

FORD PARISH COUNCIL

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2017-18 BUDGET REPORT & RISK ASSESSMENT

JANUARY 2017

1.0 REVIEW OF 2016-17 BUDGET

- 1.1 Appendix 1 shows 2015-16 spend/income, spend/income against the 2016-17 year's budget and a draft budget for 2017-18. It projects the budget forward to the end of 2016-17 financial year.
- 1.2 The total income for 2016/17 was budgeted to be £14054.00, comprised of a precept of £12844, interest of £10 and LJC grant towards a youth worker of £1200. The majority of the income is projected to be received (bar a shortfall on bank interest). Additionally, a Transparency Grant of £2011.33 is anticipated in 2016-17. An environmental maintenance grant of £2200 was also obtained. Therefore total income for 2016-17 is £18438.52.
- 1.3 The budget requirement for 2016/17 was £19978.94 (including transfers to reserves) and the projected budget requirement is £20912.18. The areas of over and under spend are shown in Appendix 1.

2.0 BUDGET FOR 2017-18

- 2.1 For 2017/18, projected expenditure is £17946.23 with suggested transfers to reserves of £1000.00. This gives a total budget requirement of £18946.23. If the current precept is maintained and environmental maintenance grant and a grant for youth provision is received, total income is received, this gives a total income of £16952.39, a shortfall of £1993.84. It is not recommended that the precept is lowered because the long-term precept requirement will increase. It is therefore recommended that the Council starts to raise the precept now to stagger the increase that is likely to be needed long-term. Key factors are:
 - **Service transfer** – SC are asking parishes to fund services they can no longer afford, principally from 2018-19 onwards. In the parish, this may include matters such as minor highways and environmental maintenance
 - **Grants** - Beyond 2017-18, grant funding is very uncertain and the Council is likely to be solely reliant on its precept for income.
 - **Precept referendum principles** – currently Parish Council precept increases are not capped. Whilst they will not be capped in the immediate future, Government has not ruled this out
 - **Reserves** – the Parish Council's general reserves are slightly above the recommended 25 to 100% of annual spend range. However, the general reserve is predicted to fall significantly in the next 3 years. Parish councils are being asked to pay for/take on several services which Shropshire Council has traditionally delivered. The impact of grant loss from 2018/19 will lead to a significant deficit of income. The ring-fenced reserves are also modest given

the assets the Council has. In the budget, recommendations for increasing the ring-fenced reserves are shown.

3.0 LONG TERM BUDGET 2018/19 TO 2019/20

- 3.1 Please see Appendix 1 for full details. It is recommended that council considers raising the precept to start to narrow the gap between income and expenditure which may occur in the next 3 years. One option would be a rise of £1000 per year over 3 years to bring the precept back to its 2015/16 level by 2019/20. The long-term budget is very much an estimate and precept beyond 2017/18 will need to be set annually and may need to vary depending on budget requirement at the time.

4.0 RISK ASSESSMENT

- 4.1 It is good practice for Councils to risk assess their budget. Below I have set out a table of risks for discussion.

Risk	Description/level of risk	Council response
Precept	Medium – If the precept remains at present, the Parish Council will be relying on drawing from reserves to meet a balanced budget. This strategy becomes increasingly risky over the next 3 years because the reserves would reduce. There is also a risk that, in future, precept increases may be capped. The Parish Council needs to be confident that its funding strategy is sustainable, particularly if it relies on reserves making up budgetary shortfall.	
Environmental maintenance grant	Medium - May not continue beyond 2017/18	
Assets maintenance	Medium – Reserves need to be maintained for asset maintenance.	
Reserves	Low risk but rising to medium long term - the general reserves are currently adequate but will fall in the long –term.	

5.0 PRECEPT SCENARIOS

5.1 The table below shows modelled scenarios based on increase in the precept in increments of £1000

	2016/17	2017/18 nil increase	£1000 rise	£2000 rise	£3000 rise
Council Tax Base	286.53	287.8	287.8	287.8	287.8
Precept	£12844	£12844	£13844	£14844	£15844
Per Band D household (per annum)	£44.83	£44.63	£48.10	£51.58	£55.05
Increase in £ Per Band D household		-£0.23	£3.27	£6.75	£10.22
Percentage increase Per Band D household compared to 2016/17		-0.51%	7.29%	15.06%	22.78%