

Lavenham Parish finances and budgets

The Parish Council discussed the financial position at its meeting in January 2023. Councillors heard that the finances are much better than expected for this year arising from a combination of more income than expected and less spending than planned. Setting a Local Council budget in January for the forthcoming year is always a little challenging as spending for the remainder of the current year has to be assumed, but we have to work within the timetable set by Local Authorities.

The predicted spend to the end of the year is around £106,000 against a budget of £111,000. Income is expected to be £9,000 higher than planned, due to car park donations being £5,000 more than predicted at the beginning of the year and a refund of around £4,000 spent in the previous year. In combination the surplus of funds is sufficient to earmark to reserves resources to meet the cost of a potential ballot in the forthcoming election in May 2023, a referendum on our Neighbourhood Plan 2 and around £5,000 to be devoted to refurbishing or replacing public seating, waste bins and Council noticeboards. The surplus on spending has arisen because no resources have been spent on those items in 2022-23 or in the previous year.

Council also considered the amount of funding needed to effectively operate the administration in 2023-24. A thorough examination of all necessary predicted expenditure has been conducted and Council concluded that we need an income of £128,000 in 2023-24 to meet our commitments. This represents an increase of £17,000 from this year.

A major change is the appointment of a new full-time clerk, on a salary commensurate with the range of tasks that the Parish Council now undertakes on a routine and exception basis. Lavenham has been very fortunate to have had the service and goodwill of Mrs Bellward for so many years, attending to Parish matters way beyond the original job role and paid hours. This means the job can no longer be done on a part-time basis. Other Parish Councils in our area have had to confront this and pay for the expertise required.

We are all feeling the effect of inflation and the Council is no exception to this national issue. The price we expect to pay for energy, despite turning off overnight street lighting, will increase by around £6,000 per year.

Having examined the spending need line by line, the Council had to consider how this is to be funded, which is largely from the Precept.

In the years immediately preceding the pandemic around £20,000 of income was derived from car parking donations which enabled the Council to award grants to local charities as well as paying for the maintenance of greens and public toilets. Since the pandemic, donations have reduced drastically from £21,000 in 2020-21 to £3,500 in 2021-22 and an expected outcome of around £12,000 this year. This demonstrates the volatility in donated income and that it cannot be relied upon in the year in which it is collected, especially when the economic climate is turbulent. The inevitable conclusion is anything we do receive in 2023-24 must be treated as windfall which can then be used towards the end of each financial year on items where no funding has been previously allocated.

The Council was presented with Options for a Precept in 2023-24 ranging from an increase of between £0.18p and £0.48p per week for a Band D property.

All Councillors present took part in the debate. References were made to our obligation to remain solvent and the requirement to agree a plan for income that would meet the expected expenditure. Attention was given to the unpredictability of donation income over the past few years and the prevailing economic turmoil. The view was also strongly expressed that

Council should not raise a Precept higher than the rate of inflation announced in September 2022 of 10.1%.

Keeping an uplift below inflation would only have been possible in Option 1 and would have meant reliance on either donations of £10,000 or use of reserves to support a balanced budget. Option 2 would have meant an increase of 15.3% but at least £5,000 in donations would be required. Option 3 would mean an uplift of 20.6% and would include a pragmatic view of some donation income of £5,000 or less, which would provide a small degree of assurance against further inflation or a windfall.

A majority of Councillors voted for Option 3 which is a Precept of £110,100 per annum. The additional cost to a Band D household each week will be £0.38p.

Lavenham Parish Council