

REPORT TO PICKMERE PARISH COUNCIL

1st November 2022

AGENDA ITEM 7.3 HALF YEAR FINANCIAL ACCOUNTS 2022-23 AND DRAFT BUDGET 2023-24

1. REPORT

- 1.1 It is an appropriate time to review expenditure for the half-year to end-September 2022, and projected figures for the second half-year, and then to start to consider the budget for 2023-24.

2. FINANCIAL OUTTURN 2022-23

- 2.1 Based upon the outturn to date and possible projection of figures for the next 6 months or so, projected income for the full year 2022-23 is forecast to be around £15629 as against a budget figure of £16,300. Projected expenditure is forecast to be around £19318 as against the budget figure of £16281. Thus overall this means there will be a shortfall of £3689.

- 2.2 The main components of these variances are:

- VH rental -£710 income against budget
- Insurance +£866 expenditure against budget (payment for revaluation of buildings; consequent increased premium)
- Website and other IT licences +£438 expenditure against budget
- HS2 Allowance for Select Committee attendance to present objections +£500 expenditure against budget
- Allowance for increases in energy costs to year end +£214 expenditure against budget
- VH car park surfacing work +£500 expenditure against budget
- Clean Pavilion roof +£533 expenditure against budget
- Potential purchase of mobile phone +£148 expenditure against budget
- Potential broadband installation +£210 expenditure against budget.

- 2.3 In addition Council has committed to a payment for the proposed IROS fence of £6813.25 (£1840 from the Council's yet unallocated earmarked reserves and the remainder (£4973.25) from the Council's General fund.

- 2.4 Several broad alternative options are available to ameliorate this situation:

- Simply permit any budget overrun to be accommodated from the Council's General fund. As things stand there is £22511.86 in this fund, less the £4973.25 just mentioned – therefore £17538.61) (i.e. funds beyond those earmarked for specific projects/expenditure areas). General advice is that small councils should retain approximately the level of their Precept figure as a general contingency reserve – in Pickmere's case currently £13650.
- Allocate some of the above expenditure to one or more of the earmarked reserves which have accumulated from Community Infrastructure payments and from Covid grants. Clearly that then would reduce the funds available to carry the projects specified.
- Obviously one or two areas of expenditure (e.g. the mobile phone and broadband installation) could be not proceeded with.

- Finally the hire costs for the Village Hall (currently £6/hour for all users) could be reviewed.

3. DRAFT BUDGET FOR 2023-24

3.1 The Council's budget for 2023-24 will have to be decided at your December meeting, to allow CEC to be informed at the appropriate time. This month's report therefore allows some initial consideration of the issues involved.

3.2 The draft budget as currently prepared is attached as an appendix to this report. Various remarks are made in the Comment column to indicate how individual items have been arrived at. Key remarks are as follows:

- The overall budget does not balance in that it shows expenditure of £22256 as against income of £15950, a shortfall of £6306.
- The draft budget figures include retaining the Precept at £13650.
- A figure of £2000 income is included as VH rental fees; this may be considered somewhat optimistic, as current hirers are only a Zumba group, for 2-3 hours per week, and the village table tennis group, again 2 hours per week. There are occasional short-term lets in addition.
- A 400% increase in energy costs is included – this may be considered somewhat optimistic as the country is still awaiting Government decisions as to support for the energy bills of commercial customers beyond Spring 2023.
- Pay awards – 7% increase is assumed, though it is very difficult to assess how accurate this estimate is.
- Significant potential increases in other services provided to the Council, e.g. open space maintenance, pest control, fire safety survey/renewals as a result of general inflationary pressures.

3.3 Possible options for ameliorating the financial shortfall include:

- Increasing the Precept – currently it is £13650, which amounts to £34.92 per annum for a Band D property. If the £34.92 figure is retained, the increase in the number of residences in the parish means that the Precept would actually rise to £13962. The Precept figure of £13650 has remained the same for the last 5 years or so, meaning that residents have enjoyed a small annual reduction in the Parish Council element of their Council tax bill for those years each time that overall figure was retained. If the Precept figure demanded of Cheshire East were raised to say £15650 (which would be a 14.7% increase in Precept) it would mean an increase in the Band D figure to about £39.14, a 12% increase, but only a £4.22 increase in the annual cost per Band D household.
- Increasing the hire rate for the Village Hall. The current rate of £6/hour has not changed for at least 6 years, and probably more. The current rate could be considered virtually minimal, and certainly, in winter, might barely pay for the heating required to let the building (it is to be noted though that the current two users mentioned above are obviously exercise-based and therefore do not demand that the Hall be heated to normal ambient temperature levels.)
- The shortfall could simply be absorbed by the Council's reserves, therefore reducing the earmarked reserves available for the specified projects.
- Some of the expenditure items could be removed or reduced.

- 3.4 These considerations reflect those being made not only at central Government level but at household level across the country. As mentioned, decisions do not have to be made as to the Precept until Council's December meeting,

4. RECOMMENDATION

- 4.1 That members note the report and decide accordingly.

Jack Steel

Clerk to the Parish Council