**Finance Committee**

 **Consideration of Draft Budget 2024/24**

**Suggested items for recommendation to Council**

* **To recommend a draft budget for 2024/24**
* **To set the level of precept requested from NWLDC**
* **To approve list of works required in the parish (See paperwork)**
* **To determine how work will be prioritised.**
* **To determine how the costs for those works will be funded.**
* **To approve ongoing long term funding arrangements for projects**

**1 Introduction**

The purpose of this report is not to recommend or to set the precept. It is intended to provide an opportunity for members to debate the details of the draft budget for 2024-25 and to make recommendations which can then be translated into a last version to enable the precept to be set at the December meeting of the Council on 13/12/23.

**2 Local Government Finance Settlement**

The provisional local government finance settlement from the government has given local (parish and town) councils the freedom to decide their own precepts for 2021-22, without needing a referendum. This is something that the National Association of Local Councils (NALC) advocated for and included in their spending review submission.

This means that Parish Councils can plan their budgets without the extra cost and hassle of a referendum, unlike District and County Councils, which must hold one if they want to increase their precepts by more than 2%.

However, the fiscal crisis may affect the precept levels in the future.

**3 Balances**

Members are reminded that Councils are advised that it is good practice to hold and maintain a sufficient level of general reserves to cover any unexpected costs or emergencies that may arise.

According to the guidance from NALC, a parish or town council should aim to have general reserves equal to between 3 to 12 months of its net revenue expenditure. This means that for our council, which has a net revenue expenditure of £81000 for 2022/23, we should have general reserves between £20250 and £81000.

The Parish Council's assets, such as buildings, equipment, and property, are valued at £1,000,000. The Parish Council should aim to increase its general reserves to reduce financial risk and support its planned projects.

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**4 2022 / 2023 Parish Tax Base / Precept**

Parish and town councils have the right to raise money from their parishioners via the Council Tax process. They do this by 'precepting' on the principal council (NWLDC) who levy on taxpayers in the parish as part of the Council Tax billing process.

A Council Taxpayer’s bill will typically include a council tax charge for the county council & social care, police authority, district or council and parish / town councils.

The council tax base for ODAPC for 2022/23 was set by NWLDC at **904. The parish** set its budget at £81000. This means that the council tax parish element was £89.61 per household.

**Precept** 904 (Tax Base) x £89.61 (Council Tax for 2022/23 year) = **£81000**

**5. Projects**

A number of ideas have been submitted to improve amenities within the Parish. (see action plan in paperwork)

Items such as notice boards have been included in the budget as some are replacements (which is ongoing maintenance) and new provision is considered to have a significant impact on parish identity.

We need to allocate a budget for these projects based on their feasibility, priority, and expected benefits. Some of the projects, such as replacing the old notice boards, are part of our regular maintenance and do not require additional funding. Others, such as adding new notice boards in strategic locations, are aimed at improving the visibility and identity of our Parish and will require an investment.

**6 Reserves / Asset Protection / Section 106 / New Developments.**

These are monies that can be ring fenced thereby allowing the Council to have at its disposal additional funds. Having regard to the large sum required for projects identified and the more urgent need to build Council balances it would be prudent at this point to continue to build these additional funds for use in the future. The funds do not have to be specific in their description but could be. They must be proportionate and reasonable and cannot be used for any other purpose than that intended.

**(a) Land / Green Space Initiatives**

To provide for improvements to recreation areas, play equipment, land drainage, etc.

**(b) Asset Protection**

To provide for major improvements in the Leisure Centre, significant repairs such as a water leak, boiler failure.

**(c) Section 106 monies**

These funds are held and managed by NWLDC. The Parish Council is not a signatory to the agreements and can only request funding when land is being earmarked for development. This is something to be mindful of when planning submissions are made as often significant monies can be made available for say a new play area or a total replacement of play equipment in an existing recreational area.

At present the developer at Home Farm has been invoiced for the Play Area Contribution and the total amount of monies to be received is £43,407.27

**(d) New Homes & levelling up.**

All monies from new developments are held at District/Borough Council level so members should be mindful of the consultation process to make an appropriate response.

NWLDC local plan March 2021 (see paperwork)

**(e) Section 137 Expenditure**

Section 137 enables parish and town councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. This can be a great benefit in delivering vital services for communities.”

Because there is a limit to the amount of expenditure that may be incurred in a fiscal year councils must keep a separate record of expenditure incurred under section 137. There is a requirement to include a S.137 budget heading in the accounts shown separately.

Section 137 permits councils in England which do not have the general power of competence to incur expenditure for purposes for which they do not have a specific power. Councils should first try to identify a specific power for expenditure (including grants), which would be supported by business plans. Section 137, unlike the general power of competence, is a 'power of last resort'.

The Ministry of Housing, Communities and Local Government (MHCLG) has notified the National Association of Local Councils (NALC) that the appropriate sum for the purpose of section 137(4)(a) of the Local Government Act 1972 (the 1972 Act) for parish and town councils in England for 2022-23 is £8.82 per elector.

Should the Parish Council hold **The General Power of Competence** (GPC) it is intended to give local authorities (including parish and town councils) wider powers to deliver more for their communities. The GPC will allow a council to do anything that individuals may do, except where other aspects of law may forbid them from doing so.

**7 Elections**

NWLDC advice

*“As a guide, because these elections will be combined with our District Council any costs that are shared such as staffing & polling station hire, postal vote opening & count will be split 50/50. Any cost that is solely attributable to the parish such as ballot papers & postal vote packs will be recharged at their actual cost. This is of course, providing the district council seat is contested. If it is not contested but the parish is, then full costs will be recharged to the parish.” Similarly, if the Parish Elections are uncontested then there will be no charge. However, should during the four-year period there is a Parish Cllr Election (as opposed to co-option) than the PC would bear any costs, and it is prudent to budget accordingly.*

If the Parish do have councillor vacancies it is suggested that the co-option method is used.

An election is due in 2027 and costs will be built into the budget.

**8 Funding Considerations for 2024/25**

The document **attached** showsa provisional draft budget estimate for 2024/25 as a basis for Members’ consideration*.*

Options to consider are:

 (a) Precept (£92756) to increase to £101.38. !0% on last year due to inflation.

(b) Recommend budget of £93338 with an increase in the precept.

(c) Increase the precept further to provide an increase in balances.

(d) Build further on reserve funds to provide funding for future projects/emergencies

(e) Prioritise projects and recommend which if any should be completed in 2024/25

(e) A combination of the above.

Indication of increases in Band D Council Property Tax (in paperwork)