

REPORT TO PICKMERE PARISH COUNCIL

3rd November 2020

APPENDIX 1 to AGENDA ITEM 6.3 – WORKING PAPER – BUDGET AND PRECEPT FOR 2021-22

1. Background

- 1.1 It is the appropriate time to consider performance against the budget for the current year, and the form of the budget to be established for 2021-22. It is necessary to inform CEC of this Council's precept requirement for 2021-22 before Christmas 2020. Considering the budget raises a number of other key strategic issues which are also discussed in this paper.

2. Performance against 2020-21 Budget.

- 2.1 The budget for the current year proposed receipts of £16650 and expenditure of £16683. The forecast outturn figures for 31st March 2021 result in receipts of approximately £33920 and expenditure of £15978. However these broad and unusual figures mask several key factors:

- **Income:**
 - Unforeseen receipts of £10,000 (Covid Business Support Grant), and £9,120 (Community Infrastructure Levy – 2 developments);
 - Unforeseen loss of income through the closure of the Village Hall due to Covid (loss of £2000 forecast for the year as a whole, assuming that the Hall is able to be opened sometime after Christmas 2020).
- **Expenditure:**
 - Expenditure of £600 above IT budget for purchase of new website;
 - Assumed possible expenditure of £570 between now and 31st March on Covid-required matters.
- **Two items** have not been included in the above forecast of expenditure:
 - Installation of additional street light at the IROS (approved in principle at meeting 6 September 2020) – approx. £1800
 - Earmarking of a further sum for the sinking fund for refurbishment of the Play Area (£1000?)

- 2.2 The more pertinent forecast outturn figures are therefore Income £14800 and Expenditure £15978. Excluding the two windfalls mentioned above, income will have been reduced by almost £2000. Thus while expenditure overall has been just less than budget, over £1000 beyond the budget will have been spent either out of the windfalls received, or of the funds earmarked for other purposes – i.e. bank balances.

- 2.3 Bank balances at 30 September 2020 totalled £70602. By the end of the financial year, it is forecast that they might be in the order of £64360. Netting off the windfall receipts mentioned above, the balances would be £45240. At the beginning of this financial year the equivalent figure was £46370, and that was broken down into:

- Specified contingencies: £6300

- Earmarked funds: £24800
- Residual funds: £15270

2.3 A number of key issues arise:

- What items of expenditure – particularly on asset maintenance – should be considered for the rest of the current financial year, as well as for the next financial year?
- An issue which seems to be coming forward in members' thoughts is the future of the Clover Drive play area.
- How should the windfall items be spent?

3. Asset maintenance

3.1 Members have already agreed in principle the installation of a new 'streetlamp' near the IROS black gates/lower parking spaces, although you have not yet commissioned this item. The cost would be in the order of £1800. In addition, replacement of guttering at the Pavilion has been authorised at a cost of approximately £250 (this being included in the outturn total referred to in para. 2.1 above).

3.2 Members considered a maintenance schedule at the September meeting. This included reference to various parts of the Council's asset base, and looked to the need for expenditure to be undertaken. Among the items on that list were:

- The Council noticeboards. There are 3 of them, and whilst they would all benefit from continuing attention, their structures remain solid and functional. Were they to receive annual varnishing, they could be expected to last for some years yet. Replacement of each board would vary in cost – the Park Lane board has three panels, two of which are locked and the third central section is open to use by members of the community. This does mean that its appearance suffers slightly as a result of the public's use of Blu-tack or adhesive tape, but that is inevitable if its use is effectively uncontrolled. To replace that board would cost in excess of £1000-£1500. Replacing the Pavilion board would be perhaps slightly less, as would the Village Hall board. The Village Hall board is the one requiring the timeliest attention from a functional point of view. The costs of replacing all three would therefore be in the order of £2500-£3000. One option to improve their appearance more fundamentally is to commission the stripping back of the structures to bare wood and the reapplication of appropriate surface treatments to secure a more attractive and longer-lasting finish.
- Replacement of Pavilion external doors with higher security doors – quotations are currently being sought – possibly £1000+;
- Action in relation to the wooden platform at the edge of the lake. A quotation has been received - in broad terms re-erection of the former rail would cost £250, and replacement of the whole platform approx. £1400;
- Replacement of the sign at the play area – this work has been authorised by Council but is awaiting the anticipated change in the Clerk's email address due to replacement of the Council's website, so that this can be incorporated in the new sign. Cost - £132.
- The three interpretation boards at the IROS have been mentioned as requiring action, but like the noticeboards, they are structurally sound and perfectly serviceable, though

they might benefit from some cosmetic maintenance. No attempt has been made to seek costs for their replacement, but again it is considered this would be in the order at least of £500-£750 each.

