

## October 2023 Finance Committee minutes

**7:00 pm, Monday 23 October 2023**

**Conference Room, Gilberdyke War Memorial Hall**

*In attendance:*

Councillor Paul Bryan (Chair), Councillor Sam Taylor-Dunn, Councillor John Walker, Councillor Kevin Woolass, Jake Wilde (Parish Clerk).

The Chair opened the meeting.

**1. To agree: Apologies received**

None.

**2. Declarations of interest**

None.

**3. Public participation**

None.

**4. To discuss: Review of 2023/4 budget and forecast for 2024/25**

The Clerk outlined the forecast balances for 2023/24 and where the budget had exceeded original planning. Although there was no immediate financial pressure, expenditure could and should not exceed income.

The Committee agreed that the Parish Council should consider a medium-to-long term strategy, beginning with the 2024/25 budgetary round.

FC-23-10 Forecast balances for 2023/24 and FC-23-10 Review and Forecast are appended to these minutes.

**5. To note: The time, date and location of the next scheduled meeting is 7:00 pm, Monday 18 December 2023, in the Conference Room of Gilberdyke War Memorial Hall.**

Noted.

*To be signed as a true and accurate record by the Chair*

Print name

Date

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## Forecast balances for 2023/24

<b>Starting balance at 1 April 2023</b>	<b>£176,966</b>
<b>Less forecast expenditure</b>	
Administration	£75,000
Grants	£12,000
Services	£17,000
Projects	£3,000
<b>Total forecast expenditure</b>	<b>£107,000</b>
<b>Add forecast income</b>	
Precept	£74,500
Bank interest	£1,500
VAT refunds (includes 2021/22, 2022/23 & 2023/24)	£7,000
<b>Total forecast income</b>	<b>£83,000</b>
<b>Equals forecast balance at 31 March 2024</b>	<b>£152,966</b>
<b>Therefore balances of reserves will be:</b>	
Ings' View	£13,800
Scalby Lane Drain	£9,250
Expansion of play area	£60,000
Streetscene storage	£20,000
Development of Streetscene team	£2,000
Operational reserve	£37,250
<b>Final surplus/deficit</b>	<b>£10,666</b>

## Review of 2023/4 budget and forecast for 2024/25

For the 2023/24 budget and precept discussions, I shared the data for other local and similarly sized parish councils. I have updated the table to include 2022/23 AGAR figures, where published on their website.

Parish Council	Pop.	2022/23 Precept	2022/23 Income	2022/23 Expenditure	2022/23 Staff costs	2022/23 Band D figure
Blacktoft	332	£6,500				£59.41
Eastrington	1,157	£30,500	£8,858	£43,815	£12,469	£71.63
Gilberdyke	3,509	£70,000	£5,760	£93,024	£42,185	£62.72
Howden	4,470	£207,230	£90,868	£311,546	£64,902	£113.96
Nafferton	2,483	£52,860	£88,788	£144,711	£18,300	£57.90
Newport	1,538	£40,000	£12,320	£46,962	£11,096	£80.81
North Cave	2,128	£45,273	£3,997	£47,896	£28,376	£67.98
South Cave	4,584	£102,931				£59.24
Thorngumbauld	3,282	£85,000	£24,674	£118,884	£63,865	£78.64

The closest comparator, Thorngumbauld Parish Council, had an overall income of £109,674 and spent around £9,000 more, funded from their reserves. Staff costs were 54% of expenditure.

Gilberdyke used around £17,300 from reserves in 2022/23 and staff costs were 45% of expenditure.

I will provide further updates when East Riding of Yorkshire Council send out the data ahead of the 2024/25 precept round.

## Forecasts by Cost Centre

### 01 Administration

This Cost Centre covers salaries & pensions (including PAYE & NI), insurance, audit fees, subscriptions, communications, training, payroll and the costs of holding Parish Council and Committee meetings.

The original budget for this Cost Centre was £68,500. The Parish Council have agreed increases during the year and the current budget is £75,250.

The Personnel Committee estimate that expenditure for 2023/24 on salaries, pensions, PAYE & NI (including an estimate of pay increases through the annual pay settlement) should be approximately £60,000.

The increases to the original budget include minor increases to the Parish Council and Services Committee budgets and the virement of funds to the Jubilee Pond Working Group (£2,500) and Christmas Working Group (£2,750) from the reserves.

The amended budget for this Cost Centre in 2023/24 is on target to be within the acceptable range of under/overspend.

Given the changes made to the budget during 2023/24, the 2024/25 budget for this Cost Centre should be approximately £75,000.

## 02 Services

This Cost Centre covers all of the services that the Parish Council provides, such as:

- Gilberdyke Village allotments
- Gilberdyke Village play area (ongoing costs, not project costs)
- Jubilee Pond, Gilberdyke (ongoing costs, not project costs)
- Landlord obligations for Ings View and other land owned by the Parish Council
- Scalby Lane Dyke
- Streetscene (excluding salaries, etc.)
- Youth Project (excluding salaries, etc.)

The original budget for this Cost Centre was £11,000. The Parish Council have agreed increases during the year and the current budget is £17,000. This £6,000 increase consists of:

- An increase of £3,000 in the budget for the allotments
- The transfer of the Jubilee Pond cost code (and the £3,000 budget) from Projects to Services

There is likely to be an underspend in this Cost Centre and it should be possible to reduce the budget in 2024/25 as, in particular, the allotments should not require the same level of investment. It may also be possible to reduce the Streetscene budget.

