

TOSTOCK PARISH COUNCIL BUDGET 2024-2025

Introduction

The Budget Working Party of Cllr Kearsley (Chair), Cllr Callow and Cllr Storey, assisted by the Parish Clerk, met on 6 December to review Council finances and to discuss the potential budget and precept for 2024-2025.

In considering the current financial position, the Working Party was conscious of the need to try to minimise any increases in the budget and precept yet faced serious challenges in not only having to meet expected rising costs generally but also, and more immediately important, needing to deal with issues left over from the previous Council and the 2022-2023 financial year which have had major negative impacts upon the current year finances (as outlined below).

The recommended rise in the precept was, consequently, determined with some reluctance but it was felt to be the minimum necessary to manage expected expenditure next year whilst also dealing with the inherited problems.

Crucially, the Working Party also identified several budget areas where further attention might lead to possible savings. These, necessarily, needed an amount of investigation and consultation, and on that basis the Working Party would aim to meet again around the end of the financial year to consider where action might be appropriate.

Principles

The Working Party deliberations were based upon the establishment of key principles:

- ◆ To produce a realistic and manageable budget to deal with the immediate issues inherited by the Council from 2022-2023;
- ◆ To set a precept which is sustainable for the long-term future of the Council;
- ◆ To comply with financial regulations applicable to parish councils as the first tier of local government; and
- ◆ To meet audit and finance requirements set out in The Joint Panel on Accountability and Governance Practitioners' Guide (JPAG) (March 2020; reinforced 2023) as published by the National Association of Local Councils.

Recommendations

Following detailed discussion it was recommended that:

- the budget (as attached) be approved for 2024-2025;
- further to the above, that the precept for 2024-2025 be set at £12,323; and
- the Budget Working Party be retained to review the 2023-2024 end-of-year situation and to make adjustments (as needed) to the proposed 2024-2025 budget heads.

Issues

The recommendations are based upon several crucial factors, as below.

1. The Council has no general reserve. None was provided for by the previous Council. The Local Government Finance Act 1992 requires local authorities to have regard to

reserves when calculating budget requirements - to cushion the impact of uneven cash flows, offset budget requirements (if necessary) and/or to deal with unexpected events or emergencies. The Joint Panel on Accountability and Governance Practitioners' Guide (JPAG) (March 2020; reinforced in 2023), published by the National Association of Local Councils states:

“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). The smaller the authority, the closer the figure should be to 12 months NRE...”

2. The 2023-2024 precept was reduced by the previous Council at a time when it faced serious financial issues. A £7,000 loan from Mid Suffolk District Council had been secured to help with major legal costs which had had to be addressed but the Council failed to pay the first instalment of £2,333 (plus interest) by the deadline of 31.03.23. Further, three cheque payments were unaccounted for in the last financial year. These sums had, therefore, to be paid from the reduced funds available this year.
3. Although 2023 was known to be an election year, no money was budgeted for election costs so this Council has had to find a further £933 from this year's money.
4. The revenue funds remaining from 2022-2023 amounted, after deductions, to just £1,851. The smaller precept plus the above issues left major holes in Council finances which have to be addressed for 2024-2025 as a matter of some urgency but, as far as reasonably possible, without impacting significantly upon residents.

Bottom Line

Currently, revenue expenditure this year is expected to be in deficit by c£2,338. In 2024-2025 such expenditure is estimated at c£13,120 with income at c£1,980 - a difference of c£11,140. Assuming the minimum level of general reserve (25%) is created, i.e. £3,280, the precept requirement becomes £14,420. Deducting money expected to be left this year (subject to any unforeseen expenditure) the precept requirement is £12,323 - a rise of £2,403. For a Band D household the Council element increases from £44.05 to £53.38, i.e. £9.33 or £0.18 per week. In the five years from 2020-2021 to 2024-2025 the Parish Council element of the Band D Council Tax will have risen from £44.82 per household to £53.38, i.e. by just £8.56 or £1.71 per year.