
memo

To
Waltham St Lawrence
Parish Council

Cc
Parish Clerk

From
Vice Chairman

Date
6 January 2016

Subject:

I have attached a draft budget for next year assuming that the precept is frozen once again.

In my view the Parish is heavily reliant on burial fees to balance income and expenditure. This is uncertain and in my opinion a prudent approach should be taken to expected income when setting the budget/precept.

We also have requirements for capital expenditure and without an expected consistent surplus we will not have the resources to make these investments. My attempt at a capital replacement programme suggests that, ignoring any investment requirements in Shurlock Road or similar, we should be targeting an underlying surplus of £1,200-£1,500 per annum.

The Parish however does have relatively large reserves. At the last accounts these were at approximately £28,000. The Parish is small and guidelines indicate that reserves of 6-12 months precept are advisable. As a smaller parish where an unexpected expenditure requirement (eg the Pound) could have a major impact on annual expenditure, it would **be wise to hold 12 months of the annual precept**. Part of the reason to hold the reserve is to tide the Council through the timing of the receipt of the precept together with unexpected requirements. There is also a requirement to cover election costs if required during mid term. If there was a casual vacancy it would need to be advertised and an election held if there was more than one person willing to stand. We have been advised that these costs could be somewhere between £2,000 - £3,500.

Currently the precept is set at £14,000. Therefore there is a further £14,000 in reserves. Whilst, up to now, this has not been formally allocated, I would suggest that £7,000 of this is allocated for the Pound, approx £2,000 for the defibrillator (spent in 2015/16) and the other £5,000 for capital projects - ie Shurlock Road or similar.

You will note that the Shurlock Road project first draft is requiring £25,000 of capital funds (as yet source unidentified) and is estimated to cost £7,000 pa to manage.

Looking at the precept compared to other similar Parishes, a 50% rise in the precept would still be very competitive (see the attached summary from Maureen Hunt and the spreadsheet that I produced some time ago).

Based on the last few years' expenditure, and the underlying levels of expenditure, if £2,000 would be reasonable expected burial income, then a higher precept of say £16,000-£16,500 would appear to consistently balance the books with a target surplus.

There is also the added uncertainty of the Shurlock Road site where we could have added expenditure of £7,000 next year. Whilst we have capital reserves, I would be loath to blow them all in one year on the site running costs and the Pound.

As Shurlock Road will not have a decision when the budget is set I do not see that we can build the possible expenditure into the budget. But we must consider it.

With the Pound expenditure this year resulting in a large expected deficit, setting a precept to make a contribution towards this is not unreasonable (subject to my notes on reserves above). If there is appetite for open space in the Parish, whether it be Shurlock Road or elsewhere, there will need to be reserves to invest.

A £3,500 increase in the precept to £17,500 would provide an underlying expected surplus in 2016/17 of £1,000 assuming £2,000 of burial ground income. At this level, even if we do take on Shurlock Road, with "good" burial ground income and avoidance of the contingency, we would only use £3,000 of the reserves. This would be sustainable and would equate to approx £27 for a Band D house which would still be the lowest precept in RBWM.

Alternatively we maybe just try to balance the books for the year on an underlying basis and set at say £16,000. We then "risk" wiping out reserves for Shurlock Road or similar in one go.

Therefore I believe that the precept decision is between the following options:

1. £14,000 – no change
2. £16,000 – targeting balanced finances but nothing for capital projects (ie no contribution to reserves)
3. £17,500 – providing a contribution towards the pound this year and protecting reserves for future open space investment

Whilst longer term a precept of £21,000, or say £24,500, may be necessary to cover initial costs for Shurlock Road, in my view this cannot be considered until it should be borne in mind that there is nothing preventing the precept from being reduced in future needs if necessary. However I would prefer to see small, consistent adjustments year on year rather than an erratic precept.

MJK