- Various other items are mentioned on the schedule but they are either capable of action through the help of volunteers, or are not urgent.
- However the schedule does not mention a further item – the Village Hall roof, where it is evident that individual roof tiles are being shed from time to time, though not to any serious extent, and it is thought prudent that this should be the subject of attention in the next 12 months.

4. Clover Drive Play Area

4.1 The largest current item in terms of asset maintenance is the Clover Drive play area. Clearly the play equipment and indeed the benches and picnic tables are aging and deteriorating. Initial approaches have been made to two companies so as to provide an idea of potential equipment replacement or refurbishment costs, which can then inform members' consideration of potential options. However, in the light of the current condition of the area, it is considered an appropriate moment to consider the play area more strategic way.

4.2 The area was constructed by the developers of nearby houses and was gifted to the Parish Council because Cheshire East Council was not willing to assume control and responsibility. A sum of £15,000 was also given to the Parish Council to provide for maintenance of the area into the future.

4.3 Before considering the idea of replacing or refurbishing equipment, etc., it is apposite at this moment to pose the following questions:

- Is the area well used by residents of the village?
- Should the Council continue to provide and maintain such an area?
- If so, is it in the correct location to perform its function to the optimum?
- If not, is there a better location under the Council's control? Three possibilities exist – the two open areas on Park Lane on each side of Clover Drive, or a location on the IROS.

4.4 The indications received from the two companies just mentioned indicate that in broad terms:

- The complete replacement of equipment on the existing site, including the picnic benches etc, and including retaining and refurbishing the play area surface (which is a particularly costly item to renew or indeed simply to remove) would be in the order of £30000-£35000. Clearly there would be an infinite choice of which items of equipment might be provided, with varying costs, but this overall figure represents a medium range type of equipment similar to that which currently exists. A well installed play area should have a life of 15 years plus.
- It would be possible to refurbish the equipment that is there. The range of swings is structurally fine, but could be refurbished; the large climbing frame/slide complex could again be refurbished, replacing for instance the timber boarding with maintenance-free non-timber boarding, fully refurbishing the paintwork, refurbishing the small play items, and the play area surface. This might be expected to cost in the order of 50% of replacement, and would be expected to give a life of say 5 years.

- The relocation of the play area to a totally new site would obviously be the most expensive option, but it could be funded by the disposal of the site for residential development.

4.5 The options that exist therefore include the following:

1. Do nothing – carry out only essential maintenance on the site and equipment;
2. Maintain the current equipment without undertaking any fundamental works – i.e. keep painted and tidy;
3. Replace the current equipment either in one comprehensive move, or perhaps in two phases; this approach could perhaps involve replacing only the large climbing frame/slide and the small pieces of equipment, and simply renovating the swings;
4. Commission a comprehensive refurbishment of all of the equipment, including the surface;
5. Either now, or in the medium term (say 5 years in conjunction with the previous option) move toward relocating the play area to another location in association with the disposal of the existing site.

4.6 Clearly a crucial factor in this consideration will be the availability of funds.

5. Windfall moneys

5.1 As explained above, the Parish Council has received in the current financial year windfall receipts of about £19000. Depending on how the Council decides on the 2021-22 Budget breakdown, the loss of £2000 Village Hall income might be taken from that figure, or it might be accommodated from balances – and in particular by reducing the sums allocated either to Contingencies or to earmarked sums. This is considered below.

5.2 Whether one assumes the windfall moneys to amount to £19000 or to £17000, decisions are required as to how it should be allocated or spent. Your Council has broad flexibility to allocate these moneys. There are no strings attached to the Business Support Grant of £10000 – it can be spent (subject of course to the normal constraints on Council expenditure) however the Council decides. The constraints on CIL moneys are not quite so broad – they are required to be spent to support the development of the Parish Council's area by funding the provision, improvement, replacement, operation, or maintenance of infrastructure or anything else that is concerned with addressing the demands that development places on the area. CIL funds have to be spent within 5 years of receipt, and councils are required to produce an annual report outlining their use of such receipts.

