

Seaton Valley Council

A Community Council

Report to: Full Council 25 January 2017

Report by: Clerk and Responsible Financial Officer

Subject: 2017/18 Budget Proposals

Purpose of Report

To review the proposals submitted by the Labour Group and to agree the Council's revenue budget and precept for 2017/18.

Recommendations

Council is recommended to:

- a) **Approve the build-up of the 2017/18 Budgets as shown at Appendix 14A which include the budget proposals of the Labour Group outlined in the body of the report,**
- b) **Agree to set a Council Tax Precept of £531,450,**
- c) **Note that in agreeing to set a Council Tax Precept of £531,450, Seaton Valley Council's element of the Council Tax will increase by 1.50% from £112.43 per annum to £114.12 per annum (Band D Equivalent),**
- d) **Note that Seaton Valley Council's Band 'D' Equivalent Council Tax base has increased from 4,528.01 to 4,657.17,**
- e) **Further note that in setting a Council Tax precept of £531,450 the amounts of annual Council Tax payable in respect of Seaton Valley Council will be approximately:**

• Band A £76.07	Band E £139.48
• Band B £88.76	Band F £164.84
• Band C £101.44	Band G £190.20
• Band D £114.12	Band H £228.23
- f) **Approve the Allotment Rent levels identified in the table at paragraph 12 below,**
- g) **Agree to continue to subscribe to the North East Regional Employers Association and the Society of Local Council Clerks and in addition to subscribe to the Northumberland branch of the National Association of Local Councils (NALC) , and**

h) Agree to maintain current rent levels for the two flats it owns.

Background

1. The Council used its Budget Working Group; assisted by myself, to carry out much of the preliminary work associated with developing the Council's 2017/18 Budget.
2. The majority of this work involved reviewing the adequacy and accuracy of the base budget and adjusting it to reflect any necessary inflationary increases.
3. The output from this exercise was presented to the Finance and General Purposes Committee on Wednesday 14 December and was used by the Labour Group to inform its budget proposals for 2017/18.

Projected Outturn 2016/17

4. A separate report on tonight's agenda provides more background on this matter, but in summary I would anticipate a general underspend of circa £20,000. This is net of any items that are likely to be carried forward or transferred to an earmarked reserve.

Reserves

5. The Council's estimated non earmarked general reserve as at 31 March 2017 is likely to be in the region of £120,000. A full break down of the build-up of the Council's reserves is attached at Appendix 10C.
6. The latest guidance on minimum levels of reserves for small local councils is set out in Governance and Accountability for Local Councils – A Practitioners Guide as updated in March 2014. Such guidance now states that the amount of general reserves should be annually risk assessed, whereas previous guidance had been much more prescriptive, recommending that minimum balances were maintained at 3/12 of the annual precept.
7. Taking into account the Council's excellent record of not exceeding budgeted spending, my knowledge of the Council's budget and the fact that over 50% of the Council's budget is expended on staffing and the NCC partnership arrangement costs it is my view that the Council's minimum level of non-earmarked reserves should remain at £75,000.

