

Budget & Precept proposals for 2022/2023

Please find below tables which show a comparison between last year's budget (2020/2021), this year's (2021/2022) and that anticipated for next year (2022/2023).

Actual figures are shown where possible but when estimated these are *italicised in red*.

Please note that I have included figures where necessary **for guidance only** in order to aid the process of setting the budget & precept.

Budget v Expenditure

- The R&AC proposes a budget for 2022/2023 of **£38,147**.
- The F&GPC proposes a budget of **£119,820** exc. Grants.
- The full PC has agreed grant expenditure of up to **£3,970**.

The Council is therefore considering a total budget of **£161,937 for 2022/2023**.

Please note these figures exclude earmarked reserves.

	2020/21		2021/22		2022/23
	Budget (revised) £	Actual £	Budget £	To year end £	Budget £
Recreation & Amenities	35,940	33,973	36,740	<i>39,138</i>	<i>38,147</i>
Admin	100,665	95,204	108,720	<i>104,798</i>	<i>119,820</i>
Grants	3,892	4,040	4,070	<i>4,240</i>	<i>3,970</i>
Total expenditure	140,497	133,217	149,530	<i>148,176</i>	<i>161,937</i>

Income

The F&GPC agreed in Nov 2008 not to project income from other sources for the next financial year as this usually comes from grants for projects and is offset by corresponding expenditure.

	2020/21		2021/22		2022/23
	Budget £	Actual £	Budget £	To year end £	Budget £
Interest	600	300	150	<i>150</i>	<i>150</i>
Grants	0	14,840	0	<i>2,530</i>	?
CIL Received	0	1,370	0	8,112	?
Income from other sources	0	1,787	0	<i>567</i>	?
S106 Received	0	24,250	0	0	?
Council Tax Support grant	0	0	0	648	0
Total	600	42,547	150	<i>12,007</i>	<i>150</i>
Precept	140,497	140,497	145,000	145,000	?
Total Income	141,097	183,044	145,150	<i>157,007</i>	?

Please note there is some rounding in the figures because they have been extracted from our financial software.

Reserves held by the Parish Council

The following table shows the allocation of the PC's earmarked reserves (EMR), and its remaining general reserves.

Expenditure from earmarked reserves, of estimated **£63,935** to year end 2021/22 is **excluded** in the expenditure table above but included below. With a balance of £249,187 on 01/04/21, estimated total expenditure of **£212,111** & estimated income of **£157,007**, estimated total reserves at 31/03/22 are **£194,083**.

Proposed earmarked reserves (EMR) for 2022/23 are £122,940 (if agreed). This however will change according to how much money is left in 9003 EMR Locality Budget/Grants, 9010 EMR Bike Trails Project, 9019 EMR Portal Woodlands CG, 9020 EMR CIL Reserve, 9024 EMR S106 Reserve because in these cases the remaining balance is carried forward so adjustments are made at the end of the financial year. If we receive any further grants that have not yet been spent, they will also be earmarked. The Community Infrastructure Levy (CIL) & S106 funds are both time limited and have inflated our overall reserves.

In recent years the Council has based its precept demand on the budget and replenishing and establishing an earmarked reserve for future projects & contingencies. The following extracts from the Joint Panel on Accountability and Governance Practitioners' Guide 2021 gives guidance on reserves:

5.32. General Reserve — The generally accepted recommendation with regard to the appropriate minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months Net Revenue Expenditure (NRE).

5.33 There is, in practice, no upper or lower limit to EMRs save only that they must be held for genuine and intended purposes, and their level should be subject to regular review and justification (at least annually), and should be separately identified and enumerated.

I have not made any projections on what the PC might spend from earmarked reserves during 2022/23.

	2020/21		2021/22		2022/23	
	Start of year £	End of year £	Start of year £	End of year £	Start of year £	End of year £
General reserves	87,451	77,735	77,735	75,850	71,143	?
Earmarked reserves	98,381	110,760	110,760	78,720	83,427	?
CIL Reserve	35,072	36,442	36,442	20,113	20,113	
S106 Reserve	0	24,250	24,250	19,400	19,400	
Total reserves	220,904	249,187	249,187	194,083	194,083	?

