# Budget 2022/2023

Report by the Clerk / Responsible Finance Officer after consultation with the Finance Working Group

## Introduction

I would like to remind all councillors as the Responsible Finance Officer for Corfe Castle Parish Council, it is my legal duty to advise the councillors on what I believe is the true forecast running cost for 2022/2023, however Councillors have no legal duty to accept / approve my recommendations.

## National Economic Context

The Chancellor in his Autumn Budget outlined the economic forecasts for the next three years now that lockdown has ended. The economy has bounced back, and a major issue is shortage of staff and materials. Oil prices have risen 15% and inflation is forecast to be between 4-5% in 2022. Wages are rising but the forecast for the next 3 years is of very modest real terms growth because of inflation and tax rises.

Public spending is set to rise by large amounts with the NHS receiving the largest share. All areas of government including local government are set to receive 3% a year real terms increases but this is subject to wage growth and inflation remaining under control. The spending has been financed by record tax increases as income tax allowances are frozen for five years, there is a 1.25% increase in national insurance and a large increase in corporation tax. The Government have indicated a cap for general Council Tax of 2% and the Council tax surcharge for social care is capped at 1%, i.e., 3% for Dorset Council. A referendum is required for larger increases. Currently Parish and Town Councils are exempt from capping.

Last year there was no general increase in public sector pay but the freeze has been ended for 2022. Local Council clerks are not defined as local government workers and were not covered by the pay freeze in 2021 although no general pay increase was implemented across the pay scales. There is likely to be a 1.75% increase awarded back dated to April 2021. The CCPC Chairman advised before the national budget announcements that the Council start the budget process by assuming a 3% increase for 2022-3 this may prove to be an underestimate.

With low real increases in incomes and large tax rises the climate for increasing the precept over the next few years appears to be as difficult as it has been for the last decade. The Parish Council precept is however very small and even an increase well above inflation is small in cash terms.

## Corfe Castle Accounts

This year I have amalgamated the Core budget, Gods Acre budget plus the Toilets and Car Park budget as introducing nominal codes allows me to keep cost centre’s separate (ensuring for example the Toilet and Car Park are separate and will still be self-funding). However, by merging the spreadsheets this reduces the amount of administration time, which in turn saves the council money.

I as RFO prepared 2 forecast budgets for 2022/2023 and presented them both to the Finance Working Group on 4th November 2021.

**Budget 1**

This budget was the bare necessities, it sees no money being set to one side for any contingencies: -

1. No extra money for the playground, (there is money in budget 1 set aside for the repairs we know about i.e., the roundabout (although not enough to replace only repair the roundabout), the fence etc. but nothing extra should something else need attention, we would simply have to rope that section off until the following year).
2. No money for councillor elections should another election be held this year and another Cllr resigns next financial year.
3. No money for General reserves, to enable us to start to have ½ a year's precept in general reserves as agreed back in 2021
4. There is allowance for 10 additional hours for the Clerk each month, as this current financial year has seen the Clerk do an average of 14 additional hours a month, and this still has not allowed much time for project work.
5. No extra hours for the Caretaker. We initially agreed the Caretaker should do 5 hours a week during the high tourist season litter picking, however in September we changed this to 2 hours general maintenance & 3 hours litter picking as it was felt the Health and Safety Maintenance should not be set aside.

**Budget 2**

This budget sees the minimum amounts to cover all costs the same as budget 1, but with the benefit of adding for contingencies / unforeseen urgent expenses:

