

# **BUDGETING INFORMATION FOR 2023/24**

## **Purpose of the report**

The purpose of the report is to advise and explain the process of reviewing and setting a budget

NALC/LRALC, LCC, SLCC have been offering information, meetings and training sessions to all parish and town councils to assist with the preparation of the budgets for this year due to the unprecedented issues being experienced by everyone.

I have tried to collate some of this information to ensure that the Parish Council is able to make an informed decision regarding its budget for 2023/24 and ultimately its precept request.

## **Background information**

### **Financial Year**

The information below relates to the financial year beginning on 1 April 2023 and ending on 31 March 2024.

### **What is budgeting?**

A budget is a financial plan for a specific period. All town and parish councils, no matter of their size, have a statutory duty to produce an annual budget.

The budget must be prepared and approved before setting the precept. This allows for councils to plan for future projects, flags up any under or over spend and then allows for an appropriate precept to be set.

There are different budget approaches:

- Incremental method.
- Zero based budget.
- Forecasting.

For the purposes of the Coleorton Parish Council budget and precept setting, a mixture of incremental and forecasting has been used.

The current year figures have been reviewed in terms of identifying activities that happen on an annual basis, which have happened in the current year and won't happen again and also identifying anything that hasn't happened in the current year but will in the future.

Part of the budget process is to assess the levels of income. For

Coleorton, there is little income except for the Precept and bank account interest.

A council should provide for contingencies and consider the need for balances. Some councils may have certainty in their spending plans, but others do not, especially those with a large portfolio of facilities. Contingencies should be included for the unknown but should not be excessive. Councils might work to the principle that it is better to raise cash from a higher precept, and not use it than to set the precept too low, and so run out of cash and run the risk of incurring an unlawful overdraft.

A well managed council will look beyond the current year and think about future substantial commitments. To this end, Coleorton Parish Council has a well documented Reserves Policy and Earmarked Reserves document (Medium Term Planning).

All local councils must hold general reserves and may hold earmarked reserves. There is no limit on earmarked reserves which are held for a particular purpose. Having healthy general reserves gives a council more options, particularly in an operating environment that is uncertain (no more obvious than through the recent Covid Pandemic). The more asset-rich a council is the closer to the 12 months of general reserves it should try to achieve.

LRALC would advise that councils should not adopt a position of zero increase to its precept, based primarily on adopting a principle that it cannot increase its precept during a cost-of-living crisis.

This may be achieved by thorough budgeting processes; however, this is unlikely to actually save the average household more than a few pence a month. If a local council does agree to this principle, it needs to clearly state how this can be achieved and from where the additional cost increases will be funded from.

The Practitioner's Guide is a helpful resource on budgeting; the latest copy is available to download at <https://www.nalc.gov.uk/nalc-blog/entry/2053-practitioners-guide-2022%E2%80%93more-interesting-than-you-thought%20>

## **Some known and basic facts/information for this year:**

### **Cost-of-Living Crisis**

There is a lot of discussion around the cost-of-living crisis, and how an individual may be affected by any potential increases. Consideration should be given to the increased levels of those who are able to apply

for and receive assistance with their council tax. Also, councils should consider that they have the ability and powers to allow them to support local groups and charities, and therefore may wish to increase the availability of this grant funding to help during the cost-of-living crisis.

### **Precept Referendums**

Unlike principal councils, parish and town councils are not restricted in the increases that can be applied to precepts. The Council Tax Referendum Principles do not apply to parish and town councils currently. This has been confirmed again for this forthcoming year

A number of District, Borough, and County Councils have gone on record as saying that the cost-of-living crisis is causing a funding gap far worse than anything experienced previously, including austerity. Historically, these higher tier authorities have been “capped” at 2-5%. This year, it has been confirmed that these higher tier authorities are able to raise the council tax by up to 5% without the need to go to Referendum.

LCC is consulting on an increase of 5%; the agreed higher level allowed. This includes an additional (3% core and 2% Adult Social care) (part of its manifesto principles). This equates to a band D rate increase of £1.39 per week.

NWLDC is consulting on proposals to freeze its council tax portion by making further efficiency savings.

### **Inflation Forecast**

The latest Consumer Prices Index (CPI) annual rate is 11.1%. Clearly, the economy is volatile and subject to external forces, not least global energy prices, which have been affected by the war in Ukraine, so all forecasts are inherently unreliable.

For the purposes of the Coleorton budget, a 10% increase is added to most of last year’s figures (although not all).

### **Salaries**

The national negotiations on salaries for 2022/23 have recently concluded (October 2022). The agreement is to add £1,925 to every salary scale, which is equivalent to £1/hour. This equates to a 9.8% increase for clerks in the lowest band, and a 2.43% increase for clerks on the highest band. The majority of clerks will see a 7 – 9% increase. This is backdated to April 1<sup>st</sup>, 2022.

## **Service Devolution**

Neither principal authority has confirmed any plans for wholesale devolution of assets or services in 2023/24, although the door is likely to be open to requests from individual parish and town councils. However, the financial situation looks bleak and nationally most principal authorities are reporting in-year overspends. Leicestershire County Council is reporting a huge funding shortfall, for example: [Leicestershire County Council deficit set to increase by millions - BBC News](#)

LCC is one of the lowest funded councils within the country. It is currently lobbying to the Fairer Funding Lobby and would welcome the support of town and parish councils. (Information to be sent to town and parish councils by LRALC).

