

Budget & Precept proposals for 2023/2024

Please find below tables which show a comparison between last year's budget (2021/2022), this year's (2022/2023) and that anticipated for next year (2023/2024).

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 2023/2024 of **£38,295**.
- The F&GPC proposes a budget of **£125,540** exc. Grants.
- The full PC has agreed grant expenditure of **£3,738**.

The Council is therefore considering a total budget of **£167,573 for 2023/2024**.

Please note these figures exclude earmarked reserves.

	2021/22		2022/23		2023/24
	Budget (revised) £	Actual £	Budget £	To year end £	Budget £
Recreation & Amenities	36,740	35,550	38,147	<i>32,052</i>	<i>38,295</i>
Admin	108,720	106,572	119,820	<i>115,935</i>	<i>125,540</i>
Grants	4,070	4,240	3,970	<i>4,970</i>	<i>3,738</i>
Total expenditure	149,530	146,362	161,937	<i>152,957</i>	<i>167,573</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.

	2021/22		2022/23		2023/24
	Budget	Actual	Budget	To year end	Budget
	£	£	£	£	£
Interest	150	153	150	<i>160</i>	?
Grants	0	13,616	0	<i>51,398</i>	?
CIL Received	0	8,112	0	53,647	?
Income from other sources	0	1,547	0	<i>2,946</i>	?
Council Tax Support grant	0	648	0	0	0
Total	150	24,076	150	<i>108,151</i>	?
Precept	145,000	145,000	152,250	152,250	?
Total Income	145,150	169,076	152,400	<i>260,401</i>	?

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

I haven't estimated income from interest for 2023/24 because it is such an unknown.

Reserves held by the Parish Council

The following table shows the allocation of the PC's earmarked reserves (EMR), and its remaining general reserves. Please refer to the Draft Earmarked Reserves for 2023/24 report for the figures used.

Expenditure from earmarked reserves, of estimated **£78,702** to year end 2022/23 is **excluded** in the expenditure table above but included below. With a balance of £206,256 on 01/04/22, estimated total expenditure of **£231,659** & estimated income of **£260,401**, estimated total reserves at 31/03/23 are **£234,998**.

Proposed earmarked reserves (EMR) for 2023/24 are £153,791. This however will change according to how much money is left in 9003 EMR Locality Budget/Grants, 9004 EMR Martlesham Village Fete, 9010 EMR Bike Trails Project, 9019 EMR Portal Woodlands CG, 9020 EMR CIL Reserve, 9024 EMR S106 Reserve & 9025 EMR Repair Hub because, under these headings, 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 2022 gives guidance on reserves:

5.33. 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 and twelve months of net revenue expenditure.

5.34. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

5.38. There is, in practice, no upper or lower limit to EMR/CRRs save only that they must be held for genuine and identifiable purposes and projects, and their level should be subject to regular review and justification (at least annually and at budget setting), and should be separately identified and enumerated. Significant levels of EMRs in particular may give rise to enquiries from internal and/or external auditors.

I have not made any projections on what the PC might spend from earmarked reserves during 2023/24.

	2021/22		2022/23		2023/24	
	Start of year £	End of year £	Start of year £	End of year £	Start of year £	End of year £
General reserves	77,735	75,782	75,782	76,395	81,207	?
Earmarked reserves	110,760	83,323	83,323	84,356	79,544	?
CIL Reserve	36,442	23,351	23,351	59,697	59,697	
S106 Reserve	24,250	23,800	23,800	14,550	14,550	
Total reserves	249,187	206,256	206,256	234,998	234,998	?

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 2023/2024. Please bear in mind government guidance above.

I therefore give on page 5 **for consideration** three examples of how the Council might wish to set the precept & the impact on general reserves. Of course any amount can be substituted. You can see in the table below what the general reserves might be at the end of 2023/24 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 for earmarked reserves. The threat of referendum on precepts has currently been removed but parish/town councils are encouraged to take into account the cost-of-living crisis. For your information, for 2022/23 the PC set a precept which showed as an increase of approx. 5%.

The estimated number of Band D properties is currently recorded as 2,142.72. This represents a decrease in properties of 153.93 due to Martlesham North ward now being part of Woodbridge, following the Community Governance Review. Our current tax charge is £66.29 and to keep this the same for 2023/24 our precept would have to reduce to £142,041, leaving £55,675 in general reserves.

Example 1: This shows the impact of keeping our precept requirement the same as for the current year, i.e. **£152,250**. This would result in a charge of **£71.05** per band D property, a **7.18% change**.

Example 2: This shows the impact on reserves if we precept for the budget of **£167,573**. The new charge would be **£78.21** per property, which would show as an **increase of approx. 17.98%**. This is likely to be viewed as an excessive increase by our parishioners in the current climate & difficult to justify.

Example 3 AGREED BY RESOLUTION C2023/1n: This shows the impact on reserves if we reduce the precept to **£146,300**. The new charge would be **£68.28** per property, which would show as an **increase of approx. 3%**. This is the recommendation of the Finance & General Purposes Committee (F&GPC).

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 a low tax increase in order to minimise our part of the council tax burden.

	2021/22 £	2022/23 £	2023/24 example 1 £	2023/24 example 2 £	2023/24 example 3 RESOLUTION C2023/1n £
START OF YEAR					
General reserves	77,735	75,782	81,207	81,207	81,207
Earmarked reserves	110,760	83,323	79,544	79,544	79,544
CIL Reserve	36,442	23,351	59,697	59,697	59,697
S106 Reserve	24,250	23,800	14,550	14,550	14,550
Total reserves	249,187	206,256	234,998	234,998	234,998
Income exc precept	24,076	108,151	0	0	0
Precept	145,000	152,250	152,250	167,573	146,300
Total income	169,076	260,401	152,250	167,573	146,300
Expenditure	(inc EMR) (212,007)	(inc EMR) (231,659)	(exc EMR) (167,573)	(exc EMR) (167,573)	(exc EMR) (167,573)
END OF YEAR					
General reserves	75,782	76,395	65,884	81,207	59,934
Earmarked reserves	83,323	84,356	79,544	79,544	79,544
CIL Reserve	23,351	59,697	59,697	59,697	59,697
S106 Reserve	23,800	14,550	14,550	14,550	14,550
Total reserves	206,256	234,998	219,675	234,998	213,725