



Budget 2011/12 and Precept Calculation

Issue No. 4

November 2010

Welcome to this special edition of Barkway Bulletin. It is that time of the year when your Parish Council has to agree on the amount of money required to enable the Parish to be managed efficiently and cost effectively. For the next financial year, we have spent a great deal of time analysing the income and expenditure accounts so that we can budget accurately for the future and arrive at a truly realistic figure.

Dr Robert Davidson, Chairman, Barkway Parish Council

Barkway Parish Council, whilst made up of unpaid councillors, is a corporate and legal body responsible for managing the village for the benefit of its tax paying residents. We are required to comply with current legislation and operational standards for Parish Councils and, therefore, must pay particular attention to our liabilities and responsibilities. Parish Councils do not receive funding from either central or local Government. Our funding is generated by the precept, which forms part of your Council Charge bill. It is a charge generated within the Parish and spent wholly within the Parish. The precept is determined by the Parish Council along with the Clerk/Responsible Financial Officer and is based on the financial needs of managing the facilities and amenities of the village. Precepts are not usually affected by freezes in Council Tax, nor local or central Government policies, but are increased or decreased according to the annual financial needs of Parish Councils. However, there are feelings that the new Government has suggested capping precepts for 2 years. If this did happen, it would cause severe problems for Barkway. This goes against the principle of the precept, which is a local tax based on local needs, collected locally and spent locally - for which central Government has, until now, had no responsibility or accountability. If a cap is put in place, a complete recalculation of the budget would be necessary and, if enforced, would have serious implications on how we fund and manage the Parish. We have spoken with our MP, Oliver Heald, and he has agreed to take into account our concerns if the matter goes to Parliament.

The precept in Barkway of £12,210 for the financial year 2010/2011 was determined at short notice due to the appointment of the new Clerk at the end of last year. We have now analysed fully the financial records, updated our responsibilities, operational orders and property portfolio and, following rigorous training for our Clerk, we are aware that we have additional expenditure for which we must now budget.

Our current precept and income from football pitch rents just stretched to cover the cost of our liabilities as we understood them in the past. Very often to avoid expenditure, Parish Councillors would personally undertake tasks and supply material and labour free of charge in order to maintain parts of the village. This should not continue. It is unfair that Parish Councillors, who already give their time free to help run the village, are also giving extra time in order to save costs by working for the village for nothing. They, and a core set of people within the community, have been prepared to offer their time to help to keep the village running but are, in fact, discounting those in the Parish who do not get involved.

We are legally obliged to employ a Parish Clerk and to pay her according to published salary scales. We have learned that the current Parish Clerk's salary falls short of these guidelines. We hope to bring her salary in line with the laid down scales based on her experience and qualifications.

In May 2011, we are expected to hold an election, if there are enough candidates to challenge seats on the Parish Council. The election costs must be paid for from the precept and these are estimated at £2500-£3000. We have learned through checking our asset register that certain items were not included which, now they have been added, means that our insurance cover must rise over and above any of the expected increases.

Administration costs have risen as a result of increased requirements of transparency, which may not have been apparent in the past. We are required to hold a cash reserve with a recommended level of a minimum of 3 months operating costs. The current precept plus other income has, with careful management, barely enabled the Parish Council to operate at break even point, thus not allowing for any unforeseen expenses or occurrences.

Since the commencement of the current financial year, we have introduced a form of budgetary accounting. This means that the Clerk/Responsible Financial Officer is able to set budgets within our income for specific areas of responsibility and, by monitoring expenditure against these individual budgets, we are able to identify clearly where any shortfalls may arise. We are now in a position by using this information to project the amounts of money needed to manage effectively the affairs of the village.

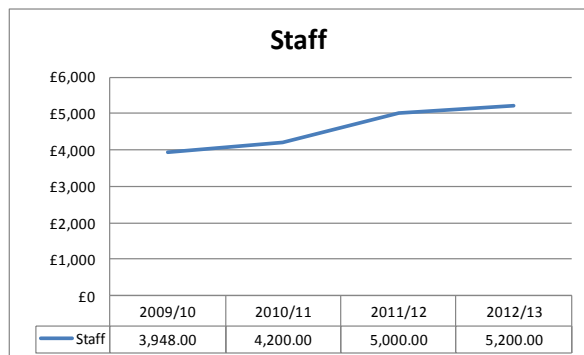
Unlike the practice of increasing the precept by a suggested percentage, this is seen as a more scientific way of organising the finances of the village. Needless to say, this method means that we need to ask for a much higher percentage increase in our precept for 2011/2012.

However, the increase we propose will sharply bring our finances up to an equitable and manageable state but this should plateau over a three year period as some of the items of expenditure will be of a one-off nature.

