

Seaton Valley Council

A Community Council

Report to: Full Council 30 January 2019

Report by: Clerk and Responsible Financial Officer

Subject: 2019/20 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 2019/20.

Recommendations

Council is recommended to:

- a) **Approve the build-up of the 2019/20 Budgets as shown at Appendix 10A 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 £567,700,**
- c) **Note that in agreeing to set a Council Tax Precept of £567,700, Seaton Valley Council's element of the Council Tax will increase by 2.0% from £116.40 per annum to £118.73 per annum (Band D Equivalents),**
- d) **Note that Seaton Valley Council's Band 'D' Equivalent Council Tax base has increased from 4,710.02 to 4,781.51,**
- e) **Further note that in setting a Council Tax precept of £567,700 the amounts of annual Council Tax payable in respect of Seaton Valley Council will be approximately:**

• Band A £79.14	Band E £145.12
• Band B £92.35	Band F £171.50
• Band C £105.54	Band G £197.88
• Band D £118.73	Band H £237.45
- f) **Approve the Allotment Rent levels identified in the table at paragraph 13 below,**
- g) **Agree to continue to subscribe to the Society of Local Council Clerks and to the Northumberland branch of the National Association of Local Councils (NALC) ,**

- h) Agree to maintain current rent levels for the two flats it owns, and**
- i) Agree to maintain the Council's minimum level of non-earmarked reserves at its current level of £90,000.**

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 2019/20 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 12 December 2018 and was used by the Labour Group to inform its budget proposals for 2019/20.

Projected Outturn 2018/19

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 2019 is likely to be in the region of £64,000. A full break down of the build-up of the Council's reserves is attached at Appendix 10B.
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 approximately 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 £90,000.

Labour Group Budget Proposals

8. The build-up of the Council's 2019/20 budget as proposed by the Labour Group is shown in detail at Appendix 10A.
9. The main changes to the build-up presented to Council on 12 December are that Council Tax income has increased slightly as a direct result of the County Council's decision to reduce Council Tax support to working age claimants; the saving initially applied to the Food Parcel budget has been reduced by £1,000; and support to fund evening services on the 57A bus route (£2,800) has now been built into the base budget.
10. In putting forward its budget proposals the Labour Group would like to highlight that the Council's base budget:
 - Continues to provide funding to support the replacement of (or new ones if replacements aren't required) two new bus shelters per annum,
 - Continues to provide £20,000 per annum to fund/contribute to new or replacement play areas,
 - Continues to fund quarterly issue of its highly regarded Futures Magazine,
 - Continues to provide funding for community events in each of its 5 villages,
 - Continues to fund the installation and removal of Christmas lights and the holding of Christmas events in each of its villages, and
 - Provides additional funding to ensure the continuation of its successful Neighbourhood Partnership arrangements with Northumberland County Council.

Allotment Rents

11. The Labour Group has reviewed the level of rents paid by allotment holders and feels that an increase of just below inflation (2%) is appropriate.
12. Members will recall that the Council's allotment rents had been allowed to fall well below market levels in previous year's and consequently quite large annual increases were required to bring such rents back up to market levels and to allow much needed investment in some allotment sites. Small annual inflationary increases should avoid such circumstances happening again in the future.
13. If Council agrees with the Labour Group's recommendation Allotment Rents for 2019/20 will be as shown in the table overleaf:

Proposed Allotment Rents 2019/20

Size (m2)	2019/20	2018/19
0 – 50	42.40	41.60
51 - 100	51.60	50.60
101 - 200	54.70	53.60
201 - 300	57.30	56.20
301 - 400	63.60	62.40
401 - 450	70.00	68.60
451 - 999	76.40	74.90

Flat Rents

14. 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

15. If Council agrees to implement the Labour Group's budget proposals its subscriptions budget will provide for annual payments to the following bodies:

- The Society of Local Council Clerks, and
- The National Association of Local Councils.

Conclusion

16. 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.

17. The proposals identify 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 the current rate of inflation.

18. The proposals include the use of £1,000 from unallocated reserves and leave sufficient funds within unallocated reserves to enable the Council to meet any unforeseen costs or issues that may arise during the coming financial year.