

Financial Reserve Statement January 2025

JPAG Practitioner Guidance “Governance and Accountability for Smaller Authorities in England” 2019 states: **A Parish Council’s general reserve (balance in Current Account)** should be an amount equivalent to between 3- and 12-months expenditure/income (25-100%). However, given our disproportionately high level of assets, we have more financial risk than other similarly sized parishes. **So, the retention of a “general reserve” in the current account and a long-term contingency “earmarked” fund is necessary for our long-term financial security.**

Our capacity to generate income is very limited. In 2022-5 the number of taxable homes in the Parish fell, reducing our precept base and the accumulated rate of inflation during that period was 10-20%. We set the precept each January for the next financial year and we are effectively restricted to keeping within the local authority rise. A 1% rise generates us an extra £120. CALC advise us that we can only have a maximum turnover of £25,000, to stay below the threshold for having to have a full audit each year - which can cost in excess of £500 and involves extra work for the clerk. This threshold has not risen in line with inflation and further ties our hands financially.

These factors limit our capacity for financial resilience and ability to respond to short- and longer-term financial issues – it is imperative that we plan ahead carefully and be meticulous about our reserves.

General Reserve

Based on an annual income of £12000, our general reserve should be between £3000 and £12000. Our end of year working reserve is £4000, which is towards the lower figure, but because we have adequate and well planned earmarked funds this seems acceptable.

Earmarked funds

We have £10,000 earmarked in the Canal Reserve fund to cover the financial risks associated with the canal including

- Capacity to respond to emergency and annual inspection recommendations
- Capacity to give a short term response to the identified risk of ash dieback and Dutch Elm Disease (see Canal Management Report) including felling costs for ash dieback and removal for DED. Given the acreage of woodland and previous work, this should be just adequate
- Capacity to respond to the medium-term management project - Phase 3 of the CMP which involves the management of Back Lane - the timing of this work is dependent on the progression of ADB and DED. The earmarked fund would provide seed funding to attract grants - £10,000 would not meet the amount required to complete these phases.

We have £10,000 earmarked in the Millennium Field Ongoing Maintenance fund to cover the financial risks associated with the assets in the Millennium Field;

- The 20 items of adult and child play equipment which are between 5 and 20 years old.
- The wetpour surface which needs regular repairs and is extremely costly
- The wooden supports on the fitness trail and two sets of swings which are now 20 years old and require frequent repairs
- The boundary fencing which is now 20 years old.

We are also having to replace the large slide in the Millennium Field – this will require over £30,000 which is far greater than our existing reserve. We therefore have a separate earmarked fund in the deposit account consisting of funds raised so far. Currently the amount is £2384.

Therefore, we propose to carry forward the earmarked fund of £22,384 which will remain in the deposit account and aim to maintain a working surplus in the current account at the year end of approximately £4000 or 33% of income.

To conclude, our reserves seem adequate for the current situation but further grant acquisition and fundraising is required to complete the replacement of the slide.