



NASH MILLS

PARISH COUNCIL

RFO Budget Setting Report for 2023/24 (Report 1)

November 2022

*Please note that this report should be read in conjunction with the supporting excel budget sheet (Budget Setting 2023/2024 Version 2 for Council November 2022 circulated)

Introduction

Financial Regulations

3.2 The RFO must each year, by no later than end of November prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the council.

3.3. The council shall consider annual budget proposals in relation to the council's three-year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

RFO/Clerk Recommendation.

That council do not make a firm decision on budget setting until definite grant figures are know from Dacorum Borough Council (DBC) due to the current volatility in the economy.

That council consider the expenditure budget to ascertain whether there are any amendments required.

***By law a parish council must submit its precept demand by the end of March, however DBC traditionally gives a very short window to comply with their own cut-off date of the end of January.**

Council is now at the stage of looking at budgets for the year 2023/24 and the current volatile economic climate is causing concern, with the cost-of-living crisis, energy prices and recent interest rate rises making budget setting more difficult than usual. Whilst NMPC does not own premises to be affected directly it is anticipated that its suppliers will need to increase their prices to accommodate their uplift in costs. The salary award for this year has recently been agreed by the unions at 4.04% (being paid with back pay in December 2022) but next year could see an additional increase of up to 10% for the budget year 2023/24.

NMPC undertook another rigorous review of expenditure last year as a means of keeping any precept increase as low as possible, however this means that there are again no areas

to reduce costs when looking at budgets without affecting the services provided. It will be a matter for council to consider how/where it can save costs and the impact of any increases on the precept.

Not much has altered in my budget setting process this year as I have tried to obtain accurate figures for next year, however suppliers such as our printer and our insurer are unable to give any accurate indicative pricing for next year as they cannot determine the percentage increases that they will face themselves at this stage.

Council is very fortunate that its precept is one of the lowest across Dacorum, but it has not yet received any confirmation from DBC as to whether there will be any impact on the grant funding this year; the budget for next year will most definitely impact Council's ability to balance its budget at the current precept level.

At the time of writing this report the rate of inflation was showing at 10.096% Retail Price Index (RPI) 12.30%

Whilst Council had previously voted to prevent any increase to the precept over the last 10+ years, there was a small increase last year.

This year my suggestion is that the reliance on use of reserves is used solely for 'one-off' projects or expenditure and that all general expenditure is fully funded by the precept.

This is likely to result in an increase of £5800 should the current levels of grant income received from DBC remain at least the same as last year. This will be an increase of £4.62 per band D property.

If Council do not make any provision to commence increments in the precept contribution in line with at least inflation, then the actual impact of an increase when it arrives could be extremely challenging.

Overall Position.

Expenditure

It is likely that expenditure next year will rise to £54480. It is anticipated that approx £9704 of this is one off expenditure that could be funded by reserves.

Income

NMPC are fortunate that it does not currently hold any income generating premises that could have been adversely affected the cost-of-living rises. It is likely that with rising interest rates the funds which are currently held on interest bearing accounts will benefit.

Reserves

Earmarked Reserves remain healthy at approx. £85575 (31/10/2022) of which approx. £23000 is ringfenced as Community Infrastructure Levy (CIL). The reserves are earmarked in line with statutory guidance and permitted levels for general expenditure contingency.

General reserves fluctuate but are currently at approx. £23201 with the current year fund at approx. £18612 but are expected to be considerably lower at year end once the remaining annual expenditure has been debited. These are taken from the figures as at end Oct 2022.

Grants Received

The final CIL sum for this financial year has now been awarded and the report is included on the meeting agenda for November. It should be noted that this is a 'conditional' award with specific expenditure parameters and reporting guidelines. NMPC is waiting for details of grant funding from DBC (Warden Grant/Concurrent services grant) for 2022/23.

NMPC continues to work with other agencies and higher government authorities to source funding or grants.

- a) Verges Funding
Part of the verges' project has been funded by HCC and the County Councillor's locality fund and by the Dacorum Borough Council verge hardening scheme. We are hoping that phase "will also benefit from some external funding.
- b) Road Safety Funding
NMPC has been successful in receiving a grant from the Police & Crime Commissioner's Office which funded a new speed indicator device on Barnacres Road.
- c) Environmental Funding
NMPC has been successful in obtaining a grant from HCC to fund the purchase, installation and maintenance of a new commemorative tree at the Denes for the Platinum Jubilee.
- d) Green Initiative
NMPC received a grant for its rewilding project.

Considerations for Council

At the current levels of income and expenditure there will be a requirement for the following actions

- Use of reserves to cover all one-off expenditure (current estimate approx £9705)
- An increase to the precept of approx £4.62 per band D property. (Using current figures at 31/10/2022)

Areas to be included for future budgeting in subsequent years.

- a) Defib hardware costs/replacement of unit (include from 2026 for main unit)
- b) Laptop Upgrade Y7 (include from 2027)
- c) Future Christmas lights provision and funding
- d) Future earmarking for Election costs (post 2030)
- e) Any other matters for consideration under future budgets

It should be noted that at the time of writing this report that NMPC had not received any details in relation to tax bases or grant funding for 2023/24 and therefore previous year's figures were used for the calculations shown on the spreadsheet. The tax base for calculations is 1260.5

Nikki Bugden (RFO & Clerk) November 2022