
memo

To
Waltham St Lawrence
Parish Council

Cc
Parish Clerk

From
Chairman

Date
4 January 2017

Subject: 2017/18 Draft Budget

Introduction

I have attached a draft budget for next year assuming that the precept is frozen at the 2016/17 level.

I have also attached a breakdown of reserves between the General Reserve, a Capital Reserve, a War Memorial reserve (recognizing expenditure every other year) and finally a reserve to support the Open Space project discussions.

Background

Last year I highlighted that in my view the Parish was heavily reliant on burial fees to balance income and expenditure and that a prudent approach should be taken to expected income when setting the budget/precept. You will note that the burial ground income this year to date is exceptionally low which emphasises the issue previously highlighted. This is compensated for by exceptionally low grounds maintenance expenditure, with less cuts undertaken (8/16 YTD) than expected within the contract.

To remind you, we require an expected consistent surplus to provide the resources to make capital investments. My attempt at a capital replacement programme suggests that, ignoring any investment requirements in the Open Space Project, we should be targeting a minimum underlying surplus of £1,300-£1,500 per annum.

Reserves

The Parish however does have relatively large reserves. At the last accounts these were at approximately £26,000. 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.

At the last audit it was highlighted that we had not minuted the analysis of reserves to specific reserves (it was only included in the budget memo last year). We need to minute this and rectify this deficiency. Set out below (and on the attached summaries, I have suggested how our reserves are analysed).

Last year I suggested that £7,000 of reserves were allocated for the Pound, approx £2,000 for the defibrillator (spent in 2015/16) and the other £5,000 for capital projects - ie the Open Space Project or similar. This was in addition to the £14,000 representing one year's precept.

Currently the precept is set at £17,500. There is a £14,000 General Reserve. Given the increase last year it is arguable that the increase in General Reserve should be made over a number of years. I have suggested 5 years given the relatively large increase.

Shurlock Road project

You will note that the Open Space Project first draft is requiring £25,000 of capital funds (as yet source unidentified) and is estimated to cost £7,000 pa to manage. The Open Space Project will not have a decision when the budget is set so I do not see that we can build the possible expenditure into the budget. But we must consider it.

Whilst longer term a precept of, say, £24,500, may be necessary to cover initial costs for the Open space Project, in my view this cannot be considered at this point. 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.

Recommendation

I would therefore suggest that we should be targeting an underlying surplus of £2,500 for the 2017/18 year made up of £1,400 for capital reserve, £400 for a war memorial reserve and £700 to bring the General reserve up to £17,500 over 5 years. I have not suggested a further reserve for the Open Space Project,

The draft budget indicates an underlying surplus of £1,336 (after drawing the cost of the Pound replacement from the Capital Reserve). However it assumes £1,400 of Burial Ground income and previous years have had income in excess of £3,000 (although the current year is very low). Given that the deficiency in the draft budget surplus is circa £1,150 and that the Pound is expected to cost slightly less than reserved, Burial Ground income is prudently forecast and that Grounds Maintenance may again require fewer than budgeted cuts, my recommendation would be that the Precept should be kept at £17,500 for 2017/18.

Resolutions proposed

1. That it is recognised that the Reserves at 31 March 2016 are made up as follows:

Capital Reserve	£7,000
Open Space Reserve	£5,000
General Reserve	£14,000
Other (General Reserve)	(£35)
Total	£25,965

2. That in 2016/17 £1,400 is transferred from General Reserves to the Capital Reserve
3. That the expenditure on the Neville Close Bench less the donation received from the Jubilee Fund be drawn from the Capital Reserve together with any expenditure on computer equipment
4. That the Precept for 2017/18 be frozen at £17,500

MJK