

## REPORT TO PARISH COUNCIL MEETING

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<b>Date of Meeting:</b>	<b>9 November 2022</b>
<b>Title:</b>	<b>Budget – 2023/24</b>
<b>Report of:</b>	<b>Finance/Risk Committee</b>

### **SUMMARY:**

To consider the remaining income and expenditure for 2022/23 and to consider the setting of the level of precept for 2023/24.

### **REPORT:**

The substance of precept reports, both in 2021/22 and 2022/23, noted the overall strain on the economy, both at national and a personal level and this situation has intensified over recent months.

At the start of the current financial year (1<sup>st</sup> April 2022) the Council held £61,265 of reserves, a level which has become almost the norm for the Council to hold. The Council finds itself with an extraordinary amount of expenditure likely to still occur before the financial year end. Normally at this point in the year we are anticipating no more than £25,000 in expenditure, however this year this figure has the potential to be double that, namely £49,555, including:

- Routine administrative costs, such as expenditure on the Clerk, administration stationery, and the internal audit. The figure includes an agreed NJC pay increase.
- The spending of the remaining grants budget in full.
- Ongoing refurbishment to the Brunstock pond, the installation of the new play equipment at Linstock and the purchase of a speed indication device.

Expenditure in 2022/23 is therefore estimated currently to be at least £24,057 higher than last year, primarily due to the additional expenditure being incurred in Linstock and Brunstock. It is however stressed, that without a detailed quotation from the pond contractor, these figures are still very much subject to change.

Income expected will be a VAT repayment. Grants for the speed indication device and play area are also anticipated along with some bank interest.

At present, based upon information available to date, it is estimated that we are likely to hold approximately £41,891 in reserves at the end of March 2023. The precept report to the F/R group in November 2021 did suggest we would end the year with £43,954 therefore the position we are now in was largely forecast (expenditure on other items for the last 18 months was not realised).

The external auditor recommends that the level of reserves held are equal to 3-12 months gross expenditure, i.e. (based on 2021/22 actual spend) between £12,751 and £51,002. The Council is therefore anticipated to hold reserves that are comfortably within these limits. However, due to the Council's large

number of assets, a significant reserve is essential to be maintained and this has always been classified as nearer to the 12 months of expenditure or at the absolute minimum, £40,000. The Council is therefore really left in a position where its reserves are now unable to be used asides from emergency expenditure and income must therefore be adequate for any planned expenditure going forward – thus the Council finds itself now in a difficult position and decisions need to be taken as to how to support residents by not increasing taxes unnecessarily, whilst maintaining essential services.

### **Budget 2023/24**

The Council is required to set its budget and determine the precept by 6<sup>th</sup> January 2023 and the precept is therefore being considered at this November meeting. Adjustments to the budget for 2023/24, recommended by the Finance/Risk Working Group, are outlined below.

#### **Administrative Budget Areas to be Increased**

- Clerks Gross Salary - increased to consider a possible increase in NJC scales. NI and pension payments have been adjusted in line.
- Minor increases have also been applied to subscriptions in line with normal annual increases.
- Telephone costs have increased due to the change in provider.

#### **Administrative Budget Areas to Remain Static/Decreased**

- Reimbursements have been reduced in line with the last two years expenditure
- Insurance costs were reduced with a change in provider last year; the decrease in budget reflects this as part of an agreed three-year long-term agreement.
- Miscellaneous admin and stationery costs have been reduced, in line with the last two years expenditure.
- All other administrative areas have remained static asides from the contingency admin budget, which has been removed.

#### **Grants**

Although disappointing, it is proposed that for this forthcoming year, the grant budget is decreased to £6,000. The decreased budget includes provision for supporting the summer fair in Houghton and a similar fair in Crosby, likely as part of the King's Coronation events. It is anticipated that a thorough review of the grant criteria be made for 2023/24, with spending priorities adjusted to ensure best value for money for the whole community.

#### **Parish Council Services**

- The grass cutting budget has been maintained however this full amount has not been realised in the past; the figure does however include leeway to allow for further works to the trees as is necessary, including the cost of another tree survey. This has allowed for the maintenance budget to be reduced.

- The emergency planning budget has been discontinued. Any expenditure required would be covered by contingency budgets.

### Projects

A project budget is proposed below. These figures are based on assumptions made on the spending anticipated during the rest of the current financial year.

• Community Plan Development	£3,000
• Rural Play Scheme	£1,100
	<b><u>£4,100</u></b>

It is suggested that project expenditure in 2023/24 is severely curtailed, including the removal of any ringfenced budgets for previously considered projects. The summer play scheme budget has however been retained.