It is inevitable that the district, borough, and county councils will focus first on their statutory obligations, so discretionary local services may be under increasing threat. It is impossible to accurately advise councils what they should put in the budget for 2023/24 to make up for services that may or may not be devolved in the future, but all parish and town councils are advised to ensure that they have good reserves so that if a service or asset is identified for devolution in 2023/24, the council at least has the option to consider it.

LCC has confirmed that it will be focusing on its core statutory duties and the principles of its election manifesto. LCC will look at ways local councils could potentially work with them to retain service provision. Town and parish councils may have the option to take on possible other devolved services. CDPC already maintains the urban grass verges on behalf of LCC. It is hoped that this information will be available within the next 3 months.

## **Elections**

LRALC advises councils to budget for a quarter of the cost of an election each year to help smooth out the peaks. Costs for contested elections are still being collated by LRALC (many BC/DCs have not yet set them), so councils should ensure they have costs allocated for the scheduled elections in May 2023 based on the 2019 fees plus a 10% increase.

It will not be known if the Parish Council will have an election or not until just before the election itself, it must budget for a contested election as the costs for a small parish council could be equal to a quarter of their normal annual budget.

If the money is not used it can be held in earmarked reserves for a future election, or vire to another project.

## **Training**

**All** councils should ideally have a Training Statement of Intent (policy) and should allocate a budget for training for councillors and staff (in line with the agreed Training Policy).

The 2023-24 budget covers an election year and the parish council's training needs will be higher than at any other point in the election cycle due to the new councillors who will join the council therefore sufficient money should be allocated to train new councillors.

## **Council Tax Base**

The Council Tax Base is calculated by first identifying the total number of dwellings in a Parish. This figure then takes into account the number of discounts and exemptions. It also includes a bad debt provision of 2.5% of the base and growth has been applied for the non-collection and banding appeals. (This remains high to reflect the expectation of the high level of bad debts).

The formula is:

$$\frac{\text{Precept}}{\text{Council Tax Base}} = \text{Band D Council Tax Rate}$$

NWLDC has confirmed the Council Tax Base figures for 2023/24 is 583.

## **LRALC**

LRALC has been reviewing its budgets, and thus for the service provision. The following information gives a guide to the proposed increases, which are part based on confirmation population levels.

- Membership fees – Circa 30% increase.
- Training fees – Circa 10% increase.
- Internal Audit fees – Circa 10% increase.

## **Matters specific to Coleorton Parish Council**

### **Parish Council facilities/land portfolio includes:**

- Sole Trustee of the Beaumont Centre.
- Coleorton Wood and Pitt Lane.
- Bakehouse (land and building).
- Millenium Garden area.
- Peggs Green playing field and play area.
- Beaumont Green open space.
- Overton Close – tree belt.

## **Cost-of-Living Crisis**

Coleorton Parish Council will look to support the community with grant funding available; maintaining the areas of responsibility to a high standard to ensure the area is a good place to live.

As part of its Mission Statement and for the benefit of the whole community in these uncertain times, it will strive to put on free community events for the benefit of all.

## **Community events**

The Parish Council is looking at putting on a joint event for the celebration of the Coronation of King Charles 111 and also a Christmas event again too.

## **Coronation event**

Grants are available from NWLDC.

The intention is to have a joint event with surrounding Parish Councils', thus sharing the costs and allowing for three grants to be applied for. Further discussions and planning needed.

## **Christmas event**

This will potentially run similar as in 2021. Further discussions and planning needed.

## **Business Plan**

It is intended to look at drawing up a Business Plan during this year. This is part of the medium-term planning processes and will take place in the new council year (after the elections in May).

## **Existing and on-going contracts**

Hanging baskets – contract for renewal this year. Quote being obtained for a one and four-year term. This is a large part of the budget for Coleorton Parish Council.

## **Climate change**

Policy to be explored and created in the new council year (after the elections in May).

Carbon footprint of the Beaumont Centre – An energy performance assessment is required for all buildings. This is to allow for future efficiencies to be explored.

Wildflower planting areas – working in conjunction with the grounds maintenance contractor and Coloerton Wood Volunteer Group.  
Tree planting to be explored with the Coloerton Wood Volunteer Group  
Bulb planting working in collaboration with local residents to improve the visual aesthetics of the village and improve carbon footprint.

### **Play area improvements**

Peggs Green play area is in need of upgrading. Budget funding set in the earmarked reserves; plus grant (s) to be applied for.

### **Local Council Award Scheme (LCAS)**

This scheme is now live again and should be explored in the new council year (after the elections).

This scheme has been designed to celebrate the successes of the very best councils and to provide a framework to support all local councils to improve and develop to meet their full potential. The scheme offers councils the opportunity to show that they meet the standards set by the sector, assessed them by their peers, and put in place the conditions for continued development.

The scheme has been designed to provide the tools and encouragement to those councils at the beginning of their development journeys, as well as promote and recognize councils that are at the cutting edge of the sector. It is only through the sector working together, to share best practices, drive up standards and support those who are committed to improving their offer to the communities that individual councils and the sector as a whole will reach full potential.

### **Recommendation**

The recommendation to the council is to approve the budget and precept are circulated. Price per Band D resident 2023-24 being £31.61. Equivalent to 8p per week increase.