

2024/25 budget and precept recommendations

Background

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 for the 2024/25 budget and precept discussions to include 2022/23 AGAR figures, where published on their website and confirmed 2023/24 Precept and Band D figures for comparator councils.

Council	Pop.	2023/24 Precept	2023/24 Band D	2022/23 Precept	2022/23 Band D	2022/23 Income
Eastrington	1,157	£31,000	£72.08	£30,500	£71.63	£8,858
Gilberdyke	3,509	£74,500	£66.09	£70,000	£62.72	£5,760
Howden	4,470	£224,381	£116.44	£207,230	£113.96	£90,868
Newport	1,538	£38,000	£76.26	£40,000	£80.81	£12,320
North Cave	2,128	£54,955	£82.07	£45,273	£67.98	£3,997
Snaith & Cowick	3,744	£128,883	£98.61	£124,624		
South Cave	4,584	£113,264	£63.64	£102,931	£59.24	£57,746
Thorngumbauld	3,282	£86,000	£79.39	£85,000	£78.64	£24,674

The closest comparators are Snaith & Cowick Town Council and Thorngumbauld Parish Council. Thorngumbauld 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.

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 2024/25 on salaries, pensions, PAYE & NI (including an estimate of pay increases through the annual pay settlement) should be approximately £60,000. Salary costs obviously make up the largest share of overall expenditure, but reducing those 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, comparator councils.

Reducing the number of meetings would have negligible effect on expenditure.

The draft budget includes reductions to the allocations for Insurance, Training, Jubilee Pond Working Group and Christmas Working Group.

Recommendation 1

The 2024/25 budget for the Administration Cost Centre should be £71,000.

02 Services

This Cost Centre covers all of the services that the Parish Council provides. The original budget for this Cost Centre was £11,000. Some of this was funded from reserves.

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 (also paid for from the reserves)
- Transferring the Jubilee Pond cost code (and the £3,000 budget) from Projects to 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.

The delay to providing storage facilities for the Streetscene team have reduced potential expenditure and that is reflected in the draft budget, which also includes £500 each for Gilberdyke village allotments and Gilberdyke village playground (to cover ongoing maintenance costs), and £1,000 for Jubilee Pond. Therefore, it should be possible to reduce the budget in 2024/25.

Recommendation 2

The Services Committee recommend that the 2024/25 budget for the Services Cost Centre should be £11,000.

04 Projects

This Cost Centre was intended to cover all projects, including those not yet started. However, it is 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.

If the Council wishes to allocate a budget for the D-Day 80 commemorations it should be included in this Cost Centre. £3,000 was suggested and this figure has been included in the draft budget. A bus shelter on Main Road, Gilberdyke was also suggested and other projects may be suggested by councillors.

Recommendation 3

The 2024/25 budget for the Projects Cost Centre should be £3,000.

05 Grants

This Cost Centre was funded in 2023/24 exclusively from the reserves. The original budget was £15,000, but was reduced to £12,000.

Recommendation 4

The 2024/25 budget for the Grants Cost Centre should be set at £12,000.

Summary

Cost Centre	Budget
Administration	£71,000
Services	£11,000
Projects	£3,000
Grants	£12,000
TOTALS	£97,000

The amount shown above should be funded by the precept as it is all ongoing expenditure. However, the figures for Projects and Grants are entirely discretionary.

The precept increase from 2022/23 to 2023/24 was 6.4%.

Options

1. Increase the precept to the full amount required

Increasing the precept to £97,000 would be an increase of 30.2%.

2. Remove Projects from the precept

If the D-Day 80 project is removed from the precept, and funded either by donations, ticket sales or from the reserves (or a combination), the precept amount would be £94,000. This would be an increase of 26.2%.

3. Remove Grants from the precept

If Grants are removed from the precept, and are funded exclusively from the reserves, the precept amount would be £85,000. This would be an increase of 14.1%.

4. Remove both Projects and Grants from the precept

If both Projects and Grants are removed from the precept, the precept amount would be £82,000. This would be an increase of 10.1%. A slight reduction in the precept amount to £81,875 would be an increase of 9.9%. This would result in an increase in the Band D charge from £66.09 to £71.29, an increase of 7.87%.

