

## Introduction

I have attached a draft budget for next year assuming that the precept remains at £24,500, (a figure £7,000 higher than 5 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. Please note that this is not realistically maintainable.

Looking at our current underlying expenditure though (admin costs, clerk salary, parish maintenance contract) the current costs are circa £22k/23k rather than £17.5k, a combination of inflationary increases and increased tasks taken on (eg bin emptying) – ie £4.5/5.5k more.

Paul 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 (the attached assumes that this may be kept to £9k pa) ie at £9k this is £2k more than allowed for in the current precept

We have also lost the compensating grant from RBWM which was c£1k pa

Included in the attached is c£4,500 of expenditure for discussion from the December meeting.

The above highlights an expected shortfall of £12k/13k if the precept remains unchanged.

I have also attached an estimated rolling capital expenditure program which suggests a need for a surplus of £4,900 pa which, together with allowance for the War Memorial every other year, suggests that we should aim for a surplus of £5,660. There is an allowance in this of c£2,800 pa capital expenditure funding play equipment for the open space.

The impact of the open space is say £9k maintenance and £2,800 building a capital fund - £11,800 per annum (RBWM estimated c£7k exc play equipment c7 years ago when this was first discussed).

I would suggest that there are a number of options:

1. Review the expenditure detailed to reduce expected outgoings (£4.5k new proposed plus others)
2. Assume that the play equipment might be funded by grants and/or future CIL monies to avoid budgeting for replacement (impact c£2,800 pa)
3. Increase the precept by £1,000 to compensate for the lack of RBWM grant in 2022/23 (not done in 2021/22).
4. Set the precept to cover the annual estimated recurring expenditure of £365500 (c£22k underlying, £4.5k proposed additional spend and £9k open space)).
5. Something in between to aim to spread increases, moderate expenditure and limit annual increases by dipping into reserves.

## 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 Reserve to set aside the S106 monies received.

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**. 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£2,100+ 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 £2,860 for the year made up of £2,100 for Capital Reserve and £760 put aside per year for the war memorial reserve. This can be expected to be covered by Burial Ground and other sundry receipts.

My personal appraisal is that we have managed to underspend on parish maintenance regularly by c£2k pa and we can therefore accept a budgeted deficit in this region. The review of CIL monies may be able to fund some of the proposed projects and capital expenditure requirements. We need to moderate planned expenditure to keep the underlying position similar to previous years. Such an approach might take us to a precept requirement of say £31k pa.

We have prudently managed finances up until now and I expect c£5,500 more in reserves in March than we ideally need, and the Ruscombe fund may come back to us (£3k). We could therefore consider using this £8,500 over say 3 years to limit needs for an immediate large increase. This may allow us to limit the precept to say £26,500 for 2022/23 with planned annual increases of, say, £2k pa.

### **Resolutions proposed**

1. That in 2021/22 £2,100 is transferred from General Reserves to the Capital Reserve
2. That in 2021/22 £320 is transferred from General Reserves to the War Memorial Reserve (recognizing the year's delay in works last year and increased costs)
3. That in 2021/22 £1,000 is transferred from the General Reserve to the Open Space Reserve
4. That in 2021/22 £13,320 is transferred from the General Reserve to the S106 Reserve
5. That the expenditure on the replacement war memorial posts 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 (£888 year to date) be drawn from the Open Space Reserve
7. That the precept for 2022/23 be set at £26,500.

MJK