1. Adds £2,500 for unforeseen playground repairs. It is the Clerks understanding from the external inspection company report that there is a lot of equipment which is coming to the end of its safe usable life span. Some of the equipment can be kept going for a few more years with carefully planned regular maintenance but some items will need replacing within the next 5 years and therefore we need to start accumulating a reserve ready.
2. Adds £2,500 for general reserves, this takes the general reserves to nearer £15,000 which is close to half the current precept levels but not half the recommended Precept levels and therefore this fund will need to be added to again over the next few years. However once at a safe level should only need topping up if an unforeseen cost occurs.
3. Adds £2,400 for councillor elections. At present there is just over £5,000 in this reserves fund, however we still have not been invoiced for the last local councillor election for Cllr Roberts which we expect to be in the region of £2,500, which leaves £2,500 and as Cllr Fooks has just resigned this fund may be needed sooner than we had hoped, leaving nothing in reserves just in case another Cllr resigns during the next financial year. ***Update, CCPC have been informed by Dorset Council we are able to Co-opt as no-one from the parish requested an election.*** **It is recommended that this money still be added to the budget but located to playground reserves. Update: In the December full council meeting it was agreed to keep this amount as part of the budget but re-allocate to the playground reserves pending full council ratification.**
4. Allows for 15 additional hours a month for the Clerk.
5. 2 additional hours a week for the Caretaker, this would allow the Caretaker to spend the originally requested 5 hours a week litter picking in the high tourist season, plus do 2 hours a week as recently requested carrying out health and safety maintenance during the high tourist season, plus then have a few hours in reserves for any unforeseen issues.

The finance working group and RFO discussed in more detail a line-by-line breakdown of the budget, after which the working group approved the RFO's proposal to recommended budget 2 to full council for approval. Budget 2 sees an increase of approximately £2.44 per band D property per month.

If budget 2 is approved by full council in 22/23 it is expected the budget would remain at a similar level only seeing an increase in line with the cost of inflation, however this would be pending any unforeseen issues which may require expenditure from the general reserves, which would need replacing

**Explanation by Cost Centre / Nominal Code.**

**Expenditure**
**Administration**

1. Clerks Pay and expenses (Employees Inc NI, Income Tax & Pension)
   For this financial year, the Clerk has kept the Clerks Core pay, employees NI contributions and employees' Pension contributions for Gods Acre, the toilet block, and training hours separate. By keeping the nominal codes separate it has given us a deeper understanding of the true cost primarily to run Gods Acre, however the time taken each month working out the different costs takes on average an extra 1 hour each month. Therefore, next financial year I recommend merging all employee NI contributions into one nominal code, merging all the employee pension contributions into one nominal code, leaving the Core hours, Gods Acre Hours, Additional Hours & Training hours separate.
   This budget line has increased by approximately £1,300 due to the likely level of national settlements (1.75% in 21/22, 3% in 22/23, plus the allowance for the Clerk to have 2 additional pay scale increases, when she passes CILCA, plus if approved after her yearly appraisal. **Update: In December the Auditor explained to the Clerk the likelihood that the national settlements are likely to be backdated and therefore provision is needed within the budget for this.**
2. Training Hours – Clerk. It is recommended that this nominal code be reduced next financial year as the Clerk is continuing with her CILCA training although is expected to finish it around June time and is unlikely to start the higher level CILCA qualification straight away.
3. Gods Acre Hours – It is recommended that this nominal code be reduced to £0 next financial year as it is expected that Gods Acre become as self-funding as possible, with the families paying a true admin fee to cover all admin costs. **Update: An error has been spotted in the previous calculations in that previously £800 had been budgeted for admin / travel however this was not taken into account when calculating employers Tax & Pension. The budget previously listed in the Gods Acre section has now been moved to the Admin section.**
4. Additional Hours – It is recommended that this nominal code be increased to allow the Clerk 15 additional hours per month. Since starting with CCPC the Clerk has taken on the running of the Community Speed Watch plus Social Media, these 2 items alone can take an additional 4 hours a month over and above the original agreed 80 core hours per month, if CCPC wish to have project work undertaken, along with more reports written by the Clerk, it is anticipated a minimum of 15 additional hours a month will be required.
5. Employers Pension Contributions – This nominal code is a direct calculation of the employer's pension contribution rate of 3% of the Clerks wages and therefore taking into account the maximum number of hours budgeted for £525 is equal to 3% of budgeted hours. **Update considering the possible national settlement backdated pay, and Gods Acre, it is recommended this nominal code be increase by £25 from previous recommendations**