5.3 A wide range of choice is therefore available, first on whether money should be spent now or in the foreseeable future, or should be held against possible requirements in future years. Taking that as a given, a variety of possibilities is available:

- The Council could spend some (or indeed all) of the Business Support moneys on subsidising a significant reduction in the Parish precept (it is considered that CIL moneys could not be used in this way);
- Some or all of the funds could be allocated toward a project relating to the Village Hall;

- Council has decided to proceed with preparation of a Neighbourhood Plan for the Parish. Whilst, as previously explained, this could be carried out in a financially neutral way, because of the availability of Government grant specifically for this purpose, it may be that additional input could be purchased from the planning consultant beyond that initially envisaged, so that she can effectively manage the process rather than just offering professional support to the Council. It is clear that the Clerk has insufficient time to perform this role, and this has led to the lack of progress on the project to date.
- The play area question discussed above could be a beneficiary of some or all of these funds;
- The Asset maintenance programme equally could be allocated more funds than might otherwise have been the case.
- Councillors may have their own suggestions of how best to use these moneys, bearing in mind that whilst welcome, they are not infinite.

5. Budget 2021-22

5.1 Key principles in relation to the setting of next year's budget include:

- Ensuring a basic bank balance at least equal to a year's Precept;
- Ensuring adequate contingency and earmarked funds are safeguarded to cover unforeseen circumstances, and to allow for significant future expenditure on Council priorities;
- Ensuring expenditure proposals are based on satisfactory strategic principles, and not solely on potential short-term gains.

5.2 As defined above, the balances forecast to be held at 1st April 2021 total £46370 (excluding the two windfall sums referred to above). The Budget figures detailed on the attached Appendix 2 indicate 'normal' expenditure of £16314 for the year 2021-22, against projected income of £16250. Clearly these figures rely on key assumptions, perhaps the most important being that the Covid crisis will be reducing in scale as 2021 proceeds. However, on the assumption that the pandemic will still be having its effects, the assumption is made that Village Hall hire income will be £2000 in 2021-22 as against the allowance that was originally made in the current year which was £2500. An allowance of £250 expenditure on Covid-related matters is also included in the draft budget.

5.3 This suggested basic budget assumes that Council requests the same Precept figure as has been paid in recent years.

5.4 Subtracting the need to maintain a bank balance of £13650 throughout the year leaves a sum of £32720 available to cover Contingencies and Earmarked funds. The following table in this text contains two columns – Column 2 contains the Contingency items and Earmarked funds applied in the budget for the **current** year 2020-21 for comparison purposes, and Column 3 an initial suggestion as to the Contingency and Earmarked fund items for the year 2021-22. Clearly the comments made above in relation to asset maintenance issues, and also the play area bear upon how Council might structure these financial allowances for the forthcoming financial year.

Column 1	Column 2	Column 3
Potential Expenditure item	Existing budget 2020-21	Possible proposed budget 2021-22
CONTINGENCIES		
Legal fees general	£1000	£1000
Village Hall – Unforeseen building / equipment repair or replacement	£1000	£1000
Pavilion – Unforeseen building / equipment repair or replacement	£300	£300
IROS Grass cutting	£2000	£2000
Miscellaneous tree work	£1000	£920
Cheshire railings repair/painting	£1000	0
CONTINGENCIES sub-total	£6300	£5220
EARMARKED FUNDS		
Review of assets and poss. refurbishment / replacement of buildings including planning, architectural & legal costs	£10000	£9500
Clover Drive play area and two sites – remnant of maintenance fund @ 3/11/20	£7800	£10000
Play area – sinking fund for replacement/refurbishment	£6000	£6000
Fund held against possible future election costs	£1000	£2000
EARMARKED Funds sub-total	£24800	£27500
GRAND TOTAL	£31100	£32720

5.5 To be clear, these figures do not include the £19120 windfall receipts referred to above, nor do they include possible expenditure on the Neighbourhood Plan, etc as touched on above.

5.6 Final decisions as to the structure of the budget do not have to be made at the November meeting, but will be required at the December meeting to enable CEC to be notified of your Council's Precept requirement. The accompanying report proposes a process for securing appropriate decisions in December.