

## Introduction

I have attached a draft budget for next year assuming that the precept remains at £24,500, (a figure £7,000 higher than 4 years ago when recurring costs were estimated at £17,500 per annum) with the £7,000 intended to cover the previously advised annual additional costs re the maintenance costs for the Open Space.

However, Paul now estimates annual costs for the Open Space to be c£8,500 plus £1-2,000 to deal with the annual mowing of the site (see attached notes from Paul on expectations, largely included within the draft budget).

With additional costs now being incurred relating to ditch clearing, bin emptying and sundry tasks around the parish I would estimate that our annual expenditure has increased by circa £500-1,000 to c£18,000-£18,500 even with the reduced parish maintenance costs negotiated.

Therefore, the annual expenditure might be estimated to be c£28,000 with the nature reserve.

Against this, in the 2020/21 year we budgeted £7,000 for the Nature Reserve which is unspent and included some capital expenditure in the budget which has not been incurred. Together with previous years' savings due to the delayed opening of the Nature Reserve and maintenance savings, less amounts used to fund reserves previously planned to be funded over a number of years, I estimate that we are holding c£4,000 more reserves than planned (assuming that we aim to hold 12 months' expenditure in reserve).

It is also of note that in the last 4 years the Parish has underspent on revenue by c£20,000 on the target £2,400 per annum surplus to cover capital expenditure requirements. This has been mainly used to fully fund the open space and other reserves.

The draft budget though includes a significant proposed expenditure of £39,000 (after taking account of the NH insurance recovered) against an estimated £24,000 incurred in 2020/21. This includes one off and capital expenditure of £7,500 and £1,500 Open Space legal fees to be drawn from reserves together with £9,500 relating to the Open Space.

I would suggest that there are a number of options:

1. Given the uncertainty over the timing of assuming the Open Space responsibility and the current economic uncertainty, freeze the precept for 2021/22 at £24,500.
2. Increase the precept by £1,000 to compensate for the lack of RBWM grant in 2021/22.
3. Set the precept to cover the annual estimated recurring expenditure of £28,000 (with Burial Ground and other income intended to cover capital expenditure.
4. Something in between

## Reserves

I have also attached a breakdown of reserves between the General Reserve, a Capital Reserve, a War Memorial reserve (recognising expenditure every other year), an Election Reserve split out from the General Reserve, a reserve to support the annual Nature Reserve costs and a new Reserve to set aside the S106 monies received.

The Parish does have relatively large reserves. At the last accounts these were at approximately £41,000. This includes earmarked reserves (capital, Ruscombe etc) of c£10,000. 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, play equipment) could have a major impact on annual expenditure, it would be wise to hold 12 months of the annual precept. However with the increased annual expenditure to cover the Open Space **I have suggested that 9-12 months should still be prudent**. This would be c£21,000-£28,000. 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.

## **Recommendation**

With the Open Space play equipment requirements potentially requiring a surplus of c£2,800 per annum (assuming replacement every 15 years), this could be funded from the S106 monies currently held. Therefore, excluding this, the Parish should target an underlying surplus of c£2,000+ per annum to cover other expected capital requirements.

I would therefore suggest that on an ongoing basis we should be targeting an underlying surplus of £2,700 for the year made up of £2,100 for Capital Reserve and £600 put aside per year for the war memorial reserve. This can be expected to be covered by Burial Ground and other sundry receipts.

There is uncertainty over the timing of the commencement of the Open Space lease and the commencement of the c£9,500 maintenance costs, and the possibility of being able to release the Ruscombe Reserve (£3,000) and a discussion to be held about reducing planned one off maintenance and capital expenditure in the attached detailed draft budget (highlighted items).

The draft budget indicates an underlying deficit of £2,700, £5,400 less than the suggested target.

With the underspend of c£20,000 in the last 4 years (£4,000 after allowing for the fully funded reserves), the uncertainty over the timing of the commencement of the Open Space costs and our historic ability to underspend against budget, my proposal is to maintain the precept at £24,500 for the current year in line with option 1 above, although Option 2 has merit given the loss of RBWM grant

## **Resolutions proposed**

1. That in 2020/21 £2,100 is transferred from General Reserves to the Capital Reserve
2. That in 2020/21 £765 is transferred from General Reserves to the War Memorial Reserve
3. That in 2020/21 £2,000 is transferred from the General Reserve to the Open Space Reserve
4. That in 2020/21 £35,333 is transferred from the General Reserve to a new S106 Reserve
5. That the further expenditure on the refurbishment of the Pound of £440 be drawn from the Capital Reserve together with any other expenditure on capital equipment
6. That the legal fees incurred relating to the Open Space Nature Reserve (£3,132 to date) be drawn from the Open Space Reserve
7. That the precept for 2021/22 be set at £24,500.

MJK