6. Employers National Insurance - This nominal code is a direct calculation of the employers National Insurance contribution rate of 15.3% (this is the new NI rate set by the government to take effect as of April 2023) of the Clerks wages and therefore taking into account the maximum number of hours budgeted for £1,300 is equal to 15.3% of budgeted hours. **Update considering the possible national settlement backdated pay, and Gods Acre, it is recommended this nominal code be increase by £50 from previous recommendations.**
7. Stationary – It is recommended that this nominal code be increased by £300 as now Face to Face meetings are back there is more demand for printed matter along with the increased cost of paper & ink.
8. Audit – It is recommended that this nominal code be increased by £500 to cover the new agreed contract prices.
9. Telephone Line, Broadband & Web Hosting – In previous years this budget line only included the cost of the phone line and broadband, however next financial year it is recommended to incorporate the cost of the website hosting.
10. Office Equipment – This nominal code was part of the stationary nominal code, however as most items of equipment can be set as assets the codes have been separated. It is not believed much office equipment will be needed in the short term, however the office equipment reserves need to be increased a small amount each year to cover the cost of replacing equipment as it breaks such as the Clerks laptop and printer, both of which are starting to show signs of wear from continual high usage and age. At present the Office reserves stand at £900.
11. Sundry – It is recommended this nominal code not be changed, as this is for small unforeseen items.
12. Admin Subscription – This is a new nominal code, which separates out from the "Grants and Subscription" the admin required subscriptions such as Microsoft & Data Commissioner etc.
13. Training Course Costs – It is recommended this nominal code be reduced by half. Last year the cost of the Clerks CILCA course was incorporated which this year is not required. It is hoped this nominal code will be used by not only by the Clerk and new councillors but by ALL current councillors retraining. DAPTC recommend councillors refresh their knowledge every couple of years as policies and procedures change.

**Grants and Subscriptions**

14. Grants – It is recommended this nominal code be reduced overall next financial year to:
    a. Remove the grant usually given to Gods Acre, given that now Gods Acre is incorporated into the main budget. **Update: In the December meeting it was discussed to change the grant nominal code to only show true grants approved, therefore the Air Ambulance, Litter Free Purbeck, Corfe Valley News, The Dubber will all be moved to a new nominal code for Contributions. The only grant left will be for the CAB at £150.**
    b. Add in the same amount of grant money given to the gardening club this financial year if CCPC still wish to support the Gardening Club **Update: As above add to contributions.**
15. Subscriptions – It is recommended this nominal code be increased by 3% only.
16. Contributions – This is a new nominal code, which separates out grant applications approved and ongoing contributions. **Update: In the December meeting it was agreed CCPC would contribute £325 to the Swanage Defibrillator Community Partnership.**
    **The contributions will be listed for 2022/23 as Air Ambulance £150, Litter Free Purbeck £100. CVN £750, Dubber £150, Swanage Defib Community Partnership £325. There will also be an extra £200 in reserve ready for other requests from groups such as the Gardening Club.**