### Income

The only guaranteed income source is the precept. Other than the precept, a small repayment from the Clerk's one other Council for SLCC membership is expected but this amount will be minimal. VAT returns are made regularly, although the figure is contingent upon expenditure incurred. Any other income achieved will be through grant income for specific projects, not yet applied for although this cannot be relied upon in the current financial climate.

### Level of Precept Required

If the Council agree with the budget decisions above, then expenditure can be reduced and limited to approximately £47,855. The precept last year was £46,500 and with reduced spending, it is suggested that a freeze on the precept is achievable, leaving expected reserves on 31 March 2024 of £40,737. It is suggested that expenditure against budget be reviewed on a bi-monthly basis. A full budget review is also suggested for April and then again in November, when decisions can be taken, if achievable, to vire monies between allowable headings where necessary to enable the Council to deliver as many services as possible (e.g. increase the grants and/or project budget). It is however stressed that the Council will need to operate strictly to budget until the review in November 2023 and it is further cautioned that reduced spending or an increase in precept in 2024/25 will be necessary if the budget is spent in full in 2023/24, to ensure reserve levels remain at the agreed acceptable level.

### **ACTION:**

The Parish Council is asked to agree the following recommendations of the Finance/Risk working group:-

- To accept the proposed budget for 2023/24; and
- To consider agreement to maintain the precept at £46,500 for the Council year 2023/24.

