



NASH MILLS

PARISH COUNCIL

RFO Budget Setting Report for 2025/26 (Report 1)

November 2024

**Please note that for further detail this report should be read in conjunction with the supporting Excel and Rialtas (accounting software) reports.*

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.

The budget process as dictated by statute is laid out below.¹

- 1. Council determines its expenditure budget*
- 2. Council takes into account any income*
- 3. Council determines any use of reserves*
- 4. Shortfall is met from the precept*

Introduction

NMPC remain comfortable with a significant sum held on reserves (£94000), this has steadily reduced over the last few years as NMPC have completed projects.

Council should ensure that there are appropriate funds held as a contingency, for instance should we ever be in a position, as we have seen elsewhere in recent years, where services are affected by financial issues at the county or borough council.

Notwithstanding this Council has a statutory duty when collecting their precept to ensure that they consider how the funds raised and held could be used appropriately for the benefit of the residents of

¹ [Local Government Finance Act 1992 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

Nash Mills. Projects to benefit Nash Mills and to provide a tangible benefit or legacy should continue to be identified and delivered.

RFO/Clerk Recommendation.

There are a number of outstanding expenditure and income items that I have not yet received clarity on ready for the October meeting.

These items will impact the budget significantly, therefore on that basis I am asking council to consider and note the steps below, along with the supporting information in this report, to enable Cllrs to raise any observations to enable me to bring the final version to council at the November meeting.

- All Cllrs to consider the first edition of the draft budget and liaise with the clerk to ensure that expenditure, allocation of reserves and proposed projects are correctly included. **(additions or amendments prior to 21th October 2024 please)**
- Council notes that the salary budgets have been circulated and reviewed by the Personnel Committee.
- Council notes that the final budget should be signed off at the November Meeting (ready for the precept demand submission to DBC by January 2024 as there is no planned NMPC meeting in December).
- Council notes that I have been unable to provide a precept calculation as the magazine printing costs, the Rialtas software costs for 2025/26 and details regarding the potential DBC grants cessation remain outstanding.
- Council notes that any changes to the 'Tax Base' or grants received will alter the figures contained within this report.

Background

Grants from Dacorum Borough Council

NMPC currently receives a grant from DBC (£11100 approx. per annum) that covers the staffing costs for the warden. Historically these figures are not notified until early December, however this year we have also received communications indicating that this grant is under scrutiny. Despite repeated emails to DBC I have been unable to ascertain whether this grant is at risk, in all or part, for the financial year 2025/26.

Whilst losing the grant in full is a large percentage change to our precept the actual £ value is likely to be less than £11 per band D property per annum. Should DBC withdraw the grant then we must communicate to our residents that this increase was not due to NMPC expenditure but due to the unexpected loss of DBC income.

NMPC Budget 2025/26

As expected for a parish council of this size, with minimal assets generating income or liabilities, our biggest expenditure is for staff costs, closely followed by magazine production and Christmas lights provision at The Denes.

Staff salaries are negotiated at a national level, for local government officers (NJC awards) and annual increments are awarded following national consultations. These are separate from any performance related increments. There have been no performance related increments since January 2022.

Income is derived from the precept, grants from DBC, magazine advertising and bank interest. Due to the rise in interest rates and the prudent movement of funds to higher interest-bearing accounts the income from interest is performing better than predicted.

Forward Planning 2025/26

Cllrs will be expected to notify the clerk, prior to determining projects, of any potential ongoing maintenance costs for that project. It is the clerk's recommendation that any subsequent ongoing annual costs are met from the main budget and not the reserves.

Expenditure

The following amounts are outstanding and will be amended as appropriate once received

- Parish magazine printing costs
- Rialtas software costs for 2025/26
- Council consideration of grants (out) budget
- Playpark expenditure-this may alter the underlying figures significantly depending on the lease outcome.

CIL Funds/Earmarked Reserves

- Council to consider if funds are appropriately allocated.
- Council to consider the expiry date of CIL funds as it may be appropriate to use CIL for some of the projects that have already been approved. (NB an annual programme of parish boundary sign replacement is also required).

Staffing

- Council to be aware that the cost of living pay rises that were due 1st April 2024 have not yet been approved by the unions. Settlement is expected pre-Christmas, but back pay will be owed.
- Council to be aware that currently there is no pension for the warden role as it does not meet the criteria, however any future changes may mean that this expense be added to future budgets.