**Playground and Sportsfield**

17. Rents – It is recommended this nominal code stay at the same levels as this financial year as there is no rise expected in with the playground or Sportsfield rent.
18. Grass Cutting – It is recommended this nominal code be increased by £200 to cover the quoted price from Lowther. Although Lowthers' quote is £200 (10%) more expensive than this financial year, it is worth remembering Lowther did freeze their prices last year. It is also worth noting that we are not in a current tender agreement with Lowther for this contract and therefore we could go out to tender for this contract. However, the tender process is itself can be time consuming and expensive e.g., cost of advertising, extra clerks hours etc, plus it is expected that Lowther would still be cheaper that others received going by last year's tender process for the Grass Cutting contract for Gods Acre.
19. Repairs and Maintenance – It is recommended this nominal code be increased by just less than £300 to allow for known repairs, such as the roundabout, the fence and the main swing unit.
20. Future Repairs (Reserves) – This is a new line which is recommended by the RFO to enable CCPC to grow a reserves fund allowing for future repair / replacement invoices. After paying for the new playground equipment there will be approx. £2,000 in the reserves fund which it is believed is not enough to repair / replace and equipment in the near future. ***Update: Although above it is recommended to add £2,500 into the reserves, since the report was written we have discovered more urgent repairs are needed to the spring sheep, it is estimated the repairs will cost approximately £100 plus labor. The Caretaker is able to undertake the work as it is simply replacing the fixing bolts, removing the rust and repainting. With regards to the roundabout, it is now understood that Steve from Foley's may not be able to help with this repair was originally hoped due to workloads. The Clerk has approached A Frost Design who are happy to investigate the work and carry out any repair work at an hourly rate, however to date have not confirmed the hourly rate. It is therefore recommended that the £2,400 which was originally proposed for the Local Election Budget be relocated to the Playground reserves.***

**Others**

21. Insurance – It is recommended this nominal code increase by 5% as the Clerk will need to update the current insurance levels to include the new play equipment.
22. Highways Maintenance – As we have a Caretaker in place it is recommended, CCPC bring this contract in house. We have been quoted £1,000 by our current contractors, however by bringing this in house next financial year we see a £250 saving, plus the following financial year (23/24) we can expect to see around a £400 saving as the Caretaker has stated he needs to buy the equipment next financial year so has incorporated that into the cost. Therefore in 23/24 as he will have the equipment the cost will be reduced. It is worth noting as this is being brought in house, CCPC will be buying the chemicals and therefore the cost is subject to change. (This cost includes Caretaker hours & material costs as it is a specific project.) **Update: It was discussed in the December meeting to ask the Caretaker to hand pull the weeds instead of spraying. The budget will remain the same but be used for Caretaker project hours.**
23. Youth Club – It is recommended this nominal code be increased by 5% to cover general increases such as cost of running the club (staffing cost, insurance etc). **Update: During the December council meeting it was agreed to sign the MOU and pay the requested amounts for academic year 21/22, but to then re-assess contributions levels after a report from Cllr Blinkhorn & Cllr Roberts.**
24. Town Hall / Village Hall Rent – It is recommended this nominal code be increase by £100 to cover the cost of CCPC holding all the financial years monthly meetings in the Village Hall along with a couple of smaller meetings (i.e. this financial year we held the Community Speed Watch training sessions, the Education Liaison meeting). The Village Hall has been recommended due to the ongoing Covid restriction guidance.

25. General Reserves – It is recommended this nominal code be increased by £2,500 which would see the reserves at £15,000 91(1/2 this year's precept but not next financial years)
26. Election Reserves – It is recommended this nominal code be increased by £2,400. At present the reserve stands at £5,000 however we are still awaiting the invoice from DC for the recent local election for Cllr Roberts, which is expected to be approximately £2,400. Once this invoice has been received and paid it leaves £2,600 in reserves which is hoped will cover the cost of 1 more election. With Cllr Fooks having just resigned there is a chance we may be forced into another local election and therefore the reserve will be depleted completely if we don't increase the fund.
27. Projects – This nominal code has not been added to as no new projects have been raised which cannot already be covered by the Projects reserve fund.

**Caretaker**

28. Caretaker Hours – It is recommended to increase this fund by £120 to allow for the CPI rise as under our contract the Caretaker could raise his prices in line with CPI each year if he wishes.
29. Caretaker Additional Hours – It is recommended to increase this fund by £2,000 as this would allow 2hrs extra per week (maintenance work in the summer, plus unforeseen project hours during the winter if required.
30. General Repairs – It is recommended to increase this fund by £200 to allow for materials to be bought for general repairs around the parish.