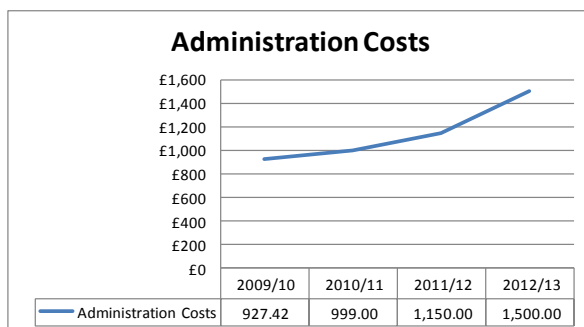
We are a village of approximately 650 people and our research tells us that similar villages have enjoyed a much higher precept per capita for some time and, in many cases, with less liabilities and responsibilities.

We are therefore proposing a three year plan, designed to bring our finances up to a fair and reasonable standard.

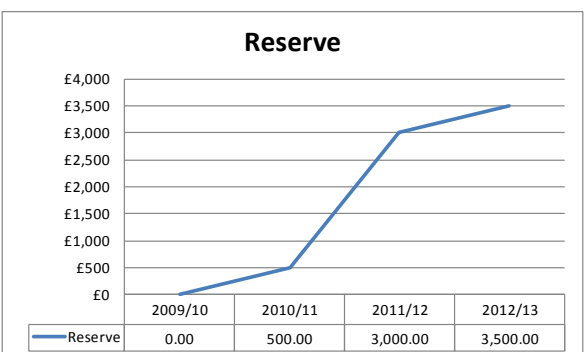
Over the months, as we have gathered the necessary data, we are now in a position to calculate more accurately the cost of “running the village”. In this document we will now explain those necessary costs and the need for an increase in the precept.



We will increase the salary of our clerk to the correct salary rate (pro rata) in accordance with the national guidelines negotiated by the National Association of Local Councils and the Society of Local Council Clerks. Thereafter it will be reviewed annually.



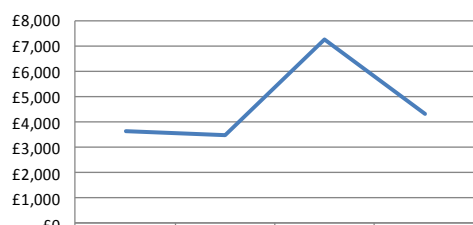
In addition, we are required to reimburse the Clerk’s costs incurred as a result of carrying out the Parish Council’s business from her premises.



In 2010/11 we managed to maintain a minimal reserve of £500. This must be increased to £3000 in 2011/2012 and to a projected £3500 in 2012/13.

Under current requirements, we need to maintain a reserve to cover the operating costs for the Parish Council over a 3 month period.

Insurance & fees

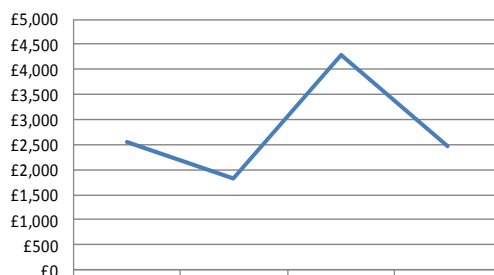


	2009/10	2010/11	2011/12	2012/13
Insce, fees, etc.	3,635.87	3,468.16	7,229.00	4,300.00

Whilst we have endeavoured to seek better costs for insurance, the national rise in insurance has annulled any savings we made. We now have additional responsibilities for which we have to arrange cover.

In 2011, we are due to hold an election and we must budget for this. Should the election not be necessary, the funds will be placed in reserve, enabling us to reduce the 2012/13 budget further.

Environment

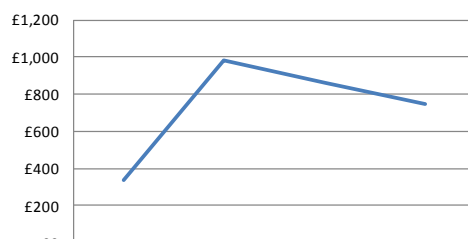


	2009/10	2010/11	2011/12	2012/13
Environment	2,565.69	1,830.00	4,300.00	2,470.00

Environment includes maintenance of footpaths, street cleaning, trees and verges, which fall out of the remit of Herts. Highways. The pond and wagon wash will both require attention in the coming financial year.

In 2010/11, our expenditure on the environment fell mainly due to direct voluntary actions of Parish Councillors, who undertook repairs and work at their own cost. We will address this situation in the coming financial year and, in 2012/13, we should be able to reduce the budget for this cost centre.

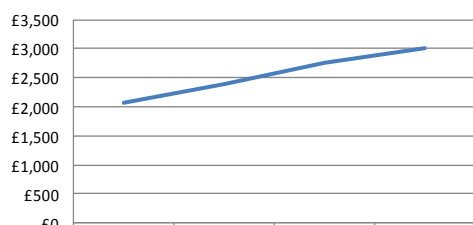
Communication



	2009/10	2010/11	2011/12	2012/13
Communication	337.32	980.72	860.00	750.00

We are duty bound to provide information to the Parish by whatever means are deemed necessary. The village website has grown and, as a result of increased data storage, has seen an increase in costs. The website, whilst non-profit making in order not to take any revenue away from "The Diary", is proving itself to be an incredibly successful means of communication between the Parish and the Parish Council and a vast source of information to the world beyond.

