

STOKESLEY TOWN COUNCIL

BUDGET 2019-20 COMMENTARY

1. INTRODUCTION

This paper provides a summary of the key elements of the Council's Budget for the financial year 2019-20. It reviews the major changes in the 2019-20 budget compared with the 2018-19 budget and, at headline level, with the actual spend in 2018-19.

It covers sequentially the planned income which the Council will receive; the planned expenditure to be made by the Council; the projected movement in reserves and the determination of the precept.

2. INCOME

Budget 2018-19	Actual 2018-19	Budget 2019-20
£162,506	£212,656	£184,040
	Increase v Budget 2018-19	
	+ £50,150	+£21,534

The major contributor to the decrease in income in 2019-2020 compared with 2018-19 derives from the Community Infrastructure Levy (CIL) from the housing development at Tanton Fields which commenced in 2017-18. Hambleton District Council (HDC) has confirmed that £27,161 will be payable in one instalment during 2019-20, once funds have been received from the developer by HDC. This forms the 15% of the total CIL payments due on this development during 2019-20, that HDC is required to pay to the Council. This compares with actual payments £54,312 in 2018-19, which was double the amount included in the budget. Additionally, the precept has been increased to a total of £132,000 for 2019-20, an increase of £9,000 over the previous year.

With the implementation of equalised charges across all tenants the budget for allotment income has been revised down by £25 for 2019-20 to £2,275.

The budget also reflects the new long-term lease agreed during 2018-19 with HDC for land at Riverslea / Riverdene with an increase in income from £720 per annum to £1,500 pa, which will be indexed to CPI throughout the lease. However, in the absence of other information, the income derived from North Yorkshire County Council for grass cutting carried out on their behalf has been left unchanged from 2018-19.

Given the experience gained from holding events in the past couple of years, the budget now includes separate items for income and expenditure for 2019-20. For planned events the budgeted income in 2019-20 is £2,500.

One further change is that income derived from, and changes in the value, of the investment portfolio are now recognised as an impact on the reserves of the Council. Only interest derived from cash held on account is now shown as income in the budget, at a total of £50 in 2019-20.

3. EXPENDITURE

Budget 2018-19	Actual 2018-19	Budget 2019-20
£170,460	£215,258	£169,260
	Increase v Budget 2018-19	
	+ £44,798	-£1,200

Compared with the budget for 2018-19 the above overspend was driven by significant increases in capital expenditure on the refurbishment of the toilets and the provision of additional Christmas decorations along the High St. Decisions on this additional expenditure were taken through the year in the knowledge of the increased CIL receipts in 2018/19 as highlighted above and recognised the priority attached to these projects in the earlier public consultation on options for spending of the CIL receipts to benefit the infrastructure in the town.

Moving forward planned expenditure on these items returns to traditional ongoing expenditure with a £3,000 budget for the toilets and of £6,000 for Christmas decoration storage and maintenance.

Excluding these changes resulting from these items of one-off capital expenditure, other differences in planned expenditure for 2019-20 compared with 2018-19 result from a number of minor changes to individual items.

The largest change is to staff costs. The forecast national increase of 2.5% in national pay rates contributed to the increase in the budget for council staff costs of £4,000. This national increase plus the additional opening hours of The Globe were the reasons for the £3,000 in the budget for library staff costs.

Other increases of over £500 in budget items for 2019-20 compared with 2018-19 are:

- An increase of £500 (from £1,000 to £1,500) on IT support to reflect the recent usage and contracts to support the effective operation of the Council
- An increase of £500 (from £1,000 to £1,500) in the Telephone and Internet budget to reflect recent usage and the provision of the Town Wifi.
- To support the maintenance plan prepared for North Road Play Park the Play Areas budget has been increased by £5,000 (from £5,000 to £10,000)
- An increase of £2,000 (from £1,000 to £3,000) in the budget to replace litter bins provided by the Council which are in poor condition
- An increase of £1,000 (from £3,000 to £4,000) in the budget for S137 grants to support local organisations providing benefits to the town and its residents
- An increase of £3,500 (from £2,000 to £5,500) in the budget for the costs of holding Events for the benefit of the community and businesses in Stokesley, such as The Homecoming, Food Week and activities on evening of late night Christmas opening.

Offsetting the above are reductions of over £500 in the following budget items for 2019-20 compared with 2018-19 are:

- A decrease in Stationery costs of £500 (from £1,000 to £500) reflecting the use of the Market Place for the bi-monthly Council Newsletter
- A decrease of £500 (from £3,000 to £2,500) in the combined budget for New Seats / Seat Repairs as we reach move towards completion of the current programme of refurbishing / replacing all current benches within the town centre

Major expenditure items that remain broadly unchanged are:

- The Office Rental paid to the Stokesley Town Hall Trust of £6,300.
- The overall budget for Grass Cutting, Tree and Hedge Maintenance remains unchanged at £29,000. However, the start of the new three-year grass cutting contract will see a larger share taken by the element of the budget

4. RESERVES

The impact of actual income and expenditure in 2018-19 was to reduce reserves by approximately £2,600. The impact of the plans for income and expenditure in 2019-20 is that there will be a further small negative impact on reserves of £2,760 during the year.

