**Pool in Wharfedale Parish Council Finance Committee 25th JANUARY 2021**

**Five Year Financial Strategy.**

The purpose of this report is to update the Council’s Five-Year Financial Plan adopted in 2015 and revised annually. The strategy is designed to provide a framework for setting the Council’s annual budget. The plan will set out several strategies to seek to manage the Council’s finances as effectively as possible within the context of the limited flexibility available to the Council. The agreed strategies are:

* establishing a small number of priorities for any significant new spending
* identifying the potential for grant funding to support the delivery of those priorities
* the effective, measured use of the Councils reserves to provide further support for non-recurrent spending
* where appropriate managing key budget lines across years rather than within a single financial year
* ensuring that any opportunities that do exist to create “headroom” within the recurrent annual budget are identified and exploited

The Council will pursue the strategies outlined above, and in doing so will:

* when the opportunity arises set aside further sums from cash balances to support the Special Projects Reserve
* maintain the principle that general reserves should be held to the value of 50% of annual expenditure
* adopt a “cross-years” approach to budgeting for the Wharfedale Greenway Project and the Neighbourhood Planning process
* regularise the Councils financial and service relationship with the RGMC
* use in year budget capacity to respond to specific financial pressures, notably in the amenity and environmental budgets
* make a very minimal call on reserves, maintaining a balanced in year budget and drawing down less than anticipated on the Special Projects Reserve
* pursue grant funding where available

The Council is invited to consider whether the strategies adopted remain appropriate, and whether there are any changes it should make to its financial planning and management in the future.

Specifically does the Council wish to:

* maintain its current reserves strategy
* continue to treat the Wharfedale Greenway Project and Neighbourhood Planning process as priorities to be funded across years from the Special Projects Reserve as necessary
* identify any further priorities for spending from the Special Projects Reserve. For example, the need for significant spending on the children’s playground has been the subject of recent discussion
* consider whether it is appropriate to raise the level of the precept.

In considering any increase to the precept, the Council should be clear about its reasons for doing so, in order that it can clearly explain its rationale to Council Taxpayers in the parish. There are two primary justifications that can be offered:

* with rising inflation, the Council needs to make an increase to maintain the real value of its current budget

and/or

* to finance increased levels of spending for specific, identified purposes. For example, expenditure on the Council’s Neighbourhood Plan, the Wharfedale Greenway Project and one-off investment in and/or improved maintenance of the children’s playground would represent an increase that the Council might be prepared to seek to justify to Council Taxpayers

The additional income gained from increases to the precept can be seen to be relatively small. However, so is the financial impact on Council Taxpayers. The Council may therefore feel that to maintain the Council’s current spending power and very modest capacity to respond to in year spending pressures, the incremental impact of annual increases will still potentially have a value that would outweigh any (hopefully small) negative reaction that it might generate.

In 2020-21 estimated expenditure is will be in the order of £51,667 largely financed by the precept and Council Tax grant income of £47,422. The balance is made up of other income (rents, Vat, grants and CIL monies.) of £5,566.26 in total. Which will allow for a small surplus of around £1.300.

Realistically the Council’s budget offers little flexibility for growth and priorities such as the Neighbourhood Plan (spending commitments nearing an end), progressing the Wharfedale Greenway Pool Link and developing the parish playgrounds without further contributions to the Special Projects Fund from Precept funding or grants received could considerably reduce the bank balances of the parish council.

**BUDGET FOR 2021-22**

This year the Parish Council recommended a zero increase in the Parish Council Precept. This was in recognition of the Covid-19 Pandemic and its devastating impact on the economy and individual livelihoods. Unfortunately, this does mean a small but not insignificant reduction in Precept Grant but with careful control of expenditure this can be accommodated, and the Council can still maintain a small surplus at the end of the 2021-22 financial year.

A Draft Budget for 2021-22 will be circulated to Councillors before the Finance Committee meeting on the 25th January 2021 for their comments and recommendations.

***John Ryan***

***January 2021.***