

## **YATTON PARISH COUNCIL**

**Full Council, 11 January 2010**

### **Agenda item 7: 2010/11 budget and precept**

#### **Report of the Clerk**

1. A parish council has power to raise money from council tax payers in its area. It does this by sending a demand called a 'precept' to the billing authority (North Somerset Council). North Somerset Council includes the precept on council tax bills, along with precepts from the police and fire authority, and the money it needs itself. Council tax bills are itemised so that council tax payers can see how much is raised by each authority. North Somerset Council pays over the precept in two instalments, one in April and one in September.

2. Parish council expenditure is not capped and a parish council can set whatever precept it thinks fit. The 2009/10 precept was £177,279. The amount payable by council tax payers varies according to what council tax band their property is in. For 2009/10 £177,279 gave an amount of £62.39 payable in respect of a middle band (Band D) property. This is higher than most other parishes in North Somerset but by no means the highest. If the precept were kept the same for 2010/11 the amount payable in respect of a Band D property would be £64.96.

3. I am circulating a draft budget for 2010/11 with the Council agenda. This proposes essentially the same spending as the projected out-turn for 2009/10, increased slightly for inflation in some cases. The main differences are:

- 107/4712 (page 4), grant to Yatton Junior Football Club to cover utilities and white liner: £2200 (2009/10 £2418, but including £400 on account of water used in 2008/09)
- 251/4014 (page 9), street light electricity: reduced from £7500 to £4000 on account of cheaper contract
- 299/4924 (page 11), play equipment: £5000 suggested for new equipment
- 299/4935 (page 11), Hangstones: £5000 suggested for improvements such as a path.

4. No amount has been included at this stage for road safety (399/4964, page 12). Around £8500 of the 2009/10 budget of £10,000 was committed to projects on 14 December and there remains an additional earmarked reserve of £10,000.

5. No amount has been included at this stage for pension contributions for employees (Agenda item 6). If the Council declared all employees eligible for the Local Government Pension Scheme, and all of them joined, a provision of around

£8500 would be required for 2010/11, and a similar provision would be required in subsequent years.

6. The current projected out-turn for 2009/10 shows a deficit of £26,710, which would need to be met from general reserves. However I expect the eventual transfer to be less than this. The proposed budget for 2010/11 would result in a deficit of £22,567 if the precept were kept at £177,279, which again would need to be met from general reserves.

7. At 31 December 2009 the Council had £228,945 in reserves, excluding the proceeds from the sale of Church View Cottage which can only be used for capital expenditure, and is earmarked for the redevelopment of Hangstones pavilion, and also excluding £136 which is in a trust fund for War Memorial maintenance. £23,000 of reserves is already committed to the new car park at Rock Road, £10,000 is earmarked for road safety and I think at present the £50,000 earmarked for the new burial ground should be left there.

8. This leaves £145,945 which could be available as a general (uncommitted) reserve. Although some of this has in the past been earmarked (see attached list) the money is not committed and it is best practice not to earmark unless a commitment is likely in the near future. The external auditors have twice commented on the high level of the Parish Council's reserves. In the past the Parish Council has benefited from a high level of interest on its balances but this is unlikely to happen again for the next few years. The National Association of Local Councils recommends that a general reserve should be between 25% and 100% of the precept. If the Parish Council leaves the precept unchanged this would suggest a general reserve of between £44,000 and £177,279. I would suggest that Yatton Parish Council's reserve could be towards the lower end because (a) North Somerset Council pays the first instalment of the precept promptly (b) the Parish Council is not expecting any large expenditure early in 2010/11 and (c) much of the Council's expenditure such as salaries is spread smoothly throughout the year.

9. It follows that a general reserve of between £90,000 and £100,000 would in my opinion be perfectly prudent. If the 2009/10 out-turn is a deficit of £20,000 this would reduce uncommitted reserves to around £125,000. So the Parish Council could budget for a deficit in 2010/11 of between £25,000 and £35,000 without increasing the precept, and still maintain general reserves at a prudent level. The proposed budget for 2010/11 currently shows a deficit of £22,567.

Members are invited to consider the draft budget, approve it with or without amendments and decide on the amount of the precept for 2010/11.