Nikki Bugden (RFO & Clerk) 7th October 2024

Supporting Information

Circulated in EXCEL sheets

- Proposed expenditure budget for 2024/25 v1 and reserves balances to October 2024 with notes. (more detailed notes are available from the clerk on request) showing last year and current year budget versus actual
- Potential new projects 2025/26 onwards
- Earmarked Reserves and CIL summaries (**also included below**)
- Previous year's budget setting and notes
- Updated IT figures
- Last 3 years budgets
- Tax base explanation and Dacorum precept information.

Separate figures

RFO quarter 2 report and year to date performance.

Included below

Year-end figures 2023/24 and Q4 RFO report with budget year to date performance.

Precept calculation information.

Year-end figures 2023/24 and Q4 RFO report with budget year to date performance.

Budget for 2024/2025

The council submitted a precept request for **£38897.38** supported by the published budget. There has been a small increase per household of approx. £1.41 per annum per band 'D' property, caused by the cost of living rises and the current economic climate, which was exacerbated by a decrease in our 'tax base' ². The council have committed to spending more funds from their reserves to enable this increase to be kept to a minimum.

Financial Headlines

Position March 2024 ([income/expenditure](#))

Please see reports appended for detailed information.

	Budget	Actual	Variance	Notes
Income	£49090	£53267	(4177)	<ul style="list-style-type: none"> • Bank interest performed at a higher level than expected. • CIL £300 received. • Insurance claim settlement £1254 • Vat sum included here.
Expenditure	£53948	£53986	(38)	<ul style="list-style-type: none"> • Earmarked reserves used for any unbudgeted expenditure

Budget Heading Overspends/Underspendsover£100or15%ofbudget(reportedasrequiredinourFinancialRegulations)- Please see report appended for actual figures.

Overspends noted in red.

4000-Staff costs	Underspend caused by annual cost of living pay increase 2023/24 not yet being determined by unions
4075-Office Supplies	underspend
4085-Insurance	Changed to a new provider and therefore received a 'new customer' discount.
4090-Election Supplies	Election was uncontested saving £2500 on anticipated costs
4105 Audit Costs	Changed provider
4120 IT Licences	Adobe license not used as using Cllr license. Remains in budget in case Cllr loses access
4130 Community Grants	No one came forward with a suitable request.
4140 Conferences/Training	Clerk unable to attend annual conference

² [Parish Council - Council Tax Factsheet November 2021](#)

4161- Park Repairs	Overspend Unexpected swing repairs. Reserves used
4162- Sundry Exp-	Overspend-unexpected gateway sign replacement (insurance claim)
4165 Hire Costs	No August or December meetings held.
4170-Tools/Covid Expenditure	Warden did not need to order new equipment
4070-Magazine Delivery	Councillors now delivering the magazine
4301- The Denes Project (inc maintenance)	Items outstanding on project
4164- 2023 Coronation	Overspend-small additional expenditure as refreshments provided

Movements to/from reserves

- £6690 spent from reserves. £5000 Grants made (towpath), £518 Park repairs (swing), £563 Sundry (£501 uncontested elections, hedgehog highways, donation), £463 Coronation.
- £300 (CIL) transferred to reserves.

Precept Explanation

- The precept is a tax that the district council requests annually along with its council tax bills [Council Tax \(dacorum.gov.uk\)](http://dacorum.gov.uk)
- The precept is calculated per band D property (this gives a method of comparing nationally). This is then scaled up or down in 8ths depending on the actual property band
- The NMPC precept is calculated by taking the actual sum needed and dividing it by the parish 'tax base' figure.
- The tax base is provided by DBC. A "tax base" is the number of Band D equivalent dwellings in a local authority area. To calculate the tax base for an area, the number of dwellings in each council tax band is adjusted to take account of any discounts, premiums, or exemptions
- **In 2024/25 There were 10,245 parishes in England, 8,904 of which issued a precept. The average Band D parish precept was £85.88, an increase of £6.74 or 8.5%**
- **Last year NMPC requested £31.82 (there are 16 parishes in Dacorum, the band D sums ranged from £71.15 to £29.58, and the tax bases from 8584 to 179.5**