

COMMONS CONSERVATORS

MEETING 5 DECEMBER 2019

BUDGET AND PRECEPT 2020/21

General Background, Inflation

1. The Conservators are required to approve a budget for the coming financial year and to issue a precept to the Borough Council. The precept will form part of the special expenses charged to council taxpayers in the former Royal Tunbridge Wells Borough area and the Rusthall Parish Council area.
2. RPI showed an annual increase of 2.44 % in September 2019. CPI showed an annual increase of 1.78 % in September 2019.

Basis of 2020/21 Budget

3. The 2020/21 Budget has been prepared to cover the precept and other forms of income, including interest, and the annual administrative and maintenance expenditure for the year ending 31 March 2021. Where works are being undertaken by the Conservators which have been funded by S106 or similar payments these are included within the Budget. Such S106 or similar receipts are included as income and often are received in a period prior to the period in which any related expenditure is incurred.
4. Receipts from The Friends of Tunbridge Wells and Rusthall Commons and the Freehold Tenants and the related expenditure which is funded by those receipts have been excluded from the 2020/21 Budget as (1) they are subject to agreement and change and (2) they should be self-funding and therefore have no net impact on the general reserves.
5. The 2020/21 Budget has been prepared to achieve a nil net income or expense. There has been a recognition that the Commons needs to stop eating into reserves in order to undertake its annual maintenance work. Certain costs have inevitably risen with inflation but in other areas cost savings have been made.

Revised Estimate of Net Expenditure and Revenue Balance for 2019/20

6. At the September 2019 Conservators meeting, the previous Treasurer presented a latest forecast for 2019/20. If this is adjusted for the latest estimate for Ash dieback work, a deficit of £13,133 arises. This latest estimate would, as a consequence, result in reserves reducing from £39,551 at 31 March 2019 (including £5,022 of reserves arising from the Hospital Site and Dandara receipts) to £26,418 by 31 March 2020. Work is underway to ensure that such a substantial deterioration in reserves does not transpire. This work is still in progress but is well advanced. The overall plan is to return over time general reserves, excluding S106 and similar receipts not yet spent, back to some £35,000 and to limit the deficit in 2019/20 to that set out in the original budget of £3,485.

Estimated Expenditure for 2020/21

4. Estimated gross expenditure (excluding self-funding projects as noted above) for 2020/21 is £167,675; broadly equivalent to that in the 2019/20 original budget. The precept for 2019/20 is £161,900. The proposal, see below, is to increase the precept to £165,850 for 2020/21. As noted above, the plan for 2020/21 is for a flat budget in terms of net income and expense excluding projects fully funded by the Friends and the Freehold Tenants.

Further details of the proposed budget are set out below.

Administration

5. Salaries of the Director, Treasurer, Warden and the part time Assistant Clerk are determined by the Commons Conservators. For budget purposes it has been assumed that a 2% rise is given across the board for all posts. The 2% may be conservative given that only the Warden will have been in post for the full year 2019/20. Decisions on salary levels will be taken at the March 2020 meeting when the latest background will be considered. The Directors' and Treasurers' emoluments are in lieu of any expense allowance which thereby ceases.
6. Insurance costs are budgeted as a conservative 5% increase on the latest premium at £2,650. Internal and external audit costs are assumed to increase 3%.
7. Provision is again made for the Travellers Protocol contribution of £500 which will be paid to the Borough Council.
8. Other administration costs are increased for inflation, where appropriate, after certain savings.

Management Plan, Maintenance

9. **Litter** – A 3 year contract to commence in April 2018 was agreed in December 2017. The cost will be increased by the change in the CPI to September 2019. Once again there is an additional provision for the increasing problem of fly tipping and the removal of illegal camps. There is a separate provision for the estimated cost of dog litter bags. The total cost budgeted for next year is £29,225.
10. **Grass cutting** –A 3 year contract to commence in April 2018 was agreed in December 2017. The cost in 2019/20 is expected to be some £11,530. This contract will also be adjusted for the change in the CPI to September 2019. The cost is budgeted at £11,735.
11. **Tree Maintenance** –In the latest forecast for 2019/20 tree maintenance is forecast at £22,000 but that includes £10,200 exceptional work for Ash dieback. The Ash dieback costs have limited the budget for other maintenance work in the current year. £13,546 has been budgeted for 2020/21. This includes a budget of £720 for the cost of the Roadside Tree Survey.

12. **Management Plan, Maintenance of Cleared Areas and Other Maintenance** – The proposed budget for the maintenance of cleared areas is £26,010; an increase of approximately 2% for inflation.

Other costs have been increased for inflation.

