

St Paul Malmesbury Without Parish Council

Report #10.2

Asset Register – Transfers to Ear Marked Reserves (EMR).

1. Purpose of the report

- 1.1. To invite the council to consider an appropriate level of funds held in EMR.

2. Background

- 2.1. For several years the council has made annual transfers to EMR based on a percentage of the value and class of assets it held and listed on the Asset Register.
- 2.2. Whilst there is a legal requirement to maintain an up-to-date list of assets, there is no legal requirement to make transfers to EMR to cover their replacement.
- 2.3. The council's Standing Orders and Financial Regulations do not require such transfers.
- 2.4. Such transfers, as have been made, have been made as part of our budgeting process, whilst at the same time being able to cover our normal annual budgeted outgoings.
- 2.5. The present balance of our EMR is £9,761.

3. Financial implications.

- 3.1. The council's General Reserves is in a healthy position, having been reduced by not increasing the precept over the last few years, while at the same time increasing budgeted expenditure. The council's aim is to maintain the General Reserve at a level not more than the annual precept.
- 3.2. The council's General Reserve at 31st March was £27,934 and the budgeted deficit in the current year is £4,482.
- 3.3. Looking ahead to future budget setting, the council can still modestly reduce its General Reserves, although it will not be able to reduce them at the same rate as we have done recently. To continue with that course of action would relatively quickly require an increase in precept that would be hard to justify.
- 3.4. Over the last two years the council has transferred £2,300 & £2,638 to EMR with £2,300 budgeted for the current year.
- 3.5. One option available to the council is to reduce or cease these annual transfers to EMR. This would enable the council to contain any precept increases to modest figures.
- 3.6. Another option is to reduce the council's expenditure, but that might be a challenge and would reduce services that are presently provided.
- 3.7. A positive factor in favour of EMR reduction is that council has a healthy balance in CIL. These funds are available to support expenditure on infrastructure items/assts for the benefit of parishioners. Most of the larger assets recorded in the Asset Register fall into this category. Playground equipment and SIDs are examples of these.

4. Options

- 4.1. To consider this proposal unnecessary.
- 4.2. To reduce our expenditure.
- 4.3. To change the policy of making transfers to EMR based on the value and class of assets held.
- 4.4. To set a cap on the level of funds held in EMR at £10,000, subject to annual review.
- 4.5. To set a different cap on the level of funds held in EMR subject to annual review.

5. Recommendation

- 5.1. The council is recommended to support Options 4.3. and 4.4.