

Council meeting:	19 th January 2023	Agenda item:	23/011.e
Action:	To note the financial position as at 31 st December To agree the 2023/24 budget		

A draft paper outlining provisional budgets for 2023 – 2026 was noted by Council on 17th November (22/133.a). Although there have been a few small adjustments since the original paper there have been no challenges to the underlying assumptions and the budget for 2023-24 is therefore proposed for adoption on the original basis.

NWPEPC – main budget considerations for 2023/24

1. Summary

The recommendation is for a precept increase of 10% driven primarily by continuing to build reserves for the long-term replacement of the play equipment and artificial grass surface and the potential need for major maintenance of the pond.

The major one-off financial transaction in 2023/24 is the anticipated £72,000 CIL income from 38 Rambling Way (now Valerie Close) but as this can't be used to support normal operational expenditure it must largely be discounted for the purposes of setting the precept.

Other than the clerk's salary the Council's major fixed commitments are on three-year contracts which aren't due for renewal in 2023/24 but which will probably drive precept increases in subsequent years when they do fall due for renegotiation. All other regular expenditure is discretionary. It is assumed that one-off events like another festival or open-air cinema will be self-funding.

The recommendations to the Council are:

- a) Not to increase the Clerk's salary in line with the national pay award in 2022/23 (+£1,000) because of the pay award agreed earlier in 2022, but to implement the new national pay award without back pay from April 2023
- b) Not to make any further community grants in 2022/23
- c) To undertake expenditure of £4,100 on the allotment fence in 2022/23 (up from £3,000 reported in November)
- d) To defer expenditure of £2,000 on a new notice board until 2023/24
- e) To defer expenditure on the maintenance of the pond until 2023/24
- f) To maintain the policy of building up reserves at £3,300 pa for the long-term maintenance of major assets, roughly equivalent to a one-off 13% pa increase in CIL.
- g) To establish a prioritised list of potential investments on which to spend the CIL over the next 5 years.

2. Background

The average precept increase over the last five years has been 1.5%, there was no increase last year.

A 10% increase in precept is equivalent to an additional £2.70 pa for a Band D property.

In 2022 NWPEPC had the sixth lowest precept in Dacorum out of 16 parish and town councils, assuming no other councils increase their precept a 10% increase would rank it seventh lowest.

name of parish	type (Town etc)	Dist Boro	Precept 2021-2022	electorate Oct 2021	Precept by electorate
Nash Mills	Parish Council	Dac	£28,428.45	2419	£11.75
Great Gaddesden	Parish Council	Dac	£8,991.54	756	£11.89
Wigginton	Parish Council	Dac	£14,714.79	1191	£12.35
Northchurch	Parish Council	Dac	£33,076.12	2264	£14.61
Tring Town	Council	Dac	£147,576.88	9355	£15.78
Nettleden & Potten End	Parish Council	Dac	£21,624.74	1234	£17.52
Bovingdon	Parish Council	Dac	£64,995.86	3568	£18.22
Berkhamsted	Town Council	Dac	£294,099.23	14002	£21.00
Flaunden	Parish Council	Dac	£5,756.74	269	£21.40
Tring Rural	Parish Council	Dac	£28,203.00	1177	£23.96
Little Gaddesden	Parish Council	Dac	£22,814.00	888	£25.69
King's Langley	Parish Council	Dac	£119,872.78	4047	£29.62
Chipperfield	Parish Council	Dac	£48,586.60	1392	£34.90
Markyate	Parish Council	Dac	£92,789.42	2555	£36.32
Flamstead	Parish Council	Dac	£39,464.98	1064	£37.09
Aldbury	Parish Council	Dac	£29,000.43	709	£40.90

3. 2022/23 outturn

The projection is for a loss of £41,700 because the income for the new play equipment was received in 2021/22 and most of the expenditure (£45,000 net) was incurred in 2022/23.

Total cash at the end of the year is projected to be £47,500 split £15,400 earmarked reserves and £32,100 general reserve which is acceptable relative to the precept of £22,000

3.1 Income

£4,000 reimbursement of water rates has been received.

Other income at £27,000 is high relative to subsequent years because of the reclaimed VAT on the play equipment.

The anticipated CIL of £18,000 from Rambling Way has not been received because of the impact of the Ashridge moratorium and the full £72,000 is now anticipated in 2023/24, although the amount is still subject to change. As this can't be used to fund operational expenditure it doesn't impact the projections other than for discretionary spending on for e.g. grants to local organisations. It is recommended that work begin to identify potential areas for investment, that the community be involved, and that every effort be made to maximise the potential use of the funds by seeking as a minimum match grant funding (see 6 below).

