

REPORT TO PARISH COUNCIL

Date of Meeting: 13 December 2023
Title: Budget – 2024/25
Report of: The Clerk and Finance/Risk Working Group

SUMMARY:

To consider the remaining income and expenditure for 2023/24 and to consider the setting of the level of precept for 2024/25.

REPORT:

In recent years the Parish Council has been mindful of the cost-of-living crisis impacting residents. To this end, no precept increase has been recommended or implemented for several years. Prior to this year, we had been running with reserves of over £60,000. At the time of precept setting in 2022, we estimated that we would finish this current financial year on 31 March 2024 with expected reserves of £41,374. Based on current expenditure, both to date and planned, it is now anticipated we will end the year slightly stronger with £44,711. This is due primarily to the grounds maintenance budget not being spent in full, and a lower demand for grant support from local organisations. It was however cautioned last year that, based on the current trend of reserve reduction, either reduced spending or an increase in precept in 2024/25 would be necessary to ensure reserve levels remain at the agreed acceptable level. This report will consequently consider these options.

The Council has no large items of expenditure planned prior to the financial year end, with the exception of the remaining pond balance. Expenditure still to be incurred is estimated at £21,340 and includes:

- Routine administrative costs, such as expenditure on the Clerk, administration, stationery, and the internal audit. The figure includes the already agreed NJC pay increase with back-dated pay for the Clerk and Assistant.
- The spending of the remaining grants budget as agreed.
- As noted above, the final balance for the refurbishment to the Brunstock pond.

Expenditure in 2023/24 is therefore estimated currently to be £55,673.

Income expected will be a VAT repayment along with some bank interest.

At present, based upon information available to date, it is estimated that we are likely to hold approximately £44,711 in reserves at the end of March 2024. As noted in previous years, the external auditor recommends that the level of reserves held are equal to 3-12 months gross expenditure, i.e. (based on 2022/23 actual spend) between £16,932 and £67,728. 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. In a repeat of comments made last year, 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 again finds itself 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. As a further point, the newly appointed external auditors are questioning the level of reserves being held, with all monies needing full explanation. This is also something to be borne in mind when considering the following.

Budget 2024/25

The Council is required to set its budget and determine the precept by early January, although Cumberland Council have not yet confirmed the date. The precept will need to be determined at this December meeting. Adjustments to the budget for 2024/25, recommended by the Clerk, are outlined below.

Administrative Budget Areas to be Increased

- Clerks Gross Salary and Admin Assistant Salary have been increased to accommodate a probable increase in NJC scales. Please note that although this budget is increased, it remains lower for the two current members of staff than it would have been for the Clerk alone, as the Clerk has reduced working hours at the higher pay grade. Over £1,200 has been saved this current year due to the new arrangements which are enabling the Clerk to remain in-post.
- The auditors have changed and costs have slightly increased, therefore the external audit budget has been increased.
- A small increase in insurance is expected, in line with annual inflationary increases.
- The training budget has been slightly increased to allow for new member training (optimistically expecting new members)
- The miscellaneous admin and stationery budget has been increased in line with previous years' expenditure.

Administrative Budget Areas to Remain Static/Decreased

- NI and pension payments are reduced, in line with the Clerk's reduced hours.
- Reimbursements and subscriptions have been reduced in line with the last three years expenditure.
- All other administrative areas have remained static.

Grants

It is proposed that for this year, the grant budget is maintained at £6,000. (Please note the figure shown for last year included an agreed carry-forward so appears higher). The budget includes provision for financially supporting a summer fair in Houghton and a similar fair in Crosby. It is noted that the budget was not spent in full this year therefore no increase appears immediately necessary.

Parish Council Services

- The grass cutting budget has been increased due to the 3 tender prices, however this full amount has not been realised in the past. Any surplus does allow for the maintenance budget to be retained, for hedge cutting etc.

- The maintenance budget has been substantially increased. This is due to ageing play area equipment and the deterioration of the parish council noticeboards. Such a maintenance budget could be combined with project budget.

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
	<u>£4,100</u>

The community plan development budget is both for the actual design of the new parish plan but also for any associated projects arising from it. As noted above, it could also be combined with the maintenance budget which would allow for the replacement of equipment at Linstock play area as expected. This would only be achievable with grant support, but the budget provides a firm platform for this. The summer play scheme budget has again been retained.

Income

The only guaranteed income source is the precept. 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. Bank interest has been healthier recently although this could be reduced in the forthcoming year and will be naturally declining due to the reducing bank reserves.

Level of Precept Required

If the Council agree with the budget decisions above, then expenditure will be approximately £50,817. The precept last year was £46,500 and with reduced spending, it is suggested that a freeze on the precept is again narrowly achievable, if the Council is agreeable to reducing reserves (on 31 March 2025) to £40,894. It is stressed to members that, if reserves are to be maintained at £40,000 this will be the last year that the precept can be held, without substantially reducing expenditure.

ACTION:

The Finance/Risk working group has reviewed the above information and provides a recommendation to the Council:

- To accept the proposed budget for 2024/25
- To consider agreement to maintain the precept at £46,500 for the Council year 2024/25.

