

Draft Budget 2019-20 - Explanatory Notes

Receipts and funding street lighting

The key decision regarding receipts concerns the precept.

In recent years the Council Tax Reduction Grant has been diminishing and the Parish Council has increased the Precept to ensure that the overall sums raised have remained at £11,900. In 2019-20 the Grant ends so there's a need to increase the Precept for the loss of £44.16.

More significantly over the next three years, Allerdale Borough Council is ending its street lighting responsibilities and the Parish Council has to decide whether it wishes to take on these responsibilities and fund them. There is no obligation to take on provision of the service and some parish councils are choosing not to do so.

The Parish Council has over recent years built in contingencies for street lighting and has established an earmarked reserve for street lighting. This is being used to fund an additional footway light between Caldbeck village and the school. The reserve also provides some cover given uncertainties about the condition of street lighting assets which may transfer or if there is need for further lighting.

There are 50 street lights in the Parish with Allerdale Borough Council owning 47 and the County Council the remaining 3. We are advised that annual electricity running costs are £30 and a similar amount is considered appropriate for maintenance. Should the Parish Council wish to take on responsibility for street lighting, based on these estimates, the Parish Council would need to fund street lighting costs of £1,500 in 2020-21 (when it would pay for electricity) and £3,000 in 2021-22 (when it would also need to pay for maintenance). These figures are uncertain and hence the importance of establishing a reserve. They also give us an estimate of a core budget to fund the service.

The current £1,000 contingency in the budget was suggested to cover both street lighting and possible provision of public toilets. That sum is clearly inadequate to fund the estimated £3,000 required when the Parish Council takes full responsibility.

It is therefore proposed that over the next three years the Parish Council should increase its Precept to fund street lighting and review budgets where we have established earmarked reserves.

For 2019-20 the suggestion is that the Precept increases by 4% (similar to the County Council's proposed increase in Council Tax). That raises an extra £430 and the draft budget increases the contingency for street lighting from £1,000 to £1,250.

If the winter gritting budget were transferred to street lighting, that increases the contingency to £2,000. In future years the Precept would then need to increase by £1,000 just to fund street lighting, some 8%. That remains a significant increase and there may will be other pressures to fund which are discussed when considering payments.

The proposed budget is balanced because earmarked reserves are healthy. Once calls are made on these reserves, they will need to be replenished, for example winter gritting and hedge cutting.

Payments - explanations for budget figures in purple bold italics

The following proposed budgets are highlighted where there are significant change from previous years.

Clerk's salary and expenses - CALC recently circulated details of Local Government pay awards and the hourly rate for Scale Point 16 (the Clerk's rate) is £9.96. This year the rate is £9.521, an increase of 4.6% (c£180). Expenses tend to be some £120 a quarter.

Audit Fees - held at £50. At some point it is likely the Parish Council will have Payments of more than £25,000 (footpath project and possibly National Park land purchase) which would see an increase in the audit fee. Given uncertainties on timing, no increase in audit fees is budgeted. The suggestion is the additional fee should be considered as part of the project costs to be funded by project receipts (as we expect to do for professional charges in relation to land purchases).

CALC subscription - a minor saving is expected as CALC has proposed a new methodology for calculating its subscription which helps smaller parish councils.

Elections - we have £1,000 in earmarked reserves to meet election costs. Costs may be incurred in May next year and it is proposed to build £250 in the budget to top up the reserve. If the May election is not contested, the £250 would be available for other reserves and would not be included in future budgets.

Hedge cutting - we have £1,000 in earmarked reserves and with uncertainties about the footpath and timing, no contribution is budgeted next year. Once the footpath is established, hedge cutting will need to be included in the budget.

Sign post - £400 is included in the budget, the same as in previous years. It would be helpful to confirm this is appropriate for 2019-20.

Fellview School - £200 is now built into the budget as the Parish Council's contribution to summer grass cutting.

Outside repairs - £300 proposed for next year. Spend this year included the railings for the John Peel shelter. Again it would be helpful to confirm this is appropriate for 2019-20.

Winter gritting - we have £2,000 in earmarked reserves and £750 in this year's budget. We were expecting an invoice for snow clearance earlier this calendar year. Given the level of earmarked reserves, it is suggested the £750 be used for building up the street lighting budget.

Benches fund - £100 proposed. While there has been limited spend on benches in recent years, it is thought a benches fund should be created, building to a maximum of £400.

Contingencies (street lighting) - £2,000, an increase of £1,000, including £750 which has been budgeted for winter gritting. As set out above in the Precept discussion, there's a need to build this budget over the next three years if the Parish Council is to fund street lighting.

Forecast Outturn 2018-19

The forecast is showing an overspend of £553. This is as a result of the forecast £900 spend on professional advice in assisting with the potential National Park land purchase. It is unbudgeted: if successful we would look to cover the costs as part of raising funds for the land purchase.

The forecast assumes £750 winter gritting spend this financial year.