Projects and other expenditure funded by Grants, Contributions and Donations

13. The proposals agreed as part of the Hospital Site Planning contribution agreement are being implemented. At 1 April 2019 there was £3,022 of the original Hospital Site Planning contribution unspent. £1,343 has been spent in the current year on litter bins. The balance of £1,679 is being spent over the next few years. It is being used to clear the large bank between Mt Ephraim and London Rd. This year's clearance is expected to cost around £600.
14. Expenditure from the Dandara Maintenance contribution is ongoing. £2,000 was received from Dandara in a prior year covering the first 4 years. Nothing further is expected in 2020/21. It is proposed that commencing in 2019/20, £500 per annum from the Dandara fund reserve be transferred to general reserves as the maintenance work on the land registered as Town and Village Green is undertaken in conjunction with other Commons works and charged to general reserves.
15. A Section 106 contribution of £9,144 has been agreed with Dandara in respect of the Union Square development. This is expected to be received in 2019/20 or later. Given the uncertainty as to timing, nothing has been included in the 2020/21 budget.
16. £1,472 is due in respect of the Retreat Hotel and will cover new posts down the length of Inner London Road. However the timing of this is uncertain and nothing has been included in the 2020/21 budget.
17. The annual grant of £1,485 from Natural England, which commenced in 2010/11, will continue for the remaining part of the 10 year agreement.
18. As noted above, future projects to be funded by the Friends and the Freehold Tenants have not been included in the 2020/21 budget as (1) they are subject to agreement and change and (2) they should be self-funding and have no net impact on the general reserves.
18. At this stage no other external funding has been agreed for next year. Consequently, no projects with specific external funding have been identified for inclusion in the proposed budget. No provision is made this year for general donations because of their uncertainty.

Interest Income

15. The interest income earned on the revenue balance and net cash flow remains significantly reduced as bank base rate and savings rates continue at a very low level.

Revenue Balance

- 16 As noted above, work is underway to reduce the projected deficit in the current year of some £13,000 to broadly the deficit in the original approved budget of £3,485. Assuming that is successful, the actual and projected balances including the recommended precept increase, are:

| | Actual 31 March 2019 | Projected 31 March 2020 | Projected 31 March 2021 |
|------------------------------------|-------------------------|----------------------------|----------------------------|
| | £ | £ | £ |
| General | 34,529 | 32,692 | 33,792 |
| Hospital Site Payment | 3,022 | 1,079 | 479 |
| Union House Maintenance Payment | 2,000 | 1,500 | 1,000 |
| Total | 39,551 | 35,271 | 35,271 |

If there is no increase in the precept then the projected general revenue balance will fall to £29,842 on the same basis as above. When considering the appropriate level of the balance the following should be taken into account:-

1. The Conservators do not have a power to borrow to meet capital expenditure. Therefore, any capital expenditure would have to be met from current income and reserves. There are no current plans for capital expenditure.
2. Although precept income is paid on 30 April and 31 October a working balance, equivalent to at least one month's gross expenditure should be maintained.
3. A small contingency is included in the budget to deal with unavoidable differences in the cost or volume of work and administration. A balance should also be maintained to meet unexpected expenditure or liabilities arising in the year which would need to be met before the following year's precept request could be considered and, if approved, paid by the Borough Council. Having regard to the potential financial impact of all the risks it is recommended that the Conservators should aim towards a minimum general balance of approximately £35,000.

Precept

17. The County of Kent Act 1981 sets a limit on the precept which may not be exceeded without the approval of the Borough Council. An increase in the limit was approved by the Council in November 1983. On the abolition of the old rating system in 1990/91, and similarly on the change to council tax, the limit was to be adjusted each year in accordance with the annual changes in the Retail Price Index as measured by the change in the index for the September prior to the financial year. The index change at September 2019 was an increase of 2.4% and will result in a limit of £165,850 for 2019/20.

18. The 2019/20 precept of £161,900 was an increase of 3.8%. Changes in the immediate preceding years were:

| | |
|---------|------|
| 2018/19 | 4.0% |
| 2017/18 | 3.5% |
| 2016/17 | 1.4% |
| 2015/16 | 7.4% |
| 2014/15 | 2% |
| 2013/14 | 2% |
| 2012/13 | NIL |
| 2011/12 | 2.7% |
| 2010/11 | NIL |

19. Therefore, taking into account the above limit, the estimated net expenditure for next year and the estimated reserve position it is proposed that the precept for 2020/21 should be £165,850; an increase of £3,950 (2.4%).

RECOMMENDED

1. That the proposed budget for 2020/21 be approved; and
2. That the precept requirement for 2020/21 be £165,850.

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P G Tew
Treasurer