CLYST HONITON PARISH COUNCIL

Meetings on 9th & 10th December 2019

CLERK'S 2nd REPORT ON:

2020/2021 DRAFT BUDGET & PRECEPT

1. The starting point for this report is the paperwork I presented to the last Council meeting, the first report is attached to this one (Appendix A).
2. The detail on each budget line is explained in that report, which gives the 'Operational' budget analysis. This is the budget that would show what would happen if we just did what we are doing now, with no consultancy work and no play area refurbishment.
3. The new analysis (Appendix B, attached) does two things
   - Adds in the expected activity on the NP/NDO consultancy, and
   - Shows the theoretical cash flow (Appendix c) during the period Nov 19 to Mar 21 on the basis of the overall budgets now being put forward
4. The cash flow statement is in two parts to cover the reminder of this financial year, and then for the 2020/21 financial year.
5. The assumptions made on the timing of income/expenditure are not exactly arbitrary and follow a certain logic, but will all be different in reality. This does not alter the overall picture, which shows that there will always be surplus in the accounts even with the incidence and reclaim of VAT being realistically shown.
6. The VAT assumption is that a claim will be made every 6 months, with no adjustment made to manage cash flow. This can however be adjusted to avoid a shortfall at any time.
7. The assumption on Precept for next year is that it will be the same cash figure, £20,100, although it might be more prudent to keep the number charged to Council Tax payers constant at £186.11 per band D property instead. This will mean that the overall cash figure will be slightly different because the Tax Base (currently 108) might have changed one year against the other.
8. The items that have been added since the last meeting are:-
   - Housing Needs Survey
   - Neighbourhood Plan Consultancy
   - NDO Surveys
   - Play Equipment
9. The sums that have been included for each of these are as follows:-
   Housing Needs Survey 2019/2020 – Grant Income £2,300, Expenditure £2,300
   Neighbourhood Plan Consultancy (2020/2021) – There are a number things to do with conversion of the current plan to the finished article. There is approximately £10,000 left in this Locality pot, which will be claimed early in next year. £10,000 Grant, £10,000 expenditure with £2,000 VAT.
   NDO Surveys (2019/2020, £14,800; 2020/2021 £35,200) – both income and expenditure are split this way because of orders already placed for the current year. The total available is £50,000, which will be fully claimed. In addition, there will be a total of £10,000 in VAT on both sides of the equation.
   Play Equipment (2019/2020, £10,000; 2020/2021, £20,000) – a total expenditure of £30,000 has been assumed split between the two years on the basis that the swings could be installed in the current year. The only assumption on grant is that the £21,100 IID grant is used to fund the work. **I have assumed no other funding from outside** – a grant from (say)

'Awards for All' would improve the cash balance further. This can only be claimed when we have defined a scheme to run with.

10. With all work on the various projects now coming together, I would suggest that the budget shown reflects, as well as can be assumed today, a realistic outcome for the coming year. This shows that the precept can remain unchanged and still maintain a healthy 'balance at the end on the 2020/2021 year.
11. Because the IID funding is coming in and is reallocated to the play equipment, the analysis of reserves will need to be adjusted, and my suggestion is that we rename the Playing Field Reserve (shown as £21,025) the NDO Reserve and add a bit to the total to show it as £21,100.
12. This would have the effect of DCC giving the money for the play equipment, but having the result of allocating it to the NDO, which was the original plan. Smoke and Mirrors!

Rob Martin

2nd December 2019

APPENDIX A

Clyst Honiton PARISH COUNCIL

CLYST HONITON PARISH COUNCIL

Meeting on 12th November 2019

CLERK'S REPORT ON:

2020/2021 DRAFT BUDGET & PRECEPT

1. The attached analysis shows the budget projections for the current year, alongside the operational budget needs for 2020/2021. In addition, it shows the effect on reserve holdings at each year-end assuming these figures represent the outturn.
2. This report aims to explain the derivation of these numbers and deals with the position of the various projects that are not contained within these numbers.

