Brassington Parish Council
Detailed Financial Review & Rationale (2015 / 2016)

Introduction

As a new Parish Council one of the objectives was to review the financial position and collaborate with the working groups on the community plan. There was the desire to set out a longer term financial view, manage costs and planned regular expenditure whilst also preparing for unexpected costs, exposure to possible future costs and with the context of central funding becoming increasingly difficult to access.

As part of this process it was decided to set up a Finance working party, to include Councilors Hampson, Crosby & Mason along with our Clerk (Brassington Parish Council Finance Officer) with the task of enhancing the financial vitality of the Parish Council.

Overview Summary Statement

Having reviewed the previous set Precept and understood the expected costs we were able to see that income and expenditure did not balance. In Order to meet our commitments money had to be transferred from reserve account to current account in order to maintain cashflow.

In this financial year we're forecast to spend £16,030 against an income of £14,550. In the prior year spend was £13,100 against an income of £12,933. (Including cemetery income of £1,415).

A situation where income is less than expenditure is not sustainable and in summary an improvement in the Parish Councils financial position was required. External factors were also considered

- Cut backs from central government being passed through to County & District Councils
- Increased costs of labour, materials and consumables.

The current 'over spend' position highlights the need for greater financial control, oversight, reporting and forward planning. It also means that transparency over prioritisation becomes more important.

One obviously option was to cut back on maintenance work around the village however it was felt that this would be a false economy and indeed counterproductive as remediation costs would likely be higher. It also did not address certain capital expenses that had been deferred by previous councils (e.g. renewing bark on play area)

Summary of major costs

The larger annual costs are as follows

- Handyman maintenance costs £5,600 (15-16) vs £5,875 (14-15)

- Parish Council Clerk £4,000* (15-16) vs £3,674 (14-15)
- Play area & Recreation ground are also significant commitments.

*15/16 includes the fact it was an Election year and 75% new council

We estimate up to £2,000 pa should be allocated for play area maintenance.

We also considered the costs of running the recreation ground (c£3,750 pa) and asked if the Parish Council should plan for up to 50% of these costs as they are the 'back stop'.
Note. £24,000 every 3 years should be spent as part of the original planning contract with Sport England.

Summary of income

- £10,000 2014 – 2015 Precept. Precept was increased by 11% Jan 2015
- £4,100 from Carsington Windfarm Fund however this cannot be spent on day to day PC running costs
- Between £836 (11/12) & £4,366(13/14) per annum from the cemetery (average of £2,030 of last 5 years). The PC decided that this income should be excluded from forecasting as it is so variable.

Parish Council Proposal

For the Finance working party to prepare a forward looking budget to balance the day to day expenditure vs costs, to provide the necessary oversight & control of expenditure and to create a more robust financial foundation to enable the PC to support future initiatives & aspirations. In the process provide the absolute transparency

The longer term view will require the working party to produce a 4-year forecast covering financial years, 17-18, 18-19, 19-20 with re-forecasting taking place on a regular basis and be in tune with the community plan actions.

To aid financial management we propose to operate - 1 current account + 2 reserve accounts (1 reserve for unexpected costs holding 6 – 12 months' worth of precept + 1 reserve / investment for project funds)

Our reserve funds stands at c£6,700. £6,400 is ring fenced for Play area improvement project and £300 is still to be allocated from wind farm Funds. Guidelines for operating a Parish Council suggest that the reserve account should allow for between 6 & 12 months of normal expenditure.

Recommendations

1. Precept - The 14-15 year has seen some exceptional costs and also highlighted the precarious nature of the Parish Council finances. The opportunity to increase the precept to the necessary level was missed last

January (2015), this coming year the Parish Council have increased the precept from £10,000 to £12,500.

The headline 25% increase sounds significant; in real terms this means that a Council tax band 'D' property will pay an extra £9.87 per year per household or 19p a week.

2. Reserve Account – Over the course of the next 4 years build the reserve account to a level between 6-12 months expenditure (as per guidelines). Future receipts from the cemetery should be directed into reserve.

3. Investment Account – Ring fence monies allocated to specific projects. Future receipts from Windfarm(s) should be directed into the investment account to be assigned accordingly. We will be formalising the mechanism for submitting & evaluating proposals for income from windfarm(s).

This decision has not been taken lightly and was discussed at some length (in open session) at the first PC meeting of 2016 receiving the acknowledgement and support from Councilor Ratcliffe (DCC) that our proposals were well thought through and advisable.

Also in open session it was agreed a co-ordinated communication plan needed to be executed by the PC to outline the position and how this decision made.

Clearly it would be irresponsible to rule out any further increases in subsequent years, or promise any future decreases; however if the reserve account builds more rapidly than forecast the need for future increases will be reduced or money could be diverted to support other community enhancements, including clubs & societies.

Conclusion

As a Parish Council our commitment is to support a viable and vibrant community, investing to improve our environment and by reviewing, monitoring and reporting on the financial position we will be best placed to satisfy our future commitments.

When one volunteers to be a parish councilor the primary motive is to support, maintain and enhance the community environment. It is done knowing there be matters that create disagreements and ignite strong opinions; the role of the Councilor is to consult, discuss and debate in an open, respectful and transparent way.

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