An overall budget of £10,000 should be sufficient in 2024/25.

## 04 Projects

This Cost Centre is intended to cover all projects, including those not yet started. However, it would be more correct for some of these to be excluded from the budget and shown as reserves.

The original budget was £35,000, but this figure is now all shown as reserves (except where the Parish Council has used funds to supplement other activities). The current budget is £3,000, all of which was for the matched funding for the GWMH CCTV improvement.

The D-Day 80 commemorations should be included in this Cost Centre. A figure of £3,000 was suggested and this ought to be included in the precept if agreed.

At this stage, the budget for this Cost Centre should be set at £3,000.

## 05 Grants

This Cost Centre is funded in 2023/24 exclusively from the reserves, an approach that should cease this year. The original budget was £15,000, but has since been reduced to £12,000.

At this stage, the budget for this Cost Centre should be set at £12,000.

## Summary

Cost Centre	Budget
Administration	£75,000
Services	£10,000
Projects	£3,000
Grants	£12,000
<b>TOTALS</b>	<b>£100,000</b>

The amount shown above should be funded by the precept as it is all ongoing expenditure. However, that would require an increase of £25,500, or 34.2%.

The precept increase from 2022/23 to 2023/24 was 6.4%. A similar increase of 6.7% would mean a precept of £79,500.

Any shortfall would have to come from a combination of the following reserve funds:

### **General (operational)**

This reserve is currently set at 50% of the precept, but can fall to 40%. If the precept was £79,500 this could release £5,450.

### **Reserve for Ings' View**

This reserve is currently £13,800.

### **Reserve for Scalby Lane Drain**

This reserve is currently £9,250.

### **Reserve for expansion of Gilberdyke play area**

This reserve is currently £60,000

### **Reserve for Streetscene storage**

This reserve is currently £20,000

### **Reserve for development of Streetscene team**

This reserve is currently £2,000

## Medium term strategy

Obviously, using the reserves to cover any shortfall in the precept is time-limited. Even allowing for forecast increases in the precept of 6% and forecast increases in expenditure of just 3%, the reserves will be exhausted before the precept matches the expenditure, even assuming that none of the reserves are spent on any item for which they are ring-fenced.

Year	Actual or forecast precept	Actual or forecast expenditure	Amount required from reserves or income
2022/23	£70,000	£93,000	£23,000
2023/24	£74,500	£107,000	£32,500
2024/25	£79,500	£100,000	£20,500
2025/26	£84,250	£103,000	£18,750
2026/27	£89,500	£109,000	£19,500
2027/28	£95,000	£112,000	£17,000
2028/29	£100,000	£115,000	£15,000
2029/30	£106,000	£118,000	£12,000

## Recommendations

### 1 Reduce expenditure

#### **Administration**

Salary costs obviously make up the largest share of overall expenditure, but reducing those is not simple and would mean that the Parish Council would not be able to either operate in the same way or deliver the same level of services. Gilberdyke Parish Council's salary costs are also not higher than, as a percentage, comparative councils.

Reducing the number of meetings would have negligible effect on expenditure and increase the workload on the Clerk to make decisions in between meetings.

The budgets for Communications, Payroll services and Accounting software, the Jubilee Pond Working Group and Christmas Working Group could be reduced.

#### **Services**

The Youth Project is increasingly successful at bringing in grant funding, thanks largely to the Parish Council increasing the Project Lead's working hours to allow her time to submit funding requests. Reducing the budget allocated to the Youth Project by the Parish Council would, however, be problematic.

The delays incurred to providing storage facilities for the Streetscene team have reduced potential expenditure and that is reflected in the budget recommendation for 2024/25.

A small budget is required for the allotments and Jubilee Pond, but any future projects may have to be funded through grants.

## **Projects**

The D-Day 80 Commemoration project is the only current planned project that is not covered by an existing reserve. This budget for this has not been formally set, so could be altered or removed.

## **Grants**

The Parish Council have made a conscious decision to use grant funding to help ensure the survival of the two key charities in the parish. These grants should be paid for through the precept if they are to continue at their current levels.

## **2 Increase income**

The Finance Committee may wish to recommend that the Parish Council adopt two broad policies:

- a) That grants should be sought for all future projects before they are undertaken.
- b) That opportunities to generate income should be explored.

The Community Event agreed at the last Parish Council meeting is an example of the former. This event should not proceed unless funding can be secured in advance.

An example of the latter is a beer festival. This could generate income for the Parish Council, even after hire of premises.

## **3 Increase the precept by a larger percentage**

Only the Parish Council can judge the correct amount to increase the precept by, but any expenditure that is routine or on an annualised basis should be included in the precept. On its own, it would take an increase in the precept of 10% every year over 4 years to achieve a balanced budget.

## **Conclusion**

Ring-fencing the reserves should mean not using the funds in those reserves to fund routine expenditure. It should also be noted that the budget recommendations above do not include any amounts to top up any of the reserve funds.

A combination of the above three options, namely:

- Reducing expenditure where possible, including only undertaking projects with grant funding secured in advance
- Increasing income by seeking grants for activities previously solely funded by the Parish Council and through imaginative revenue-raising events
- Committing to a sustained period of increases to the precept by a fixed percentage to allow for effective medium-term financial planning

over the next four years should resolve the issue.

This will require stricter financial controls and greater budgetary discipline. I further recommend that, if adopted, a public consultation is undertaken to explain the strategy.