Item	Notes	2019/2020 Expected	2020/2021 Draft Budget
INCOME		£	£
Precept	The precept for the current year is set. The assumption for 2020/21 has been to keep it at the same overall level. There is a case for increasing the precept in line with inflation (2%), but it all depends on the movement in the tax base.	20,100	20,100
Grants	The main grant shown is the agreed £9,000 per annum 'Growth Point' EDDC grant shown for both years. In addition, 2019/2020 shows the £1,000 DCC Locality Grant towards the zipwire costs	10,000	9,000
Neighbourhood Plan Grants	The only item shown here is the grant applied for to pay for the Housing Needs Survey in the current year. There is no doubt that there will be Groundwork Grants towards the NP/NDO Survey work that will be carried out by consultants. The expectation is that the expenditure will be fully covered, but we do not know when or for what for certain. Both the expenditure and income for this have been excluded from the analysis at this point.	2,300	0
VAT	All of the VAT we pay is reclaimed from HMRC so should be self-balancing. When working with a Receipts and Payments accounting basis however, there is always an amount spent that has not been claimed, so we show the outstanding position at the previous year-end.	900	1,000
EXPENDITURE			
Clerk's Salary	In order to understand what has happened the current position has been analysed further to identify properly the various elements of employment costs. This element is just for the gross salary figures, based on the Clerk's current salary. Allowance has been made in 2020/21 for both a 2% cost of living increase, due from 1st April 2020 and	12,870	13,910

Clyst Honiton Parish Council

	the payment of an increment (these amount to approx. £250 each)		
Home as an Office Allowance	Current basis is £18 per month as laid down by HMRC	230	220
HMRC	National Insurance is paid by the employer and amounts to approx. £40 per month. The 2019/20 figure is lower because an overpayment had been made in 2018, so the first payment is November 2019.	220	580
Pension	The Clerk contributes to the Local Government Pension scheme, with the employer's contribution currently set at 20.8%	2,820	2,730
Clerk's Expenses	These are made up of the costs of the mobile phone (£220), the Office software licence renewal (£70) and the Clerk's travel (£400)	680	690
Councillor's Expenses	This has been left at £200 for each year, although it is not certain what it is for as we have no expenses scheme	200	200
Payroll & Stationery	This is made up of a number of budgets to cover matters such as postage and stationery. The payroll is done by others and the cost is around £200 per annum. The suggested budget is £500	440	500
Room Hire	Payment to the PCC and Black Horse for PC meetings	400	500
Councillor Training	Just a lump sum to allow courses to be booked	200	200
Clerk Training	The current clerk is fully trained. There may be a need to go to briefing meetings in London or elsewhere, but not the original budget of £1,000	200	500
Councillor Subscriptions	Just subscriptions to DALC and CPRE	100	100
Clerk Subscriptions	The SLCC and the ICO	210	210
Audit	Internal (£120) and External (£230) Audits	315	350
Website	The hosting costs are £120 per annum with the addition in 2019/2020 being the new website and training £360	480	120
Insurance	Current year premium was £425.64, plus inflation	420	500
Grass Cutting	Assuming a reduced frequency during the latter part of the year	500	500
Operational	These are the things that allow Cllr. Muir to do his maintenance work. Just an allocation	450	450
Zipwire	Just the gross cost of reconfiguring the zipwire	1,960	0
Neighbourhood Plan Expenses	In 2019/2020 this amounts to Janvrin's expenses £360 plus the cost of the Housing Needs Survey which is hopefully to be covered by grant. There was originally a total of £4,000 here towards unknown costs of the plan or NDO. These could be put back, if required subject to other considerations,	2,660	360
Assets	The only costs shown here at the moment are the play area inspection costs.	110	300

APPENDIX A

3. In addition to the analysis above, there are two things we know are going to happen, and decisions have to be made about when and how much finance is going to be committed. The first of these is the extent of the survey work to be done on the Neighbourhood Plan, when it is to be done and whether it will have grant support. A neutral assumption is likely to be the best option for this at this stage.
4. The second matter is the phasing, cost and grant aid for the play area changes, because it is expected that this will need to be financed from the reserves we have. Again, until we know exactly when and what we are going to do this should be ignored here. This is discussed again when effect on reserves is dealt with below.
5. The overall picture given by this analysis is that the current year will show a net increase of £6,820 in General Reserve in the year, whilst 2020/2021 will increase it by a further £6,131. If nothing else is paid for the General Reserve would increase from last year's £9,644 to £22,595 by the end of March 2021, whilst there remains £21,025 in the playing field reserve.
6. All of this is complete fiction however because the playing field equipment will be installed and there will be costs involving the Neighbourhood Plan, although both of these will attract some grant. This is however the base position to start from.
7. As far as the precept is concerned, it is clear that the cash amount in total is sufficient for these purposes, the amount seen by the taxpayer relies also on the tax base and how that has changed since last year. The 'standstill' position would be the current Band D charge of £186+. plus (say) 2% inflation, around £190 in total and to receive the overall figure given by this total. There will be time to discuss this later.