Setting the Precept

Using the above projections for expenditure, income and earmarked reserves, the PC now needs to consider at what level it wishes to maintain its general reserves in order to calculate the precept request for 2022/2023. Please bear in mind government guidance above.

The F&GPC considered three examples, as in the table below, of how the Council might wish to set the precept & the impact on general reserves. Any amount can be substituted. You can see what the general reserves might be at the end of 2022/23 if all the earmarked reserves were spent, which seems very unlikely, and this might help the PC consider whether it needs to increase the precept. The F&GPC is recommending Example 3 below because there was general concern that to hold the precept at the current rate, i.e. with no increase, considering the proposed budget, would cause general reserves to drop to the bottom end of that recommended by the Practitioners' Guide 2021. It was noted however that the level of general reserves maintained by any of the examples would fall within government guidelines.

The threat of referendum on precepts has currently been removed but parish/town councils continue to be encouraged to show restraint in precept setting. For your information, for 2021/22 the PC set a precept which showed as an increase of approx. 3.2%.

ESC has informed us that the estimated number of Band D properties is recorded as 2,296.65, a negligible change from last year.

Example 1: This shows the impact of keeping our precept requirement the same as for the current year, i.e. **£145,00**. This would result in a charge of **£63.14** per band D property, a **0% change**.

Example 2: This shows the impact on reserves if we precept for the budget of **£161,937**. The new charge would be **£70.51** per property, which would show as an **increase of approx. 11.68%**. This is likely to be viewed as an excessive increase by our parishioners in the current climate.

Example 3 (AGREED BY RESOLUTION C2022/1m): This shows the impact on reserves if we increase the precept to **£152,250**. The new charge would be **£66.29** per property, which would show as an **increase of approx. 5% on the parish council element of the tax bill, but only £3.15 a year per household extra**.

These are just examples to assist in the decision making process. The PC will need to decide what is most important, e.g. increasing its reserves further to cope with increasing demands or maintaining a zero or low tax increase to ease the council tax burden.

	2020/21	2021/22	2022/23 example 1	2022/23 example 2	2022/23 example 3 Resolutions C2022/11 & 1m
	£	£	£	£	£
START OF YEAR					
General reserves	87,451	77,735	<i>71,143</i>	<i>71,143</i>	<i>71,143</i>
Earmarked reserves	98,381	110,760	<i>83,427</i>	<i>83,427</i>	<i>83,427</i>
CIL Reserve	35,072	36,442	<i>20,113</i>	<i>20,113</i>	<i>20,113</i>
S106 Reserve	0	24,250	<i>19,400</i>	<i>19,400</i>	<i>19,400</i>
Total reserves	220,904	249,187	<i>194,083</i>	<i>194,083</i>	<i>194,083</i>
Income exc precept	42,547	<i>12,007</i>	<i>150</i>	<i>150</i>	<i>150</i>
Precept	140,497	145,000	<i>145,000</i>	<i>161,937</i>	<i>152,250</i>
Total income	183,044	<i>157,007</i>	<i>145,150</i>	<i>162,087</i>	<i>152,400</i>
Expenditure	(inc EMR) (154,760)	(inc EMR) <i>(212,111)</i>	<i>(exc EMR)(161,937)</i>	<i>(exc EMR) (161,937)</i>	<i>(exc EMR)(161,937)</i>
END OF YEAR					
General reserves	77,735	<i>75,850</i>	<i>54,356</i>	<i>71,293</i>	<i>61,606</i>
Earmarked reserves	110,760	<i>78,720</i>	<i>83,427</i>	<i>83,427</i>	<i>83,427</i>
CIL Reserve	36,442	<i>20,113</i>	<i>20,113</i>	<i>20,113</i>	<i>20,113</i>
S106 Reserve	24,250	<i>19,400</i>	<i>19,400</i>	<i>19,400</i>	<i>19,400</i>
Total reserves	249,187	<i>194,083</i>	<i>177,296</i>	<i>194,233</i>	<i>184,546</i>