At the end of the 2018-19 financial year projected reserves were approximately £160,000, so the forecast reserves at end 2018-19 are approximately £157,000, including the forecast value of investments. Of the total reserves £115,696 is in earmarked reserves. This value derives primarily from S106 agreements to provide funding towards open space maintenance on those housing estates where this responsibility rests with the Council. The balance is held as general funds.

At the end of 2018-19 the projected level of general reserves of approximately £42,000, or approximately 3 months of expenditure will meet the guidance provided to local councils on the level of reserves that should be held of between 3 and 12 months of expenditure. This guidance establishes a balance between a prudent level of reserves and holding too much money as reserves, which are therefore not being used for the benefit of the community.

5. INVESTMENT PORTFOLIO

At end March 2017, following approval of the investment strategy document, the Council invested £75,000 of its reserves in a 'Low to Medium Balanced' investment portfolio. 'Balanced' in that the objective is to provide a balance between capital growth and income, such that the income requirement should not erode the potential to maintain the capital value of the portfolio in real terms. 'Low to Medium Risk' in that investments will be in short and medium dated UK Government securities (gilts) supplemented by investment grade infrastructure and real estate investment trusts. The non-fixed income investments of the portfolio provide the basis for the future protection of purchasing power.

As at end December 2018 the portfolio was generating gross income of approximately £3,000 per annum, in line with expectations, and had started to show some capital appreciation from the initial value of the investment.

6. PRECEPT

Budget 2019-20	Budget 2018-19
£132,000	£123,000
Increase of Budget 2018-19	
	+ £9,000

The level of the precept for 2019-20 was set at £132,000, an increase of 7% from 2018-19.

Factors taken into consideration in establishing this level of precept were:

- The recent and planned increases in the population of Stokesley with the ongoing housing developments at Stokesley Grange and Tanton Fields
- The wish to maintain the level of general reserves towards within the guidance band.