Rob Martin

6 November 2019

APPENDIX B

CLYST HONITON PARISH COUNCIL
RECEIPTS AND PAYMENTS ACCOUNT
2020/2021 BUDGET

2018/2019 Actual		2019/2020 Budget	2019/2020 Revised Budget	2020/2021 Draft Budget
£		£	£	£
	RECEIPTS			
18,800.00	Precept	20,100.00	20,100.00	20,100.00
14,462.33	Grants	9,000.00	10,000.00	30,100.00
-	NP Grants	-	2,300.00	10,000.00
	NDO Grants		25,000.00	25,000.00
3,346.76	VAT	-	930.00	19,930.00
-	Interest	-	-	-
598.75	Hall fund fete	-	-	-
37,207.84	**TOTAL Receipts**	**29,100.00**	**58,330.00**	**105,130.00**
	PAYMENTS			
	Administration			
13,149.01	Clerk's Salary	12,500.00	12,870.00	13,910.00
-	Home as Office	-	230.00	220.00
729.23	HMRC	3,500.00	220.00	580.00
-	Pension	-	2,820.00	2,730.00
463.57	Clerk's Expenses	1,500.00	680.00	700.00
120.00	Councillor's Expenses	200.00	200.00	200.00
491.94	Payroll & Stationery	700.00	440.00	500.00
399.50	Room Hire	500.00	320.00	500.00
187.50	Councillor Training	200.00	200.00	200.00
299.00	Clerk Training	1,000.00	200.00	500.00
60.28	Councillor Subscriptions	100.00	100.00	100.00
49.99	Clerk Subscriptions	100.00	210.00	210.00
362.50	Audit	450.00	320.00	350.00
120.00	Website	390.00	480.00	120.00
402.16	Insurance	910.00	420.00	500.00
	Maintenance			
430.08	Grass Cutting	500.00	440.00	500.00
-	Bus Shelter	-	-	-
662.17	Operational	450.00	450.00	450.00
1,374.20	SWW Trees	-	-	-
2,530.32	Parish Shed	-	-	-
499.17	Lawn Mower	-	40.00	-
-	Footpaths	-	-	-
-	Zipwire	1,300.00	1,960.00	-
	Neighbourhood Plan			
213.92	NP Expenses	4,000.00	360.00	400.00
8,626.10	NP Consultation	-	-	-
	Other Expenditure			
175.79	Assets	300.00	110.00	300.00
50.00	S 137	-	-	-
-	Elections	500.00	-	-
-	NP Surveys	-	2,300.00	10,000.00
-	NDO Surveys	-	14,800.00	35,200.00
-	Play Equipment	-	10,000.00	20,000.00
2,619.71	**VAT**	-	6,540.00	14,050.00
			-	-
34,016.14	**TOTAL Payments**	**29,100.00**	**56,710.00**	**102,220.00**
(3,191.70)	Net Payments/(Receipts)	-	(1,620.00)	(2,910.00)
	Balance b/f	(34,029.30)	(34,029.30)	(35,649.30)
	Net Payments/(Receipts)	-	(1,620.00)	(2,910.00)
	Current Balance	(34,029.30)	(35,649.30)	(38,559.30)
	General Reserve	9,644.29	11,264.29	14,174.29
	Parish Field and Equipment	21,025.21	21,025.21	21,025.21
	Neighbourhood Plan	1,359.80	1,359.80	1,359.80
	Elections	2,000.00	2,000.00	2,000.00
	TOTAL	34,029.30	35,649.30	38,559.30

APPENDIX C (19/20)

