

**BISHOPSTONE PARISH COUNCIL
BUDGET FOR 2013/14**

1. In order that Wiltshire Council can set its Council Tax for 2013/14, the Parish Council is required to confirm its precept by 21 January 2013. In order that decisions can be taken on the amount of the precept for 2013/14, it is necessary for the Parish Council to determine its budget for that year.
2. Attached to this paper are four tables, as follows:
 - (i) a statement of the Council's Current Account showing actual and anticipated receipts and expenditure for the year 2012/13;
 - (ii) a statement of the Council's Deposit Account for 2012/13;
 - (iii) a table showing the detailed budget set for 2012/13, actual expenditure (and variance) and a suggested budget for 2013/14;
 - (iv) a table showing the broad picture for each of the last four financial years and as proposed for 2013/14.

Expenditure in 2012/13

3. The main points to note so far as 2012/13 is concerned are as follows:

Current Account

This shows an actual balance at 1 January 2013 of £1217.53. However, there are a number of outstanding payments. Assuming all of these are completed before 31 March 2013 the forecast balance at the end of the year is £821.67.

Deposit Account

The opening balance was £8049.10 and the closing balance is forecast to be £5202.78. The reduction is due to additional expenditure during the year on the Jubilee celebrations and Bus Shelter refurbishment.

Expenditure vs Budget

The "variance" in 2012/13 (the difference between what was budgeted and what was spent) – an underspend of £1333.10 - is significantly less than in previous years. In the table the "unbudgeted" expenditure on the Party in the Park and on the Jubilee Photo Project is shown separately. If this expenditure is included the variance is an overspend against the budget of £476.61. Expenditure on Saturday Soccer Training is shown under Recreation Ground expenditure and Bus Shelter refurbishment expenditure is shown under Repairs and Maintenance.

There has been no expenditure so far this year on Clerk's Salary. However, that is likely to be regularized shortly and could marginally change the figures before the end of the 2012/13 financial year.

Budget for 2013/14

4. Whilst the financial position in 2012/13 has been broadly satisfactory, some difficult issues arise in deciding a budget for 2013/14.

5. The Government has asked all local authorities to freeze Council Tax demands. It has also indicated that it will consider the levels of precepts levied this year by Parish and Town Councils in deciding whether to introduce statutory limits next year or penalties for “excessive” increases. Against that background, it might be prudent to set a budget for 2013/14 very similar to that for 2012/13 and to keep the precept close to the same level as in the past two years. However, there would be longer term implications.

6. A possible budget, with similar levels of expenditure to 2012/13, is set out in Table (iii). Assuming that the balances are as indicated above at the end of 2012/13 the total available to spend in 2013/14 would be:

Current Account balance:	£821
Deposit Account balance:	£5202
Precept:	£5000
Total:	£11023
Less budget:	£8060
End year balance 2013/14:	£2963

There are two points to be made about this:

(a) whilst the budget contains some flexibility there will be limited headroom for additional expenditure outside the set budget in 2013/14; and

(b) the projected balance at the end of 2013/14 will mean that, unless the precept is increased for 2014/15, the budget for that, and subsequent, years will need to be substantially reduced.

6. A key question is what level of balance (or “reserve”) to maintain at the end of the year in the longer term. The budget always includes a contingency sum but it is also necessary to maintain a positive balance on the accounts overall. It is suggested that a minimum target for that is set at £1000. The result, over the next few years, assuming there is no change in precept, can be illustrated as follows:

£	2012/13	2013/14	2014/15	2015/16
Balance carried forward	8752	6024	2964	1000
Precept	5000	5000	5000	5000
Other receipts	904			
Available to spend	14656	11024	7964	6000
Budget	8632	8060	6964 max	5000 max
	(spend)			
Surplus	6024	2964	1000	1000

7. The figures in the table assume no underspending against budgets to carry forward, no income from other sources (such as Recreation Field rental) and no increase in the precept. But, on that basis, it can be seen that cuts in spending would need to be made in 2014/15 and that by 2015/16 there will only be the precept to spend. A cut of over £3000 in the budget could only be achieved by ending all grants to other bodies (saving £2300) and reducing provision for Recreation Ground, Repairs and Maintenance etc.

8. Against this background various possible courses of action suggest themselves:

- (a) increase the precept, in 2013/14 and/or in future years;
- (b) smooth the transition to reduced levels of spending by adopting a smaller budget for 2013/14, thus maintaining slightly higher sums to carry forward to future years;
- (c) a combination of both.

9. There is a complication this year in considering the precept. The Government, in a decision made only at the end of November, ended Council Tax Benefit and replaced it with a system of rebates. This has had the effect of reducing the tax base in all local authorities. Because this causes a number of difficulties Wiltshire Council has decided to grant aid all parish/town councils for 2013/14 to the extent of the tax lost (it is likely that a new system will be put in place for 2014/15). Thus if the total amount of funding Bishopstone Parish Council is to receive in 2013/14 is the same as it received in 2012/13 (£5000) this would be made up of £300 grant from Wiltshire Council and a precept of £4700.

10. Changes in the level of precept are usually presented in relation to the increase (or decrease) in the charge on a Band D property. The charge on a Band D property in Bishopstone in 2012/13 in relation to the precept was £18.12. Because of the change in the tax base any increase in the precept above £4700 will produce an increase in the Band D charge. A precept of £5000 would add £1.18 (+6.5%) and £5200 would add £1.93 (10.7%). Given the financial position outlined above, it may well be desirable to begin a process of small increases each year in the precept level.

11. An alternative budget for 2013/14 is included in Table (iii). This totals £7410, a saving of £650, mainly through reductions in grants to other organizations. It maintains the current level of grant to STaB. It would be necessary to write to each of these organizations warning them about the reduced level of support in 2013/14 and indicating that further reductions may be necessary in future years.

12. It is, of course, quite possible that there will be underspends to carry forward which are not included in this analysis (eg on Repairs and maintenance now that the bus shelters have been dealt with). Any additional demands arising during the year will need to be considered having regard to any underspends emerging at the time. In addition any underspends might enable the reserves to be built up again in future years.

13. The broad picture over the last few years is set out in Table (iv). The figures in that, and above, do not include R2 money due (c£4000).

Recommendation

The Parish Council will wish to consider what should be the overall level of the budget for 2013/14 and what level of precept to set. I recommend that the Council make a modest increase in the precept to £5,200 in 2013/14 (giving total income from Wiltshire Council of £5500) and adopt the alternative budget set out in Table (iii).

Mike Ash
Clerk and Responsible Finance Officer