

Budget setting 2016/17

The Precept set by Haddenham Parish Council (HPC) has increased significantly over the past two years, and residents will, quite naturally, want to understand why this is the case, and how the additional money is being spent.

There are a number of quite separate factors that have contributed to the increase which we set out below.

2015/6

You will be aware that there are major cut-backs in town hall spending as part of the government's policy of reducing public expenditure, yet at the same time Parish and Town Councils are being urged to assume new responsibilities and new ways of working as part of the government's policy of Localism.

As part of the former policy Central Government has capped the Council Tax increases that can be raised without a referendum by the higher tiers of local government (County & District) and there is consistent speculation that capping may be applied in the near future to town and even parish councils.

The present reality of the caps on higher tier councils has obliged them to devolve responsibility for some of their former functions to Parish Councils in order to preserve services as Parish Councils still have the ability to raise the funds to pay for them.

The future likelihood of capping for Parish Councils has obliged them to take a more forward-thinking approach to how they set budgets, and beginning in 2015/6 this has been the approach of Haddenham Parish Council (HPC).

For many years HPC's policy was to minimise increases in the Precept. This policy involved not setting aside funds for large foreseeable expenses but instead raising the money only when incurring the cost was unavoidable.

Whatever the merits of this policy, the prospect of capping in the future makes it untenable as HPC would be unable to "spike" the Precept for one year to cover large repair bills when needed. HPC also takes the view that it is a surer basis for financial management to set aside funds for foreseeable repairs and to hold the NALC-recommended Contingency Reserve level and this practice commenced in 2015/6.

The largest foreseeable cost the village faces is the renewal (or, when residents prefer, retirement) of street light columns. Most of the street light columns on the village were installed just over 30 years ago and these columns have a useful life of 30 years. Today 82% of the columns are either over their anticipated useful life of 30 years, or the lamps are mounted on poles which will need to be replaced.

Following the practice of other Councils in the UK, HPC has put in place a programme to reduce this percentage from the 82% today to between 15% & 20% in 15 years' time. Over this period the columns have to be regularly inspected to ensure they are structurally sound and safe. These inspections drive the replacement programme with Franklin Road being one of the first streets to

now have new columns with LED lanterns. In some cases, the PC elicits residents' preference as to whether the column is replaced (which costs £1,800) or retired (which still costs £1,400). The PC is responsible for 220 of Haddenham's street lights (not those on private roads nor main roads).

The combination of beginning to build earmarked reserves for specific needs and of bringing the Contingency Reserve up to the recommended level, together required HPC to set aside £31,469 in 2015/6, with around 50% of that amount being attributable to the Street Column Replacement Programme.

2015/6 was a year when one of the foreseeable repairs, for which no money had been set aside in earlier years, could no longer be avoided. HPC had to use money from the Contingency Reserve to remove the sludge from Rudds Pond and carry out repairs to the banks of Church End Pond. Together this cost £16,699. This means in the next financial year we have to replace those reserves; a big expense in a single year. The new Pond Repairs Reserve Fund prevents any repetition by setting aside a small amount each year. So when the pond needs dredging again in around 20 years' time the funds will be there to do so.

Establishing "sinking funds" or reserves is common good practice and is a sensible change for HPC to have made; however, the timing of the change was precipitated by the prospect of capping which would have made the change costlier to implement (it would have entailed a referendum) while at the same time making the previous policy untenable. Therefore, HPC had no option but to move to this more forward-looking policy this year.

The present reality of capping for higher tier Councils also added to the Precept and will continue to do so as higher tier Councils devolve more responsibilities and costs to Parishes as a means to preserve services.

It is, in short, an exercise in robbing Peter to pay Paul that flows from the changes in Council funding arrangements.

The largest item on our Council Tax bills is Bucks County Council (BCC) (70% including the Adult Care extra item) compared to 8% for the Parish. BCC also receives funding from Central Government which two years ago was a third of their income. Central government cuts to funding mean it is now only a quarter and their Council Tax increase is capped at 2%. Over the next several years BCC's central Government funding will fall by approximately £10 million per annum yet they already receive the lowest Revenue Support Grant per capita of any Council in England.

In December 2014, Martin Tett, the Conservative Leader of BCC said *"I think we've reached the tipping point ... where we can't just eat away at our back office services any more. We are going to have to do things in terms of home-to-school transport, cutbacks in a whole range of areas that people are going to really start noticing now.*

"We are going to have to make cuts of another £46m in the next three years, and those cuts are going to be felt by people."

