408	137129
% change in 5 years				33.29%	47.76%	54.03%	57.95%	50.91%					
% of precept charged				33.3%									
<b>TOTAL EXPENDITURE</b>			106811	110807	109815	110336	111000						
<b>PRECEPT</b>		94738	91088	97568	97568	97568	97958	95428	91340	86640	81640	78390	76904
Change (£) between FY				-6480	0	0	-390	2530	4088	4700	5000	3250	1486
% change in 10 years				15.57%									
<b>Cost of living RPI</b>				1.6	2.7	3.1	4.8	4.8	2.4	0.9	4	4.4	2.2
increasing precept by RPI (annually)				99129	100202	100593	102660	100009	93532	87420	84906	81839	78596
RPI (average)			30.9										
RPI (Cumulative average over 10 years)			102882										
<b>Inflation rate</b>			0.43	0.3	1.3	2.83	4.48	3.29	2.1	3.6	2.3	2.3	2.1
Inflation (average)			24.6										
Inflation (Cumulative average over 10 years)			95822										

APPENDIX 1  
BAR HILL PARISH COUNCIL  
INCOME AND EXPENDITURE (DETAILED exc VAT)  
INTERIM (6 MONTH REVIEW)

APPENDIX 2

BAR HILL PARISH COUNCIL

last FY	BUDGET			BUDGET
	APPROVED 2015-16	2015/2016 to Sept 2015	Projected out-turn at 31st March 2016	
2014/2015				
91088		94738	94738	
51.15				
290				
670.73				
0				
107.22	300			
0				
360				
8320.5				
4348.8				
-3242.27				
0				
148.08				
0				
383.51	1000			
102516.72	101650	102232	106556	11136
18015.71	15000	9982	19965	24000
13547.94	9050	5594	11188	12000
4997.6	5200	0	5600	5600
2961.53	1500	1000	1000	1000
0	500	198	1000	1000
229.85	500	0	0	500
20398.88	20000	7135	21405	21000
30748.76	20000	10306	20611	20000
7327.84	2000	33	66	2000
0	2000	1179	2357	2000
4566.32	10000	10345	10345	10000
0	0	196	393	7500
925.5	5000	3505	8505	5000
740	3000	16	31	0
223.76	2000	815	1630	2000
912	250	83	167	250
4459.1	1000	0	0	0
6523.14	500	50	100	250
-3242.27	150	190	250	250
0	2000	2407	2407	3000
0	2000	2861	5520	5000
0	5091	8727	8000	8000
0	3262	6523	6523	6523
0	-1684	-3368	-3368	-3368
0	0	0	0	0
113333.66	101650	62563	123619	133506
-10817.94	0	39669	-17063	-122369

INCOME		ACTUAL 2014-15	BUDGET 2015-16	ACTUAL OCT 2015	ESTIMATE MAR 2016	BUDGET 2016/17
SHARES DIVIDEND	51					
ASSIGNMENTS	290					
AGENCY SERVICES (GRASSCUTTING)	671					
FREEHOLDS	0					
BANK INTEREST	107	300				
INSURANCE CLAIMS	0					
GARAGE RENT	360	612	210	360	360	
RENT	8321	5000	3137	6274	6000	
LOAN & REPAYMENTS	4349	0	3805	6523	6500	
BHVHMC LOAN LIABILITY	-3242.27	0	-1684	-3368	-3400	
MEMORIAL GARDEN	0					
NATURE RESERVE	148					
RESERVES	0					
OTHER RECEIPTS	384	1000	1290	1000	1000	
S137	63		63	63	63	
TOTAL INCOME	11428	6912	7494	11818	11136	
<b>EXPENDITURE (TOTALS)*</b>						
<b>Fixed overheads</b>						
General Administration (wages)	18016	15000	9982	19965	24000	
office costs and professional fees	21507	16750	6792	17987	20100	
<b>Running costs (variable)</b>						
Community amenities	10951	11250	4615	10725	14750	
Environment	51146	54000	28997	54784	55000	
Commercial	4451	4000	10359	16654	16000	
Grants & donations	740	650	240	350	500	
LOAN & REPAYMENTS	6523	0	3262	6523	6523	
liability			-1684	-3368	-3368	
EXPENDITURE-capital	-	0	0	0	0	
EXPENDITURE-project	-	0	0	0	0	
adjustment			0	0	0	
TOTAL EXPENDITURE	113334	101650	62563	123619	133506	
(CURRENT FY PRECEPT)						
PRECEPT	91088	94738	94738	94738	122369	94738
Local (general) Government Support Grant (administered by Billing Authority)	-	-	-	-	-	-
INCOME	11428	6912	7494	11818	11136	11136
SURPLUS/(DEFICIT)	-10818	0	39669	-17063	0	-27631
RFO REPORT DEC 2015					4.1	4.2
					4.1	4.3
Balance brought forward (councils general reserve)	62762	51944	34881	34881	34881	34881
					34881	44881
* For detailed analysis of cost centres within totals please refer to monthly totals (balance analyses)						
CURRENTLY						
2015/16 Band D Bar Hill parish rate (£)		165.85				
2015/16 Band D (source tax booklet (SCDC))		14.38	694			
PROJECTED						
2016/17 Band D no (source letter dated Oct 2015)		145.7				
E RATE projected Band D for Bar Hill Parish Council					£83.95	£64.99
% projected increase					27.4%	-1.30%
Increase £ per week 2016-17 compared to current FY					£0.35	-£0.04
Comparative Band A (without applicable discounts)		£36.58			£46.64	£0.19

Rent from The Farmhouse seriously depleted by loss of rental income from Willows last 2 financial years

Includes night lighting contribution agreed by PC 7.5K - which WILL BE ONGOING LIABILITY

Assume NO CHANGE to the financial liability that the Willow poses currently

ALLOCATED (EAR MARKED) RESERVES-New budgetary headings specifically from annual precept/generel reserve monies BUT OUTSIDE ANNUAL PRECEPT calculation in subsequent financial years...NB Bar Hill PC does not have any allocated reserves currently for capital or project expenditure

(CURRENT FY PRECEPT)

Imbalance (deficit) in annual expenditure above precepted amounts is paid out via the general reserves of the council...ie in the previous FY the balance carried forward was £57252, and in 2015/16 (current FY) the CF was then £51944 (-10818)