**Gods Acre**

31. Refuse Collection – It is recommended to reduce this fund as the new contracted price is cheaper than last year.
32. Grass Cutting – This amount is set as this is an agreed contracted price
33. Misc Costs – It is recommended to reduce this fund as more specific nominal codes have been added this year which should budget more accurately. However, as it is not possible to predict the future it is recommended to have a small amount set a side just in case.
34. National Non-Domestic Rates - This amount is set as this is an agreed contracted price.
35. Travel Expenses / Admin – This budget line is not used to calculate the Gods Acre Total expected expenditure as the Admin fees are passed on to the families.
36. Grave Digging – This budget line is not used to calculate the Gods Acre Total expected expenditure as the Grave Digging fees are passed on to the families.

**Toilets & Car Park**

37. Sanitary bin collection - This amount is set as this is an agreed contracted price.
38. Water – It is recommended this fund increase as it is expected with staycations the water usage will increase.
39. Electricity - It is recommended this fund increase as it is expected along with normal price increases with staycations the electricity usage will increase.
40. Maintenance – It is recommended to reduce this budget to just above this finance years spend amount.
41. Cleaning - This amount is set as this is an agreed contracted price.
42. Sundries / transfer to earmarked – As the Toilets & Car Park is self-funding and as it is expected the income will be greater than the expenditure it is expected approximately £2,910 will be added to the Car Park earmarked reserves for future maintenance.

**Income**
**Administration**

1. VAT Reclaim - In previous years CCPC have used the reclaimed VAT to offset increase in the Precept. This year the forecast expenditure is completely NET prices and therefore any VAT reclaimed is simply covering the VAT paid on invoices.
2. Sportsfield - Back in 2004 CCPC agreed that the Sports trust contribution for cutting the sports field grass should increase over the years to 2007 to 100%. However, this increase never came to fruition. Then in 2013 the contributions were reviewed again, but this time CCPC agreed that the Sports trust contribution should be capped at 25% indefinitely. Now in 2021 the Finance working group recommend that the sports trust contributions for grass cutting of the sports field should again be reviewed with the view of increasing their contribution by 25% until in 25/26 the Sports Trust contribution would cover the cost of grass cutting. See recommendation A below.
3. Gods Acre– The cost of running the cemetery is greater than the cemetery income, however recently the Clerk has increased the administrative fees to cover all administrative aspects of expenditure. With this increase it is still expected the cemetery will still require a subsidy from CCPC of £2,000 a year. Since taking on the running of the cemetery the council have not increased the fees and therefore it is recommended that all fees (excluding admin) be increase by approximately 5% (for example burial of an urn / casket for cremated remains is £175 if we add 5% the new charge would be £183.75 therefore it is suggested we increase to £185) as general costs have risen by this amount since we last reviewed our prices. (See Recommendation B)
4. Car Park / Toilets – All income for this cost centre is set aside to cover the yearly expenditure, with any remaining money being set aside for future car park / toilet maintenance. It is recommended this does not change.
   Dorset Council has introduced a new resident's only £260 park anywhere in Dorset scheme which would allow residents to park in West Street all day and night. They would not however have a dedicated space or be certain of parking in the summer months. The CCPC charge of £439 (£179 difference) is substantially more but with the benefit of a dedicated space. It is proposed to hold the figure at £439 for 22-23.
   When CCPC took over the carpark we discussed raising the charge for second homes from £675 to £700 but delayed until the car park was repaired. As the resurfacing work has been carried out it is recommended that increase be implemented. There is a waiting list of 2 residents and 4 non-residents for spaces.

**Recommendations**

**Update: In the December full council meeting it was agreed to accept £52,922 as the precept for financial year 22/23 pending ratification during the January full council meeting, unless in the event of not being able to hold a legal council meeting in January the clerk be allowed to inform DC of the precept level as agreed.**