Labour Group Budget Proposals

8. The build-up of the Council's 2017/18 budget as proposed by the Labour Group is shown in detail at Appendix 10A.

9. The group has prepared a further schedule (Appendix 10B) which summarises changes to the position I reported to the Finance and General Purposes Committee on 14 December 2016. The changes are discussed below in a little more detail:
- Following a review of the bus shelter replacement programme the base budget for this service has been reduced to provide for the replacement of one existing shelter and one new shelter (from 2018/19) per annum. This action has proved possible due to the better than anticipated condition of the overall bus shelter stock.
 - The proposals include provision for a 1.50% Council Tax increase which equates to an annual increase of £1.69 at Band D and which is less than the estimated rate of inflation for the coming financial year.
 - The group has supported my view that the Council should re-join the Northumberland Branch of the National Association of Local Councils to take advantage of the advice and support the organisation offers.
 - Funding has been provided to allow limited additional investment in litter bin replacements and further support for the In Bloom programme.
 - Provision has been made in the budget to support the continuation of the Dog Warden Patrol Service that the Council has been trialling over the last few months. Public support for this embryonic service appears to be high and early reports suggest that the mere visual presence of dog patrol wardens has a beneficial effect on reducing incidences of dog mess not being picked up.
 - Top up funding has been provided to allow a part time post of Allotment and Maintenance Assistant to be created. The post holder will be responsible for carrying out a significant proportion of allotment maintenance work which is currently outsourced, and will complete other maintenance related activities that are currently provided by external bodies. Providing such services in house is expected to achieve better value for money, and will allow a greater degree of control over when and where such works are carried out.
 - The group's proposals embed support into the base budget for keeping Public Conveniences open during the winter period.
 - Funding has been provided in both the current year and in the base budget to allow the Seaton Valley Community Partnership to buy in Capacity Building Support from Community and Voluntary Action Blyth Valley.
 - A significant sum has been allocated to upgrade the appearance of Fountain Head Bank roundabout. Additionally; Northumberland County Council has agreed to match the Council's own contribution to this project.

- Budgetary provision has been provided to fund up to 200 hours of professional support to the Council's Neighbourhood Planning process, and
- The group propose to extend the current level of subsidy payable to Arriva for continuing to provide an evening service for the 57A bus. Our existing agreement will now expire in September 2017 and will be aligned to a date when timetable changes are normally made by Arriva.

Allotment Rents

10. The Labour Group has reviewed the level of rents paid by allotment holders and in noting that rent levels were frozen last year the group is proposing that they be increased by 2% in 2017/18 to reflect inflation levels over the last two years.
11. Members should also note that it has been previously agreed to reduce the 'pensioners concession' over a period of five years. The concession will reduce from the current rate of 15% to 10% in 2017/18.
12. If Council agrees with the Labour Group's recommendation Allotment Rents for 2017/18 will be as shown in the table overleaf:

Proposed Allotment Rents 2017/18

Size (m2)	Gross	Net*	Gross	Net*
	2017/18	2017/18	2016/17	2016/17
0 – 50	40.80	36.72	40.00	34.00
51 - 100	49.60	44.64	48.60	41.31
101 - 200	52.60	47.34	51.60	43.86
201 - 300	55.10	49.59	54.00	45.90
301 - 400	61.20	55.08	60.00	51.00
401 - 450	67.30	60.57	66.00	56.10
451 - 999	73.40	66.06	72.00	61.20

*Concession 15% in 2016/17 reducing to 10% in 2017/18. Concession applicable to tenants in receipt of state pension

Flat Rents

13. I have held discussions with the Council's Managing Agent and he advises that the current rents charged on each of the Council's two flats are equivalent to the market rate and, as a consequence, he would advise against any increase at this time.

Subscriptions

14. If Council agrees to implement the Labour Groups budget proposals its subscriptions budget will provide for annual payments to the following bodies:

- The North East Regional Employers Organisation,
- The Society of Local Council Clerks, and
- The National Association of Local Councils.

Conclusion

15. The Council's finances remain in a healthy position and will continue to remain so if it adopts the budget proposals put forward by the Labour Group.

16. The proposals identify efficiency savings in some services and allow new investment in other priority services whilst limiting the Council's Council Tax increase to an acceptable level, i.e. less than current inflationary estimates for the coming financial year.

17. The proposals include the use of £19,000 from unallocated reserves in 2017/18 and £4,000 in the current year, leaving a balance of £22,500 of unallocated reserves over and above the Council's minimum reserve level of £75,000.

