

Welton Parish Precept

According to the Local Government Association, a parish precept is *'the amount of ...money [parish councils] need to raise from council tax to fund council spending once government funding and other council income is deducted.'* The amount of the precept is fixed by the parish council and then collected by the district council as part of the overall council tax bill. The district council (WLDC) has no control over the setting of the parish precept, which is not capped in the way that district and county council spending is; the job of WLDC is just to collect.

Parish precepts vary considerably. In West Lindsey for 2020-2021 the bill for a Band D property ranges from £4.69 (Heapham) to £144.81 (Saxilby). Welton has the sixth highest in the district (out of 127) at £108.79, which will raise a total precept income in 2020-2021 of £166,077. By and large, the bigger parish and town councils have higher precepts, although this should not necessarily alter the rate per property; the greater number of households should in itself increase the total precept income available. Of course, bigger, more populous settlements require more services but, if anything, smaller parishes might be expected to have higher costs per household due to the difficulties in achieving economies of scale. It's hard to avoid the sense that those parishes at the top end of the precept scale are spending considerably more per head of population than the average, even though the duties of the councils are the same.

Our own parish council's accounts are available on the council's website. These indicate that the council had a balance of just under £200,000 at year end. All councils are required to make a business risk assessment and to state a policy in relation to the level of reserves held. These are not available on the website but I have seen copies. They are non-specific on the amount of reserves to be held: *'Welton-by-Lincoln Parish Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organisation. Section 50 of the Local Government Finance Act 1992 requires local precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.'* The general rule is that parish councils should not hold general reserves equivalent to more than one year's precept. While the council's policy talks about general and earmarked reserves (the definition of earmarked reserves is 'funds set aside for special purposes or requirements') in practice, any end of year balance is moved to an earmarked reserve to avoid non-compliance with the rule on general reserve levels.

There is no requirement on parish councils to use any particular formula to decide what reserves to hold. This will clearly depend on the risk appetite and assessment of each individual council. However, unless there is a specific project in mind it may seem surprising to hold more than one year's precept in reserves and then to increase the precept by 6.19% (actually a rise of 10% in cash value due to the number of new homes), as Welton Parish Council has done for 2020-2021. Without seeing the council's dynamic risk assessment it is difficult to know what is in councillors' minds. Perhaps Covid-19 will increase defaults on council tax and reduce income, for example, from the 3G pitch at Manor Park; but it may also reduce activity and therefore costs. Since the precept itself covers more than 75% of annual expenditure it is hard to see what catastrophic financial loss or additional costs a balance of almost £200,000 is intended to cover. Levels of reserves do vary

between councils. For example, Gainsborough Town Council, the biggest town/parish council in West Lindsey, on a precept three times the size of Welton's, retained reserves of less than twice those of Welton. Dunholme, on the other hand, with annual precept income of less than a third and expenditure last year of about 40% of Welton's, also has an end-of-year balance of just under £200,000.

While there is no specific reference to the nature or purpose of the reserves in the published accounts, the council's budget for 2020-2021, which can be found on the website, does contain the following information in relation to earmarked reserves, which make up 84% of the total.

- Village Improvements £14,000
- Play Areas £5,600
- POS Areas £13,256
- Publications £1,800
- Elections £3,000
- Contingency £17,000
- War Memorial £100
- Dr Richard Smith Memorial £900
- Village Pump £100
- Flagpole No figure
- AGP Sinking Fund £63,500
- Twinning £3,400
- Office Maintenance £8,600
- Library & Community Hub £700
- Land Purchase £30,791

Total: £162,747

The list is curious. To start with something picky, it's hard to have an earmarked reserve for the flagpole if not even an estimated cost has been identified. More importantly, it looks as though a number of items on the list are actually normal revenue expenses or are so vague as to be outside the definition of earmarking. Indeed, the council confirmed that *'not all projects have been planned or identified yet'*. Among the less obvious headings, the sinking fund is an accumulation for the replacement of the 3G pitch in due course. The land purchase element goes back many years to a possibility that more cemetery space may be required by the church but has never been actively pursued. 'Office maintenance' covers the replacement of windows in the parish office (currently the subject of a planning dispute). However, many of the other spending areas do not have specific plans attached to them and seem like catch-all categories for what amount to general contingencies, in addition to the fairly sizeable contingency fund itself.

Julie Murray, the parish clerk, has dealt quickly and helpfully with all my requests for information but finding information about all this independently in the council's published documents has not been altogether easy. It may be that the council's communication with residents has been adversely affected by the cancellation in May of the annual parish meeting but, having attended those meetings fairly regularly, I don't recollect any attempt there in the past to explain or stimulate a

debate on the level of reserves and what it has been decided they should be spent on. Julie pointed out that the council does invite people to come forward with project proposals but they rarely do so. Of course, this is a two-way street: people need information and possibly some leads before they can engage.

It is comforting that our parish council is in financial good health but, in the spirit of transparency, as the council's money is ours collectively, it might not be unreasonable to ask councillors to explain why they felt the need to increase the precept this year while sitting on such a healthy balance; why, if funds are ear-marked for specific purposes, the reserves continue to grow; and to publish a spending plan outlining the council's intended use of the cash with a timescale.

Of course, another underlying but unaddressed issue is whether having entirely separate parish administrations for such small authorities actually makes sense at all. At a time when district and county councils are seeking to reduce costs by sharing staff and facilities, might this not make even more sense for parishes?

Graham Nicholls

The NEWS welcomes readers' views and comments on this article and the parish budget and expenditures, which can be found on the parish website (www.welton-by-lincoln-pc.gov.uk). Ed.