

Budget 2018 – 2019 and onwards

Briefing

Introduction

At this time of the year it is necessary for the Council to start preparing its budget for the next financial year starting on 1 April 2018 and ending on 31 March 2019.

This is an important aspect of this Council to ensure that there is adequate funding available for the Council to undertake its duties, undertake its business effectively and to undertake any projects that Council have in mind for 2018 and beyond.

This briefing is intended to help Councillors through the budgeting process. The subject of budgets will be on all forthcoming Committee and Council meeting Agendas from October until December (if necessary to the end of January). The Council must finalise the Precept at their meeting on **Thursday 25 January 2018 at the latest** and the information will then be passed to TRDC in order for them to incorporate into their figures and to collect the Precept on behalf of the Parish Council.

It should be noted that under the Council's Financial Regulations 2014, **budget proposals are to be submitted no later than the end of NOVEMBER.**

The Council's Accounts System was installed during the 2006/7 accounting year, and provided the opportunity of recording income and expenditure against allocated account codes set up for the purpose or against new codes that can be created. An income and expenditure schedule will be prepared and circulated to Members based on the Council's financial position in August (Accounting Month 5), and this will be updated regularly. This schedule will show last year's budget and actual expenditure, the current year's budget and actual expenditure to date as at Month 5 (August 2017 - under the heading of "Actual Year to Date (YTD)"). Progressively, you will see projected expenditure to the year end (31 March 2018) which will simply give a **guide** to the likely expenditure against that particular account code. In the main these figures are automatically calculated on the expenditure as at the date and accounting month indicated at the top of the Actual Year to Date column. The Budget schedule will also show next year's budget as this begins to be developed from input from Members via Committee and Council meetings. Provisional draft figures will be inserted to assist discussion.

Please note that the Council's accounts system allows accurate recording, monitoring and analysis of expenditure against specific accounts codes that have been set up for that purpose. As in previous years, as expenditure progressed during the year, expenditure has been allocated to the appropriate account code. However, there may be times when expenditure has been allocated to an account code where no direct equivalent expenditure had previously been coded. This is done to ensure that future budgeting identifies such items and can be included in the budget preparation process.

You will see that there is also provision on the form to start planning for future years' expenditure in 2019/20 and 2020/21 (and beyond if necessary). This future option will allow for any projects which require expenditure to be built up each year prior to commencement of a project to minimise any potential sudden increase in Precept in one particular year. Equally, some projects may require research and some limited initial expenditure prior to bringing the project to a full proposal and financial commitment. The objective is to endeavour to develop a 3 – 5 year rolling budget programme.

The Budget

The Parish Council's budget will be prepared on the basis of the three Committees the Council has, namely:-

- Finance and Administration –
 - General Administration including office staff salaries
 - Groundworks including Rangers' salaries
- Planning and Development;
- Environment and Amenity

The Process

Each Committee will review the expenditure levels during the current year against each of the finance headings in their budget and determine an appropriate level of expenditure for the following year(s). A draft budget will be prepared and recirculated to the Committee which can then be reviewed and adjusted as appropriate at the next meeting. Once each committee has reviewed their budgets, the Finance and Administration will review the consolidated proposals of all committees which will then be submitted to Council. Each version of the budget as it develops will be dated and given a Version number.

Councillors wishing to submit a budget item should prepare a detailed project proposal and summary setting out the details of the proposal in a clear way so that other Councillors will be able to understand the nature and cost implications of the proposal being put forward. The Budget Form, attached, will be circulated to Members by email as an Excel sheet and hard copy blank forms are available from the Office and at meetings.

Items for inclusion within the budget, together with the necessary supporting information, should be passed to the Clerk as soon as possible.

Councillors are requested to submit draft budget items as soon as possible so that proposals can be progressively added into the budget schedule for discussion.

Timing

Each committee will start discussing their budgets during October and subsequently during November and December and committee draft budgets will be reviewed initially by the Finance and Administration Committee and by Council at their meetings. The budget/Precept must be set at the Council Meeting on Thursday 25 January 2018 at the latest, and it is hoped that Council may be sufficiently comfortable with the proposals to set the Precept at the meeting on Thursday 21 December 2017. If this is not possible Council may ask for a further review of figures from Committees and this will then take place in the January round of meetings culminating with a draft FINAL budget submission for approval presented to Council on 25 January 2018 when the Precept for 2018/19 must be set.

Basic Budget Principles

In the first round of budget meetings it is usual to consider an inflation figure that will be added to the current budget provision as a guide. Historically, the inflation figure has been based on the Retail Price Index (RPI) but as with last year any inflation figure will be based on the Consumer Price Index (CPI) which for August 2017 was 2.9% (as at 12 September 2017). The CPI will be monitored throughout the budget process and therefore may change for inclusion into the budget figures. (For comparative purposes only the RPI was 3.9% for August 2017, as at 12 September 2017).

It is particularly relevant to take into account known items of expenditure or projects being proposed for next year (including items Council have already considered for potential future

financing). In the event that it is considered that a longer lead-in time is required to progress and implement a project, then financial provision can be made year by year until the project is planned to commence.

Projects

As the name suggests, these are usually 'one off' schemes which are considered to benefit the community or something associated with other legal powers or duties the Parish has.

The nature and costs of a project may vary considerably so it is important to give adequate lead-in time. If the project can be developed from scratch to fruition in one financial year, all well and good. If not then, the budget year can be used as the 'planning year' with an element of the funding required and future budget year(s) can then deal with the balance of the funding required to implement the project.

With all projects, it will be necessary to submit a background paper with the budget submission explaining what the project is and who will be the **lead Councillor** for taking the project forward.

Events

Each year the Parish organises a number of events or activities for the Community. The account codes/description in the current year's budget will show you the type of events where finance has been allocated this year. New ideas for different types of events from any Committee are particularly welcome. Like 'Projects', any Councillor wishing to put forward an idea for an event to be included for next year or, indeed, beyond, should prepare a briefing paper to explain what the event is, how it would be organised, by whom etc with a realistic estimate or other funding proposals and who will be the **lead Councillor** for taking the event forward.

ANY QUESTIONS?

Should you wish anything to be clarified or just want advice or guidance regarding budgets, budget proposals or the budget process, please do not hesitate to contact me. **Please don't leave questions until meetings** as in most cases these turn out to be points of clarification and not something upon which Members need to discuss or vote upon.

Finally, pulling the whole budget together for Council to consider can be time consuming so it is very important that budget proposals are not submitted at the last minute.



David Allison
Clerk to the Council