EXPENDITURE		Budget													
Administration	Budget 2023/24	2022/23	1st Quarter	2nd Quarter	Oct	Nov	Dec	Jan	Feb	Mar	Total to Date	Budget Remaining	% Spend	Actual end 2021/22	
Clerks Gross Salary	£ 18,593	£ 17,176.32	£ 4,224.96	£ 4,224.96	£ 1,408.32	£ 2,176.32	£ 1,504.32	£ 1,504.32	£ 1,504.32	£ 1,504.32	£ 18,051.84	-£ 875.52	105%	£ 15,570.89	
Employers NI Contributions	£ 1,302	£ 1,115.40	£ 293.61	£ 293.61	£ 97.87	£ 195.73	£ 105.30	£ 105.30	£ 105.30	£ 105.30	£ 1,259.35	-£ 143.95	113%	£ 1,024.91	
Employers Pension Contributions	£ 558	£ 515.29	£ 126.75	£ 126.75	£ 42.25	£ 65.29	£ 45.13	£ 45.13	£ 45.13	£ 45.13	£ 541.56	-£ 26.27	105%	£ 507.00	
Reimbursements	£ 850	£ 1,200.00	£ 231.35	£ 149.12	£ 62.26	£ 77.26	£ 79.96	£ 79.96	£ 69.16	£ 69.16	£ 818.23	£ 381.77	68%	£ 709.45	
Postages	£ -	£ 35.00	£ -	£ -						£ 20.00	£ 20.00	£ 15.00	57%		
Audit - Commission	£ 300	£ 300.00	£ -	£ 300.00							£ 300.00	£ -	100%	£ 300.00	
Audit - Internal	£ 200	£ 200.00	£ -	£ 90.00			£ 90.00				£ 180.00	£ 20.00	90%	£ 90.00	
Telephone	£ 72	£ 54.00	£ 18.00	£ 18.00	£ 6.00	£ 6.00	£ 6.00	£ 6.00	£ 6.00	£ 6.00	£ 72.00	-£ 18.00	133%	£ 66.00	
Insurances - Council	£ 950	£ 1,096.00	£ 903.96	£ -							£ 903.96	£ 192.04	82%	£ 1,034.23	
Subscriptions	£ 960	£ 686.00	£ 903.53	£ -							£ 903.53	-£ 217.53	132%	£ 665.89	
Training	£ 70	£ 100.00	£ -	£ 15.00							£ 15.00	£ 85.00	15%	£ 243.00	
Website hosting and maintenance	£ 90	£ 90.00	£ -	£ 17.00						£ 66.00	£ 83.00	£ 7.00	92%	£ 66.00	
Misc Admin & Stationary	£ 850	£ 1,200.00	£ 363.32	£ 43.00	£ 18.00	£ 25.00	£ 43.00	£ 143.00	£ 83.00	£ 68.00	£ 786.32	£ 413.68	66%	£ 2,056.33	
Contingency	£ -	£ 500.00	£ -	£ -	£ 340.00	£ 170.00					£ 510.00	-£ 10.00	102%		
Grants			£ -	£ -							£ -	£ -	0%		
Section 137 - Other Bodies	£ 1,000	£ 1,000.00	£ -	£ -						£ 1,000.00	£ 1,000.00	£ -	100%	£ -	
Grants to other organisations	£ 3,900	£ 9,100.00	£ 700.00	£ 587.52			£ 1,945.00			£ 5,867.48	£ 9,100.00	£ -	100%	£ 8,624.69	
Crosby Magazine grant	£ 100	£ 150.00	£ -	£ -			£ 150.00				£ 150.00	£ -	100%	£ 150.00	
Village Fairs/Coronation Events	£ 1,000	£ 1,500.00										£ 1,500.00	0%	£ -	
Repayment of Grants	£ -	£ -	£ -	£ -							£ -	£ -	0%	£ 3,480.00	
Parish Council Services			£ -	£ -							£ -	£ -	0%		
Grass cutting & Greens Maint.	£ 8,240	£ 8,240.00	£ 1,685.00	£ 1,105.00		£ 1,203.60	£ 2,455.00				£ 6,448.60	£ 1,791.40	78%	£ 5,310.00	
Maintenance of Assets	£ 2,000	£ 3,000.00	£ -	£ 718.00							£ 718.00	£ 2,282.00	24%	£ 3,560.10	
Playground Inspections	£ 840	£ 960.00	£ -	£ 140.00		£ 175.00			£ 175.00		£ 490.00	£ 470.00	51%	£ 710.00	
Emergency Planning	£ -	£ 50.00	£ -	£ -							£ -	£ 50.00	0%	£ -	
Projects			£ -	£ -							£ -	£ -	0%		
Allocated projects brought forward	£ -	£ 2,500.00	£ -	£ -							£ -	£ 2,500.00	0%	£ -	
Projects	£ 3,000	£ 5,000.00	£ 150.00	£ -			£ 12,500.00	£ 3,220.00			£ 15,870.00	-£ 10,870.00	317%	£ 816.72	
SPAA Summer Scheme	£ 1,100	£ 1,200.00	£ -	£ 793.00			£ 270.00				£ 1,063.00	£ 137.00	89%	£ 1,026.00	
Contingency Project	£ -	£ 2,000.00	£ 1,122.00	£ 2,528.64				£ 10,114.55			£ 13,765.19	-£ 11,765.19	688%	£ 2,664.44	
Houghton Wildlife Group	£ 1,880	£ 1,880.00									£ -	£ 1,880.00	0%	£ -	
VAT (To be reclaimed)	£ -		£ 675.00	£ 956.73	£ 68.00	£ 309.72					£ 2,009.45	£ 2,009.45	0%	£ 2,325.99	
TOTAL EXPENDITURE	£ 47,855	£ 60,848.01	£ 11,397.48	£ 12,106.33	£ 2,042.70	£ 4,403.92	£ 19,193.71	£ 15,218.26	£ 1,987.91	£ 8,751.39	£ 75,059.03	-£ 14,211.02	123%	£ 51,001.64	
INCOME															
Precept	£ 46,500	£ 46,500.00	£ 46,500.00	£ -							£ 46,500.00	£ -	100%	£ 46,500.00	
Grants	£ -	£ -	£ -	£ -			£ 500.00			£ 4,200.00	£ 4,700.00	-£ 4,700.00		£ 850.00	
Bank Interest	£ 150	£ -	£ 50.78	£ 90.69			£ 60.00			£ 60.00	£ 261.47	-£ 261.47		£ 21.32	
CPCA Grants to be repaid	£ -	£ -	£ -	£ -							£ -	£ -		£ 3,480.00	
VAT (reclaimed)	£ -	£ -	£ 2,823.29	£ -			£ 1,334.45				£ 4,157.74	-£ 4,157.74		£ 2,774.43	
Misc Other Income	£ 50	£ 30.00	£ 66.00	£ -							£ 66.00	-£ 36.00	220%	£ 68.05	
TOTAL INCOME	£ 46,700	£ 46,530.00	£ 49,440.07	£ 90.69	£ -	£ -	£ 1,894.45	£ -	£ -	£ 4,260.00	£ 55,685.21	-£ 9,155.21	120%	£ 53,693.80	

	Estimate 2024	Estimate 2023
b/f 1 April	£ 41,891.41	£ 61,265.23
Estimated income to 31 March	£ 46,700.00	£ 55,685.21
Estimated expenditure to 31 March	£ 47,854.73	£ 75,059.03
Estimated balance 31 March	£ 40,736.67	£ 41,891.41