Note that for options 2, 3 and 4, these items would remain in the budget (i.e. the budget will remain at £97,000).

Recommendation 5

The 2024/25 Precept should be set at £81,875.

Recommendation 6

The 2024/25 budgets for Projects and Grants Cost Centres should be excluded from the 2024/25 Precept.

Outcomes

Any shortfall between the budget and the precept would have to come from:

- An increase in other income
- The reserve funds that are ring-fenced for other uses

The ring-fenced reserves are:

- **General (operational)**

This reserve is currently set at 50% of the precept, but can fall to the equivalent of 3 month's salary and associated payroll costs (approximately £15,000), potentially releasing funds for expenditure. The Council's own rules say this should be rectified as soon as possible, but do not specify a time limit.

- **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.

The table below shows how long it will take to balance the precept with expenditure. It assumes:

- Annual increases in the precept of 9.9%
- Annual increases in expenditure of 3%
- That each annual budget is not exceeded

Using this model, £29,000 will be required from the reserves before the projected precept matches the projected expenditure.

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	£81,875	£97,000	£15,125
2025/26	£89,980	£99,910	£9,930
2026/27	£98,888	£102,907	£4,019
2027/28	£108,677	£105,994	-£2,683

Proposed solutions

1 Reduce expenditure

The draft budget proposes a number of reductions in expenditure, which would need to be sustained throughout the year.

2 Increase the precept by a fixed percentage for the next four years

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 9.9% every year over 4 years to achieve a balanced budget. Increasing the precept by a fixed amount for a four year period allows for clearer financial planning on a multi-year basis.

Recommendation 7

The Parish Council should commit to a four-year financial plan as outlined in this paper.

3 Increase income

The Parish Council may wish to adopt two broad principles:

- 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 October Parish Council meeting is an example of the former. This event can only proceed now funding has been secured. An example of the latter is a beer festival. This could generate income for the Parish Council, even after hire of premises.

4 Stricter budgetary discipline

This process will require adherence to the Council's Financial Regulations, in particular "Section 4. Budgetary control and authority to spend."

5 Creating a ring-fenced reserve fund specifically to cover the budgetary shortfall

The creation of a ring-fenced fund solely for the use of balancing the budget over the next four years will allow for the transition to be managed more effectively. I recommend that this fund be drawn from the following sources:

- £22,250 from the General (Operational) Reserve. This figure being £37,250 less £15,000 that should remain in this reserve fund under the Council's Reserves Policy.
- £6,300 from the Ings' View Reserve leaving £7,500 in this reserve fund.
- £1,450 from the Development of the Streetscene Team Reserve leaving £550 in this reserve fund.

Recommendation 8

The Parish Council should agree the creation of a ring-fenced reserve fund of £30,000 specifically to cover the budgetary shortfall.

Conclusion

Ring-fencing the reserves should mean not using the funds in those reserves to fund routine expenditure.

Recommendation 9

The Parish Council should agree not to use ring-fenced 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 five options, namely:

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

over the next four years should resolve the issue.

Recommendation 10

If all other recommendations are agreed, the Parish Council should undertake a public consultation to explain the strategy.

Summary of Recommendations

1. The 2024/25 budget for the Administration Cost Centre should be £71,000.
2. The 2024/25 budget for the Services Cost Centre should be £11,000.
3. The 2024/25 budget for the Projects Cost Centre should be £3,000.
4. The 2024/25 budget for the Grants Cost Centre should be set at £12,000.
5. The 2024/25 Precept should be set at £81,875.
6. The 2024/25 budgets for Projects and Grants Cost Centres should be excluded from the 2024/25 Precept.
7. The Parish Council should commit to a four-year financial plan as outlined in this paper.
8. The Parish Council should agree the creation of a ring-fenced reserve fund of £30,000 specifically to cover the budgetary shortfall over the next four years.
9. The Parish Council should agree not to use ring-fenced reserves to fund routine expenditure.
10. If all other recommendations are agreed, the Parish Council should undertake a public consultation to explain the strategy.