**NOCTON PARISH COUNCIL**

**PROPOSED REVENUE BUDGET AND PRECEPT FOR 2024/25**

* **agreed at the PC meeting of 16th January 2024**

**1. Background**

The Parish Council is required to set a budget and precept for 2024/25.

Details of the process to be followed were set out in a letter dated 5th December 2023 from NKDC to all Parish Clerks. The following budget suggestion has been prepared in light of the guidance, etc contained in that letter.

**2. Matters for Consideration**

**2023/4 Actual versus Budget Performance**

A budget report and forecast dated 8th December was circulated to Councillors and discussed at the December Parish Council meeting held on 12th December. This report identified that due to a number of exceptional and one off costs, lower than budgeted Hub income as well as additional pressure brought about by higher than anticipated inflation, the level of reserves held by the Parish Council were forecast to reduce by £8,249 from £16,518 (end of 2022/3 position). This would result in a level of reserves at the end of the financial year of £8,269.

The position at the end of December (having taken into account December transactions) has improved sightly to a position whereby the level of reserves at the end of the financial year would reduce by £7,505 (to £9,013) - achieved through improved hub income and an anticipated further VAT reclaim submission before year end.

The recommended (LALC) level of reserves is the equivalent of 50% of precept income, which for Nocton in 2023/4 would have been 50% of £28,340 or £14,170

* **Consideration should be given to trying to increase the level of reserves in the setting of the precept level for 2024/5.**

Other than the impacts mentioned above, the basis for the suggested 2024/5 budget are the operational costs and incomes experienced in 2023/4. The only unknown factor is the month (and financial year) in which the legal fees for the ongoing discussions with AG Property Associates will be paid - however, this will not impact on the suggested precept level as it will either be paid in 2023/4 or 2024/5.

Hub income levels are forecast to be marginally greater than 2022/3 levels but £2,082 below budget levels.

* **Increasing Hub income through additional bookings and/or increased charges should be considered for 2024/5**

**2024/5 Anticipated Cost Increases**

Significant expenditure lines for Nocton Parish Council (including the Hub) are shown below (2023/24 figures):

* Parish Council total expenditure £39,400
  + PWLB loan repayment £16,787 (42.6% of total) - *no increase expected*
  + Street Lighting (mtce & power) £4,980 (12.6% of total) - *contract for power runs to June 2025*
  + Personnel costs £10,441 (26.5% of total) - *Though not yet confirmed, it has been suggested that Parish Council salary levels will increase by 6% for 2024/5*
  + Insurance costs £1000 (2.5% of total)
* Hub total expenditure £21,687
  + Electricity (power) £6,385 (29.4% of total)
  + Personnel costs £7,370 (34.0% of total) - *Though not yet confirmed, it has been suggested that Parish Council salary levels will increase by 6% for 2024/5*
  + PWLB contribution £3,000 (13.8% of total)
  + Insurance £589 (2.7% of total)
  + Repairs / mtce £934 (4.3% of total)
  + Equipment servicing £792 (3.7% of total)
* **For the purposes of the budget for 2024/5, employee costs should be increased in line with that suggested and for other expenditure lines where inflationary increases should be anticipated, the current level of inflation (4.6%) has been used in the suggested budget for 2024/5.**

**Hub Charge Out Rates & Income**

Nocton Hub should aim to achieve enough income to cover its costs - in accordance with the commitment given to residents at the time of re-building the former Village Hall. Nocton Hub rate for the main hall is currently £13.50 per hour with discounts for local and regular users. Other local hall rates are as follows (December 2023):

* Dunston £15
* Digby £14 plus a charge for heating
* Metheringham £15 weekdays; £18.75 weekends
* Potterhanworth £20 (full morning or afternoon)
* **An increase in Hub charge out rates should be considered in order to account for inflationary pressures but also to align these rates with other local facilities. A 10% increase would add £1.35 to the headline rate (£14.85 total) which is in line with other local halls.**
* **Additionally, increased marketing and promotion should take place to sell currently unsold hours.**

**Other considerations**

* There are no elections anticipated in 2024/5, however, costs associated with such an election (estimated at £2,500) should be held in reserves on an ongoing basis.
* 20% of the salary costs of both the RFO and the Clerk should be charged to the Hub account to cater for hub topics (invoicing, financial management and staff management).
* Personnel costs to increase by 6% as per above.
* The current level of inflation (4.6%) has been used to increase other costs where they are not fixed by contract.
* The Peppercorn Rent of £100 for the right to use a part of the paddock behind the Hub as an overspill car park has been omitted from the 2024/5 budget as it is anticipated that agreement will shortly be reached with the owners AG Property Consultants which will remove the requirement to make this payment. Should, however, no agreement be forthcoming, or in the event of a delay, the rent will be paid from the General Reserve on the due date.
* The contract for supply of Hub electricity is due for renewal in February of 2024 (after the date of precept request). Though the outcome of contract renewal investigations are unknown, it is prudent to increase this expenditure line by anticipated inflation.
* The Hub’s contribution to the mainstream Parish Council budget to help offset the cost of re-paying the Public Works Loan in accordance with the commitment given to residents at the time of re-building the former Village Hall is maintained at 2023/4 levels (£3,000).

**3. Reserves Level - Options**

It is clear that the level of reserves held by Nocton Parish Council will not be at the desired level at the end of 2023/4 and that some effort should be made to increase the level of reserves in coming years, though this may be painful.

The Budget Report and Forecast circulated in December 2023 (as detailed above) identified that to bridge the gap between actual and recommended levels of reserves would require an increase in precept of 21% if this were to be achieved in one year - without taking account of other inflationary effects.

It is suggested that this gap is bridged over a 3 year period in order to lessen the impact of a single large increase on the parishioners of Nocton. This would mean that the level of reserves should be increased by £1,719 per year for the next 3 years and that the target level of reserves for 2024/5 should be £10,732. This increase is in addition to other inflationary based increases.

**4. Conclusion**

The effect of the proposals above would result in a precept request of £32,113 for 2024/25 in comparison with £28,340 for 2023/24. This would represent a significant increase of 13.3%. However, this would still mean that Nocton compares favourably with other, similar sized Parish Councils (see below).

This increase would serve to augment Parish Council reserves by £1,719 to £10,732 (Note - not increasing reserves would result in a precept increase to £30,394 - a 7.2% increase over 2023/24 levels)

The impact that the increase to £32,113 for 2024/25 would have on a Nocton Council Taxpayer (Band D equivalent) would be an increase of £12.70 per annum or £1.06 per month (based on 297 households). This would mean that the resultant precept (monies to fund the Parish Council) would be £103.62 per household.

Nocton will continue to compare extremely favourably with the lowest precepts/expenditure of any similar-sized Parish Council in the area. Examples of Band D “Equivalents” for neighbouring parishes of a similar or smaller size (and used as comparators in previous years) are as follows:

Nocton £103.62 (assuming the proposed increase)

Digby £110.67 (current)\*

Potterhanworth £101.82 (current)\*

Dunston £102.20 (current)\*

Welbourn £111.69 (current)

(\* - figures exclude the additional levy for “Footpath Lighting” where payable)

**6. Parish Council Request**

The Parish Council is required to submit its precept request by 26th January 2024 and therefore this topic must be discussed and agreed upon at the Nocton Parish Council meeting to be held on 16th January 2024.

The Parish Council is asked to consider the suggestions above in tandem with the “2024 25 Budget Suggestion including Precept” file and to agree on the level of precept to be requested for the 2024/25 budget year.

**Andy Hone (Nocton Parish Council Chair) 4th January 2024**