Stokesley Town Council

	Budget 2013/14	Actual 2013/14	Budget 2014/15	Budget 2015/16	Actual 2015/16	Budget 2016/17	Actual 2016/17	Budget 2017/18	Actual 2017/18	Budget 2018/19	Pro-rata to end Year Budget 2018/19 per 2017/18	Draft Budget 2019/20 less 2018/19	reference
Income													
Percent													
Ch. Income	£95,000	£95,000	£95,000	£95,000	£95,000	£100,000	£100,000	£100,000	£100,000	£106,000	£106,000	£112,000	increase to meet guidance on reserves against planned expenditure
Interest	£86	£359	£318	£306	£318	£605	£605	£3,000	£3,000	£2,715	£2,715	£27,161	Final Auditor's Payment
Welfare	£400	£20	£20	£20	£20	£20	£20	£20	£20	£20	£20	£20	Interest from Bank Account only, see memo items for investments
HCC Grants	£600	£220	£600	£720	£720	£720	£720	£720	£720	£720	£720	£720	Long term fixed value warranties
NVCC Grant	£7,000	£7,556	£7,000	£7,200	£7,200	£7,200	£7,200	£7,200	£7,200	£7,200	£7,200	£7,200	increase resulting from new lease for Huddersfield / Huddersfield
Subsidies	£1,067	£1,793	£1,793	£1,793	£1,816	£1,900	£1,886	£1,950	£1,871	£2,300	£2,275	£2,500	Assumed no increase in payments from NVCC
Income from planned specific events	£100	£110	£100	£100	£605	£100	£27,045	£0	£2,216	£0	£0	£0	Based on revised allotment terms
Miscellaneous Income (see Town Will)													Assumed nil
Library Precept / Income													To balance library staff costs given increase in opening hours
Total Income	£103,128	£113,805	£105,700	£98,175	£106,477	£160,924	£160,924	£126,690	£141,210	£184,040	£160,445	£166,506	-£17,534
Expenditure													
Staff Costs - Council													
Staff Costs - Library	£35,000	£31,584	£34,000	£34,000	£37,167	£48,003	£48,003	£49,000	£50,876	£50,000	£53,407	£54,000	Reflects assumption of 2.5% national increase on pay rates
IT Support	£400	£952	£1,000	£1,070	£663	£1,000	£1,355	£1,500	£681	£1,500	£1,500	£1,500	Costs based on revised opening hours plus above salary award
Insurance	£750	£130	£800	£800	£1,212	£1,000	£937	£1,000	£681	£1,500	£1,500	£1,500	lower budget reflects use of Market Place for newsletter
Office material	£5,000	£5,944	£5,500	£5,350	£5,469	£5,000	£5,061	£1,700	£1,800	£4,500	£1,697	£4,500	increase based on current usage and contracts
Printing & Internet	£800	£820	£800	£800	£6,000	£6,000	£6,000	£6,300	£6,248	£6,300	£6,300	£6,300	Assumes increase from additional cover for events
Postage Costs	£100	£100	£100	£100	£703	£900	£837	£900	£994	£1,000	£1,000	£1,000	Assumes no increase in charges from the Town Will
Clock Maintenance	£500	£0	£0	£0	£1,215	£0	£0	£0	£1,935	£0	£0	£200	Matches current usage rates, which now includes Town Will
Open Spaces - Play Area	£10,000	£29,480	£30,000	£2,500	£4,180	£4,000	£4,000	£4,000	£5,482	£5,000	£7,497	£10,000	Reflects annual agreement costs for photographer
Open Spaces - Toilets	£1,000	£1,250	£5,700	£3,000	£3,011	£12,488	£12,488	£16,000	£12,392	£15,000	£15,553	£15,500	Assumes minor repairs necessary
Open Spaces - Litter Bins	£400	£0	£1,000	£500	£545	£10,000	£10,000	£16,000	£12,701	£15,500	£15,500	£15,500	Identified North Road play park maintenance plan
Open Spaces - New Seats	£0	£0	£1,000	£1,700	£220	£500	£320	£800	£1,970	£1,500	£6,672	£2,500	Overall budget unchanged, but with greater share taken by new grassing contract
Open Spaces - Play Benches	£500	£853	£900	£900	£644	£900	£900	£1,000	£1,076	£1,500	£2,500	£1,500	Replacement of identified STC provided bins which are in poor condition
Open Spaces - Miscellaneous Repairs	£500	£0	£500	£500	£185	£900	£1,031	£1,200	£1,076	£1,500	£2,500	£1,500	Costs of completing current programme of refurbishment / replacement
Open Spaces - Toilets	£2,000	£4,631	£7,000	£7,734	£3,407	£25,000	£1,713	£25,000	£5,440	£25,000	£14,757	£3,000	Covers provision of new direction signs etc.
Office Equipment	£1,000	£1,388	£1,000	£1,000	£2,920	£2,500	£2,075	£3,000	£2,950	£3,000	£4,632	£4,000	Following toilet refurbishment returns to maintenance only costs
Subscriptions - V.I.C.A	£800	£1,496	£750	£750	£1,483	£750	£796	£800	£809	£900	£0	£300	increase in recent level of valid applications
Allowments - Rent of Lib. Hudders	£850	£850	£900	£900	£850	£850	£850	£900	£809	£900	£900	£900	Nominal sum
Allowments - Water	£200	£194	£200	£200	£129	£200	£184	£200	£268	£200	£0	£200	Assumes annual increase in subscription rates
Allowments - Maintenance	£1,000	£212	£500	£500	£3,052	£3,000	£2,693	£1,750	£1,684	£1,000	£1,170	£1,500	Marches rent notified by Lady Hollock's Trust
Christmas Lights - Purchase / Maintenance	£600	£1,723	£1,800	£1,800	£1,560	£3,000	£9,393	£5,815	£5,815	£5,000	£122,211	£0,000	Objective to match Allowments income and expenditure in the long term
Christmas Lights - Electricity	£700	£161	£200	£200	£0	£700	£152	£200	£163	£200	£39	£300	Marches contract value with contingency for replacements
Meeting / Seminars	£800	£580	£620	£550	£1,207	£1,139	£1,139	£1,500	£1,154	£1,500	£675	£1,500	increase reflects enhanced provision of Christmas lights
Legal & Professional Fees	£200	£0	£250	£250	£42	£1,305	£1,305	£1,500	£415	£1,500	£675	£1,700	Forecast use by committees with no increase in costs.
Health & Safety Costs	£5,000	£0	£500	£44	£67	£100	£46	£100	£1,220	£1,500	£1,500	£1,500	Covers training costs proposed by Employment Committee
Miscellaneous	£500	£2,324	£2,000	£2,500	£3,325	£980	£980	£980	£1,209	£1,000	£4,409	£1,500	Unbudgeted
External Audit Costs	£400	£500	£500	£820	£800	£820	£800	£820	£800	£820	£800	£820	Marches election takes place in May 2019
Electrons													Assumes 2.5% increase
CTV													Provision of North Road Play Area camera
Events (incl Food Weeks)													Expenditure identified for specific events
Website													Maintenance contract
Total Expenditure	£123,404	£100,541	£110,275	£112,080	£118,782	£151,090	£179,088	£169,260	£157,100	£170,460	£194,679	£169,270	-£1,190
Net Cash Flow	£-20,276	£13,264	£-4,575	£-13,905	£-12,305	£44,800	£-18,164	£-42,570	£-15,890	£13,580	£-34,233	£-7,764	-£16,344

Memo Items

Net Investment Portfolio Income

£3,227

Provided by Investment Portfolio Manager