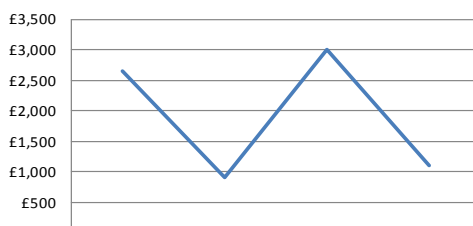
Rec & Pavilion



	2009/10	2010/11	2011/12	2012/13
Rec & Pavilion	2,060.98	2,400.00	2,750.00	3,000.00

Increased Council Charge, power and grass cutting costs, which are unlikely to reduce, coupled with the need now for further maintenance of the children's play area, means additional costs for the recreational area. The Pavilion, due to its age, requires constant repairs and maintenance but we will continue to support it until a newer, more modern and viable building can be constructed.

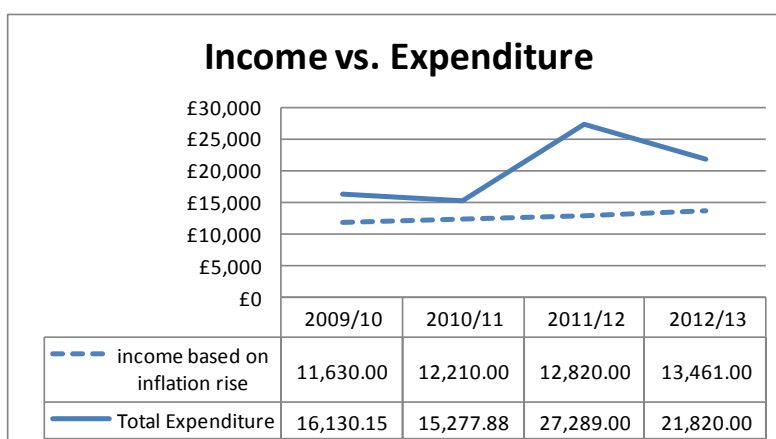
Reading Room



	2009/10	2010/11	2011/12	2012/13
Reading Room	2,654.87	900.00	3,000.00	1,100.00

The closure of the Reading Room earlier this year created a large saving. Following the renovations, the Reading Room will reopen shortly but requires fireproof filing for storage of Parish records as well as new furnishings and fittings. We will purchase these in 2011/2012, resulting in an increase to this section of the precept, which will reduce in the following year.

From these projections based on solid data, it is clear that the previous method of merely increasing the precept by the rate of inflation simply did not allow the Parish Council to meet the required outgoings. However, the new practice of financial accounting and budgeting has proved that it is absolutely necessary to increase the precept by a substantial amount, as can be seen from the chart below.



The current precept of £12,210 per year must therefore rise to £24,397.47 if we are to fulfil our commitments and legal obligations in 2011/2012, which is an increase of 99.9%. This appears to be a massive jump but, in real terms on a property with Council Tax Band C, the current precept of £29.13 a year (or 56p per week) would increase to £57.97 per year (or £1.12 a week).

If Hertfordshire County Council and North Herts. District Council do not, as they have indicated, raise their Council Tax charges but the Hertfordshire Police charges rise by the anticipated 5%, then the precept will only create a 2.7% increase in the total council tax bill and, on its own, only 2.1%. The difference is that every penny raised in the precept is spent wholly within the Parish.

Council Tax—based on Band C Property			
	Current year 2010/11	Increase	2011/12
Herts CC	994.52	0%	994.52
NHDC	174.75	0%	174.75
Herts Police	131.40	5 %	137.97
Barkway PC	29.13	99.9 %	57.97
Total	1329.80	2.7%	1365.21

We have not taken lightly the question of raising your precept, but are duty bound to ensure that the finances of the Parish are placed on a sound footing. Every penny raised in the precept will be prudently managed and spent towards running the affairs of the Parish. Our aim is to continue to seek best value on your behalf and, wherever possible, we will use suppliers and services from within the Parish.

Undoubtedly, some of you will have strong views about our proposal and we encourage you to share your thoughts with us or to seek further explanation in the usual ways.

Your Parish Councillors with their responsibilities and contact details

Dr Robert Davidson: Chairman, Planning and Traffic
 Gordon Baker: Vice Chairman, Grants and Communication
 Ken McCormick: Special Projects
 Jo Cockerton: Young People
 Tony Terry: Recreation and Leisure
 Vince Styles: Police and Village Emergency Plan
 Steve Alsop: Environment
 Catharine Toms: Parish Clerk

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The next edition of Barkway Bulletin will be the scheduled issue for December. This will contain the latest news and happenings in the Parish and will provide up to date reports on the various projects that are in hand.

We are always interested in hearing your views. If you have any comments on this special edition of Barkway Bulletin, please contact the editor at gordon.baker@barkway-village.co.uk