2020/2021 Budget Cashflow Prediction

Month Beginning		01/11/2019	01/12/2019	01/01/2020	01/02/2020	01/03/2020	2019/2020 Control Total
Balance b/f	31/10/2019						
	£	£	£	£	£	£	£
RECEIPTS							
Precept	20,100.00	-	-	-	-	-	**20,100.00**
Grants - Clerk	10,000.00	-	-	-	-	-	**10,000.00**
Grants - Other	-	-	-	-	-	-	-
NP Grants	-	-	-	-	-	2,300.00	**2,300.00**
NDO Locality	-	-	-	25,000.00	-	-	**25,000.00**
VAT Refunded	929.95	-	-	-	-	-	**929.95**
Interest	-	-	-	-	-	-	-
Hall fund fete	-	-	-	-	-	-	-
TOTAL Receipts	**31,029.95**	-	-	**25,000.00**	-	**2,300.00**	**58,329.95**
PAYMENTS							
Administration							
Employees	9,599.23	1,308.00	1,308.00	1,308.00	1,308.00	1,308.00	**16,139.23**
Clerk's Expenses	391.56	57.00	57.00	57.00	57.00	57.00	**676.56**
Councillor's Expenses	-	40.00	40.00	40.00	40.00	40.00	**200.00**
Payroll & Stationery	351.87	20.00	20.00	20.00	20.00	20.00	**451.87**
Room Hire	120.00	-	50.00	50.00	50.00	50.00	**320.00**
Councillor Training		40.00	40.00	40.00	40.00	40.00	**200.00**
Clerk Training		40.00	40.00	40.00	40.00	40.00	**200.00**
Councillor Subscriptions	97.48	-	-	-	-	-	**97.48**
Clerk Subscriptions	208.00	-	-	-	-	-	**208.00**
Audit	314.72	-	-	-	-	-	**314.72**
Website	480.00	-	-	-	-	-	**480.00**
Insurance	425.64	-	-	-	-	-	**425.64**
Maintenance							
Grass Cutting	381.60	-	-	-	-	60.00	**441.60**
Bus Shelter	-	-	-	-	-	-	-
Operational	254.30	40.00	40.00	40.00	40.00	40.00	**454.30**
SWW Trees	-	-	-	-	-	-	-
Parish Shed	-	-	-	-	-	-	-
Lawn Mower	35.01	-	-	-	-	-	**35.01**
Footpaths	-	-	-	-	-	-	-
Zipwire	-	1,960.00	-	-	-	-	**1,960.00**
Neighbourhood Plan							
NP Expenses	181.08	45.00	45.00	45.00	45.00	-	**361.08**
NP Consultation	-	-	-	-	-	-	-
Other Expenditure							
Assets	110.50	-	-	-	-	-	**110.50**
S 137	-	-	-	-	-	-	-
Elections	-	-	-	-	-	-	-
Projects							
NP Surveys	-	-	-	-	-	2,300.00	**2,300.00**
NDO Surveys			1,500.00	13,300.00	-	-	**14,800.00**
Play Equipment	-	-	-	10,000.00	-	-	**10,000.00**
VAT Claimed	251.42	-	-	-	-	-	**251.42**
VAT Unclaimed	150.80	448.40	366.40	4,726.40	66.40	529.40	**6,287.80**
TOTAL Payments	**13,353.21**	**3,998.40**	**3,506.40**	**29,666.40**	**1,706.40**	**4,484.40**	**56,715.21**
Net Payments/(Receipts)	**(17,676.74)**	**3,998.40**	**3,506.40**	**4,666.40**	**1,706.40**	**2,184.40**	**(1,614.74)**
Balance b/f	**(34,029.30)**	**(51,706.04)**	**(47,707.64)**	**(44,201.24)**	**(39,534.84)**	**(37,828.44)**	
Balance c/f	**(51,706.04)**	**(47,707.64)**	**(44,201.24)**	**(39,534.84)**	**(37,828.44)**	**(35,644.04)**	