EXPENDITURE			Budget									
Administration	2023/24	2024/25	1st Quarter	2nd Quarter	Dec	Jan	Feb	Mar	Total to Date	Budget Remaining	% Spend	
Employees Gross Salary	£ 18,593	£ 20,475	£ 4,566.40	£ 4,586.80	£ 2,410.48	£ 1,570.88	£ 1,570.88	£ 1,570.88	£ 19,218.48	£ 1,256.52	94%	
Employers NI Contributions	£ 1,302	£ 1,155	£ 319.93	£ 224.28	£ 175.00	£ 80.06	£ 80.06	£ 80.06	£ 1,098.07	£ 56.93	95%	
Employers Pension Contributions	£ 558	£ 525	£ 137.77	£ 116.97	£ 60.76	£ 40.15	£ 40.15	£ 40.15	£ 511.57	£ 13.43	97%	
Reimbursements	£ 850	£ 700	£ 208.85	£ 105.00	£ 135.00	£ 65.00	£ 65.00	£ 65.00	£ 695.85	£ 4.15	99%	
Postages	£ -		£ 34.00	£ 13.50	£ 10.00				£ 57.50	-£ 57.50	0%	
Audit - Commission	£ 300	£ 315	£ -	£ -					£ 315.00	£ -	100%	
Audit - Internal	£ 200	£ 200	£ 95.00	£ -					£ 95.00	£ 105.00	48%	
Telephone	£ 72	£ 72	£ 18.00	£ 18.00	£ 18.00	£ 6.00	£ 6.00	£ 6.00	£ 72.00	£ -	100%	
Insurances - Council	£ 950	£ 975	£ 927.00	£ -					£ 927.00	£ 48.00	95%	
Subscriptions	£ 960	£ 750	£ 741.25	£ -					£ 741.25	£ 8.75	99%	
Training	£ 70	£ 120	£ -	£ -				£ 60.00	£ 60.00	£ 60.00	50%	
Website hosting and maintenance	£ 90	£ 90	£ -	£ -				£ 92.00	£ 92.00	-£ 2.00	102%	
Misc Admin & Stationary	£ 850	£ 1,000	£ 464.34	£ 883.00	£ 320.00	£ 145.00		£ 425.00	£ 2,762.74	-£ 1,762.74	276%	
Contingency			£ -	£ -					£ -	£ -	0%	
Grants			£ -	£ -					£ -	£ -		
Section 137 - Other Bodies	£ 1,000	£ 1,000	£ -	£ -				£ 1,000.00	£ 1,000.00	£ -	100%	
Grants to other organisations	£ 6,614	£ 3,900	£ 3,314.46	£ 414.16				£ 1,097.82	£ 5,437.94	-£ 1,537.94	139%	
Crosby Magazine grant	£ 100	£ 100	£ -	£ -				£ 100.00	£ 100.00	£ -	100%	
Village Fairs	£ 1,000	£ 1,000								£ 1,000.00	0%	
Repayment of Grants	£ -	£ -	£ -	£ 765.00					£ 765.00	-£ 765.00	0%	
Parish Council Services			£ -	£ -					£ -	£ -		
Grass cutting & Greens Maint.	£ 8,240	£ 9,500	£ 695.00	£ 1,830.00	£ 1,000.00				£ 3,525.00	£ 5,975.00	37%	
Maintenance of Assets	£ 2,000	£ 4,000	£ -	£ -		£ 300.00			£ 375.00	£ 3,625.00	9%	
Playground Inspections	£ 840	£ 840	£ 175.00	£ 195.00	£ 195.00			£ 195.00	£ 760.00	£ 80.00	90%	
Emergency Planning	£ -	£ -	£ -	£ -					£ -	£ -	0%	
Projects			£ -	£ -					£ -	£ -		
Allocated projects brought forward	£ -	£ -	£ -	£ -					£ -	£ -	0%	
Parish Plan Projects	£ 3,000	£ 3,000	£ 5,303.67	£ 1,571.00	£ 5,161.52				£ 12,036.19	-£ 9,036.19	401%	
SPAA Summer Scheme	£ 1,100	£ 1,100	£ -	£ -					£ 50.00	£ 1,050.00	5%	
Contingency Project			£ -	£ -					£ -	£ -	0%	
Houghton Wildlife Group	£ 1,880	£ -						£ 1,880.00	£ 1,880.00	-£ 1,880.00	0%	
VAT (To be reclaimed)			£ 1,322.33	£ 405.00	£ 1,272.88				£ 3,097.88	-£ 3,097.88	0%	
TOTAL EXPENDITURE	£ 50,569	£ 50,817	£ 18,323.00	£ 11,127.71	£ 10,758.64	£ 2,207.09	£ 1,762.09	£ 6,611.91	£ 55,673	-£ 4,856.47	110%	
INCOME												
Precept	£ 46,500	£ 46,500	£ 46,500.00	£ -					£ 46,500.00	£ -	100%	
Grants	£ -	£ -	£ -	£ -					£ -	£ -	0%	
Bank Interest	£ 150	£ 500	£ 409.28	£ 400.00	£ 350.00			£ 300.00	£ 1,459.28	-£ 959.28	292%	
CPCA Grants to be repaid	£ -	£ -	£ 765.00	£ -					£ 765.00	-£ 765.00	0%	
VAT (reclaimed)	£ -	£ -	£ -	£ -				£ 3,097.88	£ 3,097.88	-£ 3,097.88	0%	
Misc Other Income	£ 50		£ 8.05	£ -					£ 8.05	-£ 8.05	0%	
TOTAL INCOME	£ 46,700	£ 47,000	£ 47,682.33	£ 400.00	£ 350.00	£ -	£ -	£ 3,397.88	£ 51,830.21	-£ 4,830.21	110%	

	2023/24	2024/25
Carried Forward:	£ 48,554.48	£ 44,711.22
Income	£ 51,830.21	£ 47,000.00
Expenditure	£ 55,673.47	£ 50,817.00
31st March end expected	£ 44,711.22	£ 40,894.22