

Introduction

I have attached a draft budget for next year assuming that the precept increases by the same amount as in the previous year to £31,500 (+8.6%). Please note that this is building on the PC opinion last year that we would look to gradual increases with any deficit drawn from reserves to help to support the Parish through the cost of living crisis (rather than a potential large immediate increase).

The draft budget assumes that we maintain current service levels (grass maintenance, dog bins etc) with agreement to the lowest received maintenance tender. There is allowance for the potential need for some additional maintenance costs as well as other additional costs relating to ditch clearance, footpath clearance, verge trimming etc, as well as Christmas lights in Shurlock Row. I am not worried about considering capital spend requirements in setting the budget on the basis that we have a capital reserve to draw on and also CIL monies that can be utilised. Therefore, capital expenditure would not be expected to require a precept increase.

Looking at our current underlying expenditure (admin costs, clerk salary, parish maintenance contract) this would be expected to approximately balance the books (ie expected income = expected expenditure) assuming that we do not take on the Nature Reserve (but please see below re the need to target a surplus to cover capital expenditure requirements in the long term and the bi-annual works to the War Memorial). With this small increase, we would not be expecting to need to make a final decision on the Nature Reserve. If we did decide to adopt it and incur associated costs, we would expect reserves to be able to see us through the next 12 months plus. If we decide not to adopt it, we have stronger reserves to further limit precept increases in future years.

Paul Mason previously estimated annual costs for the Open Space to be c£9,500 – to which I would suggest a need to add say £1k to allow for inflation but this is TBC and, of course, recent discussions suggested that costs could be significantly higher, although I do not believe that they would be at the inflated levels indicated by a previous email from Herman (as we have discussed). If we did decide to adopt, the start date is not certain and I doubt whether everything would be wrapped up so that a full year of costs are incurred.

I have also attached an estimated rolling capital expenditure program which suggests a need for a surplus of £2,100 if we do not adopt the Nature Reserve, or £4,900 pa (lower than previous estimates due to CIL monies being used) if we do which, together with allowance for the War Memorial every other year, suggests that we should aim for a surplus of £2,900/£5,700. The reason for the difference is an allowance in this of c£2,800 pa capital expenditure funding play equipment for the Nature Reserve. This may be excessive if CIL monies are able to fund some of this expenditure.

The lowest estimate impact of the Nature Reserve is say £10.5k maintenance and £2,800 building a capital fund - £13,300 per annum (RBWM estimated c£7k exc play

equipment c9 years ago when this was first discussed – Herman estimate was c £30k but I consider this to be inflated by personal preference, although I believe that the Paul Mason estimate is too low given recent discussions).

I would suggest that there are a number of options:

1. Review the expenditure detailed to reduce expected outgoings
2. Assume that, if the Nature Reserve ends up being adopted, the play equipment might be funded by grants and/or future CIL monies to avoid budgeting for replacement (impact c£2,800 pa)
3. Set the precept at £31,000 to cover the estimated expenditure for 24/25 plus £2,900 target surplus (ie no allowance for the potential of the Nature Reserve)
4. A slightly higher increase in the precept anticipating that the Nature Reserve will be adopted and there is a desire to limit future annual precept increases
5. Something in between to aim to spread increases, moderate expenditure and limit annual increases by dipping into reserves.

Future costs remain uncertain given current inflation levels and the maintenance costs only being guaranteed for 12 months and uncertainty over alternative options.

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 being built up to support the annual Nature Reserve costs and a Reserve to set aside the CIL monies received.

If we choose not to adopt the Nature Reserve then this would move to General Reserves and therefore could help to enable budget deficits to be set for future years and limited further increases in the precept.

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, we have historically held 12 months of the annual precept. However, if we have increased annual expenditure to cover the Nature Reserve **I have suggested that 9 months would be prudent**. However, if we decide not to adopt I consider that we should aim to hold at least 12 months expected expenditure. 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

The major uncertainty that we face is over whether or not we proceed with the Nature Reserve given recent information that has become available suggesting

higher than previously expected annual costs. I believe that we need to hold further discussions with RBWM before reaching a final conclusion and therefore should be looking to set the precept with an open mind with regard to the Nature Reserve.

You will note from the draft budget that sundry receipts (ie Burial Ground income, allotments etc) approximately equal the target surplus that I have suggested that is required - £2,900 (exc any play equipment) and therefore whilst this might vary year on year, long term it is reasonably guaranteed. The precept therefore needs to cover expected recurring expenditure.

We have prudently managed finances up until now and I expect c£10,000 more in reserves in March than we ideally need if we do not adopt the Nature Reserve, or up to £7,000 if we do not (probably less if higher Nature Reserve costs prove accurate). The Ruscombe fund may also come back to us (£3k). We could therefore consider using this £10-13,000 to limit needs for immediate large increases. This may allow us to limit future precept increases.

Resolutions proposed

1. That in 2023/24 £2,100 is transferred from General Reserves to the Capital Reserve
2. That in 2023/24 £800 is transferred from General Reserves to the War Memorial Reserve
3. That in 2023/24 £1,500 is transferred from the General Reserve to the Open Space Reserve
4. That expenditure on capital items during the year, other than those funded through CIL monies, be drawn from the Capital Reserve
5. That the legal fees incurred relating to the Open Space Nature Reserve be drawn from the Open Space Reserve
6. That the precept for 2024/25 be set at £31,500.

MJK