APPENDIX C 20|21

2020/2021 Budget Cashflow Prediction

Month Beginning	01/04/2020	01/05/2020	01/06/2020	01/07/2020	01/08/2020	01/09/2020	01/10/2020	01/11/2020	01/12/2020	01/01/2021	01/02/2021	01/03/2021	2020/2021 Control Total
Balance b/f													
	£	£	£	£	£	£	£	£	£	£	£	£	£
RECEIPTS													
Precept	10,050.00	-	-	-	-	10,050.00	-	-	-	-	-	-	20,100.00
Grants - Clerk	9,000.00	-	-	-	-	-	-	-	-	-	-	-	9,000.00
Grants - Other	21,100.00	-	-	-	-	-	-	-	-	-	-	-	21,100.00
NP Grants	10,000.00	-	-	-	-	-	-	-	-	-	-	-	10,000.00
NDO Locality	-	25,000.00	-	-	-	-	-	-	-	-	-	-	25,000.00
VAT Refunded	6,287.80	-	-	-	-	-	13,639.00	-	-	-	-	-	19,926.80
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Hall fund fete	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL Receipts	**56,437.80**	**25,000.00**	-	-	-	**10,050.00**	**13,639.00**	-	-	-	-	-	**105,126.80**
PAYMENTS													
Administration													
Employees	1,453.00	1,453.00	1,453.00	1,453.00	1,453.00	1,453.00	1,453.00	1,453.00	1,454.00	1,454.00	1,454.00	1,454.00	**17,440.00**
Clerk's Expenses	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	**696.00**
Councillor's Expenses	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	**204.00**
Payroll & Stationery	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	40.00	40.00	**500.00**
Room Hire	30.00	30.00	30.00	40.00	40.00	40.00	40.00	50.00	50.00	50.00	50.00	50.00	**500.00**
Councillor Training	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	16.00	16.00	16.00	16.00	**200.00**
Clerk Training	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	45.00	45.00	45.00	45.00	**500.00**
Councillor Subscriptions	100.00	-	-	-	-	-	-	-	-	-	-	-	**100.00**
Clerk Subscriptions	208.00	-	-	-	-	-	-	-	-	-	-	-	**208.00**
Audit	-	-	125.00	-	-	225.00	-	-	-	-	-	-	**350.00**
Website	-	-	-	120.00	-	-	-	-	-	-	-	-	**120.00**
Insurance	-	-	-	-	-	500.00	-	-	-	-	-	-	**500.00**
Maintenance													-
Grass Cutting	60.00	60.00	60.00	60.00	62.00	66.00	66.00	-	-	-	-	66.00	**500.00**
Bus Shelter	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational	40.00	40.00	40.00	40.00	40.00	40.00	35.00	35.00	35.00	35.00	35.00	35.00	**450.00**
SWW Trees	-	-	-	-	-	-	-	-	-	-	-	-	-
Parish Shed	-	-	-	-	-	-	-	-	-	-	-	-	-
Lawn Mower	-	-	-	-	-	-	-	-	-	-	-	-	-
Footpaths	-	-	-	-	-	-	-	-	-	-	-	-	-
Zipwire	-	-	-	-	-	-	-	-	-	-	-	-	-
Neighbourhood Plan													-
NP Expenses	35.00	35.00	35.00	35.00	30.00	35.00	30.00	35.00	30.00	35.00	30.00	35.00	**400.00**
NP Consultation	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenditure													-
Assets	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	**300.00**
S 137	-	-	-	-	-	-	-	-	-	-	-	-	-
Elections	-	-	-	-	-	-	-	-	-	-	-	-	-
Projects													-
NP Surveys	10,000.00	-	-	-	-	-	-	-	-	-	-	-	**10,000.00**
NDO Surveys	-	-	35,200.00										**35,200.00**
Play Equipment	20,000.00	-	-	-	-	-	-	-	-	-	-	-	**20,000.00**
VAT Claimed	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT Unclaimed	6,134.40	72.80	7,137.80	98.80	74.20	121.00	74.00	63.80	63.60	64.60	63.20	77.40	**14,045.60**
													-
TOTAL Payments	**38,259.40**	**1,889.80**	**44,279.80**	**2,045.80**	**1,898.20**	**2,679.00**	**1,897.00**	**1,835.80**	**1,835.60**	**1,841.60**	**1,833.20**	**1,918.40**	**102,213.60**
Net Payments/(Receipts)	**(18,178.40)**	**(23,110.20)**	**44,279.80**	**2,045.80**	**1,898.20**	**(7,371.00)**	**(11,742.00)**	**1,835.80**	**1,835.60**	**1,841.60**	**1,833.20**	**1,918.40**	**(2,913.20)**
Balance b/f	**(35,644.04)**	**(53,822.44)**	**(76,932.64)**	**(32,652.84)**	**(30,607.04)**	**(28,708.84)**	**(36,079.84)**	**(47,821.84)**	**(45,986.04)**	**(44,150.44)**	**(42,308.84)**	**(40,475.64)**	
Balance c/f	**(53,822.44)**	**(76,932.64)**	**(32,652.84)**	**(30,607.04)**	**(28,708.84)**	**(36,079.84)**	**(47,821.84)**	**(45,986.04)**	**(44,150.44)**	**(42,308.84)**	**(40,475.64)**	**(38,557.24)**	