3.2 Expenditure

The national pay award for 2022/23 announced in November 2022 would increase the Clerk's salary by 6% or £1,000. It's proposed that because of the significant salary adjustment earlier in the year the increase be deferred until April 2023 with no back pay and as a result this is excluded from the projection.

Allotments includes an allowance of £4,100 for a new fence, up from £3,000 in the original draft budget after a competitive tender exercise. The costs will partially be offset by a locality grant from Cllr Douris.

Open Spaces (general) includes an allowance of £750 for tree work on Frithsden Green.

I'd originally budgeted £3,000 for pond maintenance but as it's looking pretty good at the moment have deferred that work until 2023/24.

Only £600 of the grant budget of £2,500 has been utilised and it's recommended that no further grants be awarded this financial year.

4. 2023/24 budget

A precept increase of 10% (+£2,100) shows a surplus of £70,700 which after discounting the CIL payment represents a small loss funded from the general reserve.

The major driver for the need to increase precept in 2023/24 is the policy to put aside funds for future one-off expenditure, primarily the replacement of the play equipment and the artificial grass surface on Spencer Holland, and an emergency reserve fund for the pond totalling £3,300 pa roughly equivalent to 13% pa of precept.

4.1 Income

There's nothing exceptional in the income projections beyond the CIL mentioned above.

4.2 Expenditure

The Clerk's salary is budgeted to increase by 9% in 2023/24 (ie the confirmed 2022 pay award of 6% plus an estimated inflationary rise for 23/24 of 3%) but because of the back-pay in 2022/23 the total amount paid is the same in 2023/24. Whether 3% is correct is complete conjecture.

The other major committed items of expenditure, grass cutting and parish warden, are on 3-year fixed contracts which aren't due to be renegotiated in 2023/24. All other expenditure is discretionary and no exceptional expenditure is anticipated in 2023/24 other than what can be funded via CIL. It's assumed that any future festivals or cinemas will at least cover their cost and are excluded from the budget.

Other than for the Clerk's salary the budget doesn't include any allowance for inflation.

5. 2024 and beyond

Although a decision is not required for the precept post 2023/24, it's worth noting that a combination of the clerk's salary continuing to increase by inflation and projected increases in the grass cutting and parish warden costs when those contracts come up for renewal is likely to require precept increases in the region of 10% in 2024/25 and 2025/26.

6. Potential CIL investment areas

Current areas identified as possibilities in which the CIL could be invested.

Other potential expenditure					
Bowls Club - replacement of club house		?			
Burial ground - re-pointing of burial ground path		5,000			Guesstimate
Burial ground - tree bed edges		500			
Burial ground - water supply		1,000			
Disabled access to open spaces		5,000			Guesstimate
Notice board by Cedars		3,000			
Old Green - resurface path from Brown Springs		3,000			Guesstimate
Spencer Holland - repair stop netting on Spencer Holland		3,000			
Sports field improvements		?			
The Green - protective kerb or pudding stones		3,000			
The Green - repair area around bus shelter		5,000			Guesstimate
		28,500			

v1.0	2022/23	2023/24	2024/25	2025/26		Year on year variation		
	Year end projection							
Regular income								
Borough Council	21,855	23,995	26,395	27,714		2,140	2,400	1,320
Open spaces income	26,982	21,923	21,901	21,901	-	5,059	- 22	-
Other income	26,662	2,616	2,910	2,750	-	24,046	293	- 160
Total regular income	75,499	48,534	51,205	52,365	-	26,965	2,671	1,160
One-off income	500	72,000	-	-		71,500	- 72,000	-
Total income	75,999	120,534	51,205	52,365		71,500	- 72,000	-
Regular expenditure								
Personnel	16,797	17,838	18,420	19,019		1,041	582	599
Administration	6,402	5,825	6,101	6,146	-	577	276	45
Highways	1,796	610	765	620	-	1,186	155	- 145
Open spaces	92,090	23,140	24,789	24,238	-	68,950	1,649	- 551
Grants/donations	600	-	-	-	-	600	-	-
Contingency	-	2,371	2,504	2,501		2,371	133	- 3
Total regular expenditure	117,685	49,784	52,578	52,524	-	67,901	2,795	- 54
Net income/expenditure	-41,686	70,751	-1,373	-159		3,599	-69,205	-54
Brought forward	89,211	47,525	118,276	116,903	-	41,686	70,751	- 1,373
Total cash at year end	47,525	118,276	116,903	116,744	-	41,686	70,751	- 1,373
Represented by								
Earmarked reserves	15,383	91,866	93,350	96,683		76,483	1,484	3,333
General reserves	32,142	26,410	23,553	20,061	-	5,732	- 2,857	- 3,492
Total	47,525	118,276	116,903	116,744		70,751	- 1,373	- 159
General reserves as % of NRE	174%	Infinite	95%	82%				