SEATON VALLEY COMMUNITY COUNCIL								
Build up 2017/18 Budget								
	2016/17 Latest Budget	Less One Off Allocations from Reserves	Less one off Growth from 2016/17 Budget	Savings Items	Growth items	Review of Expenditure Patterns	Inflation/ Other	2017/18 Latest Position
Income								
Precept	509,080			7,850			14,520	531,450
Bank interest	1,500							1,500
Flat rentals	11,300							11,300
Allotment rents	11,280						2,220	13,500
Advertising Income	3,000							3,000
Christmas Tree Contribution	1,000							1,000
Other income	10,950		10,450					500
Planning Grant	8,500							8,500
Premises recharge	5,000				-5,000			0
Litter Bins Contribution	8,910		8,910					0
Awards for All	9,460		9,460					0
Bellway Homes	11,000		11,000					0
Recharge to Services	0				8,000			8,000
Total income	590,980	0	39,820	7,850	3,000	0	16,740	578,750
Expenditure								
Staff salaries, NI	90,500				21,170		1,500	113,170
Employers Pension Cont's	8,500				1,970			10,470
Staff expenses	800				670			1,470
Staff Training & Conferences	1,000							1,000
Staff recruitment	500							500
OFFICE COSTS								
Telephone and broadband	1,500							1,500
Business Rates	2,990			-2,990				0
Utilities (office)	3,000							3,000
Repairs & Maintenance	1,000							1,000
Office Cleaning	3,000					1,000		2,000
Office supplies	1,610					-1,000		2,610
Office Equipment/Furniture	700							700
IT Software and Equipment	500							500
IT Support	1,000							1,000
Office Maintenance Contracts	1,000							1,000
Venue Hire	300							300

Labour Group Proposals

Summary of changes to position reported to Finance and General Purposes Committee 14 Dec 2016			
Base Budget		Contributions From Balances/Reserves - One Off's	
	£		
Starting Position (Build up of Base Budget)	10,260	Estimated Unallocated Reserves as at 31 March 2017	36,500
		Remaining Unallocated Partnership Surplus	9,000
Add:			
Savings on Christmas events contract arrangements	4,000	Total unallocated reserves	45,500
Savings from rescheduling Bus Shelter replacements	10,000		
1.50% Council Tax Increase	7,850	Less:	
		Fountain Head Bank Roundabout	10,000
Sub Total	32,110	Consultancy Support - Neighbourhood Plan	8,000
		Extend Support for 57A to September	1,000
Less:		Capacity Building - SVCP Support 2016/17	4,000
Additional investment in Litter Bin Replacement	1,000		
Membership of NALC	2,000	Balance of unallocated reserves	22,500
Reiew of overheads	610		
Additional support for In Bloom groups	1,000		
Adjustment to Newsletter budget	1,500		
Support for Dog Warden/Patrol Service	12,000		
Part time allotment/maintenance post	6,000		
Support for Public Conveniences	4,000		
Access to Capacity Building Support for SVCP	4,000		
	32,110		

Seaton Valley Council - Use of Reserves											
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance	159,626	178,906	182,553	178,003	159,003	159,003	159,003	159,003	159,003	159,003	159,003
less agreed budget contribution	22,400	-7,270									
less supplementary estimates during the year											
April			-28,250								
May		-40,350	7,700								
June		-500									
Sept		-50,000									
October	-75,875	6,000									
2017/18 Budget Proposals			-4,000	-19,000							
Add underspend at year end	72,755	95,767	20,000								
Balance carried forward	178,906	182,553	178,003	159,003	159,003	159,003	159,003	159,003	159,003	159,003	159,003

Analysis of Reserves											
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Minimum level	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
<u>Earmarked reserves</u>											
Casual Election	5,000	6,000	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Playground Renewals Fund		23,000	52,450	52,450	52,450	52,450	52,450	52,450	52,450	52,450	52,450
Partnership Surplus		17,000	9,000	0	0	0	0	0	0	0	0
Flat/ Office Maintenance		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Allotments (c/fwd)		1,000	0	0	0	0	0	0	0	0	0
Support for Village Plans		37,500	0	0	0	0	0	0	0	0	0
Gateways P&G Contribution (c/fwd)		1,000	0	0	0	0	0	0	0	0	0
Bus Shelters (c/fwd)		2,500	0	0	0	0	0	0	0	0	0
Unallocated reserves	98,906	16,553	38,553	22,553	22,553	22,553	22,553	22,553	22,553	22,553	22,553
Total reserves	178,906	182,553	178,003	159,003	159,003	159,003	159,003	159,003	159,003	159,003	159,003

*Items in bold under earmarked reserves are already committed