Last year BCC devolved responsibility to parishes for cutting the grass verges and some other highway maintenance tasks such as hedge cutting, cleaning road signs and dealing with fly-posting. BCC devolved this responsibility because the severe cuts in its funding mean that it does not have

resources to carry out this non-essential (i.e. there is no safety requirement for it) maintenance. In 2016/17 BCC will only be carrying out 4 cuts of the verges in parishes that didn't take up the devolution offer. Haddenham's devolution agreement is sufficient to fund 6 cuts a year. HPC has decided to increase this to 10 cuts because of the lengthening growing season in recent years. The cost of the additional 4 cuts has to be met HPC. With capping by central government and the complete removal of central grant funding, BCC anticipates needing to devolve more duties to the Parish in the coming year along with the financial burden that entails.

Because of the asymmetry between BCC's budgets and HPC's, whenever they devolve to HPC what is to them a small percentage of their budget, it is a major increase in HPC's budget even though the cost to residents is the same. As stated earlier, it is an exercise in robbing Peter to pay Paul, but as was found with the grass cutting it can have the benefit of improving the service experienced by the community by being handled and provided locally.

These were the main items that resulted in the increase in the Precept for 2015/6, a year in which HPC also had to accommodate the impact of changes in legislation regarding pensions and rectify a significant deficiency in the resourcing of the Clerk's Office including the recruitment of an Assistant Clerk as the workload increased dramatically. However, around half of the impact of these two items was covered by net savings and efficiencies from the rest of our operation.

In 2014/5 HPC's longstanding policy of minimising the Precept resulted in Haddenham having a per household charge 37% below the average for the largest communities (the top quartile by population) in Aylesbury Vale. With these changes in 2015/6 the Precept was 2.7% above the average.

2016/7

With this new policy in place, and running the services we were required to in 2015/6, the Precept we would have been setting for the coming year would have been a small reduction of £1,194(-0.8%) or a reduction of 0.7pence per week for a Band D household.

So why the increase of 84%?

Firstly, as mentioned above, BCC's difficult budgetary predicament means they will be devolving more services to the Parish this year that, had they not been capped, would have continued to appear as part of their Council Tax charge. We have been advised to earmark £23,000 for the coming year in advance of a decision as to which service(s) to devolve.

As is common with devolved services there is initially some contribution to our costs from the higher tier Council and this year the contribution from BCC for grass cutting will be reduced, as expected, by £2,090.

We also heard from the Church that the Churchyard will be full and closed to new burials from November 2016. The Church has used its right to ask the PC to take on responsibility for the maintenance of a closed churchyard which the PC has agreed to do. The alternative was to allow AVDC to take care of this, and the village residents would have been charged a special item by them for this. A new budget has been set up for this new responsibility.

The closure of the Churchyard also means that Haddenham needs a new burial ground. It also means that the Parish Council has to become an active Burial Authority. Land needs to be acquired and a site prepared, so budget provision has been made to enable a start to be made. If the Secretary of State does decide to approve the planning application for the Glebe site, then the Diocese of Oxford has promised to provide a 2.5 ha plot there for a new burial ground but by far the largest costs are in site preparation rather than the acquisition of the land. HPC's most likely approach is to obtain a loan in order to spread the costs over several years. The impact of the closure of the churchyard in terms of our taking on the upkeep and providing a replacement will, in the coming year, be a charge of £26,500.

The past year has seen also an unexpectedly high expenditure on legal fees to instruct barristers to represent the Parish Council at the Public Inquiry into the Lightwood Strategic planning application at Aston Road. This expenditure was required because AVDC's Strategic Management Development Committee voted in favour of the application despite it conflicting with our Neighbourhood Plan with the result that AVDC's own legal team spoke at the Inquiry in favour of the planning application in support of the applicants. The PC also had to instruct barristers to advise on defending the application for Judicial Review of the Neighbourhood Plan. These costs ate into the reserves which now need to be replenished. Costs were broadly the same for each of these two actions and in total will be just shy of £50,000, the impact being on the Precept for 2016/7

With the demise of the Neighbourhood Plan and the likely significantly increased housing allocation for Haddenham in the emerging Vale of Aylesbury Local Plan a budget has been included to produce an updated Neighbourhood Plan. It is anticipated that this will require professional help and the budget has been set accordingly. This will cost between £25,000 and £30,000. Any new referendum has to be funded by the District Council.

All these additional pressures and responsibilities that have come to the Parish Council have meant that, instead of the slight reduction on a like-for-like basis, the precept for 2016/17 has been increased to £302,520. This equates to an increase of £1.20 per week for a household in band D. The increase is from a low base after many years of low or nil rises, and brings us into line with the other larger parishes in the area. The Parish Council constantly endeavours to find alternative sources of funding to supplement the precept for major projects such as the £86,000 grant from AVDC's New Homes Bonus for a new zebra crossing on Woodways.

More details on the setting of the precept can be obtained by contacting Sue Gilbert the Parish Clerk.