

2023-2024 BUDGET DOCUMENTS

1. INTRODUCTION

The preparation of an annual budget is a key statutory task; it results in KHPC setting the precept for the year and gives the Clerk / RFO the authority to make spending commitments in accordance with the spending plans approved by members. It also provides a basis for monitoring progress during the year by comparing actual spending against planned spending. The importance of the budget cannot be underestimated. Members should know how it has been compiled and how it is used in the running of KHPC. At its simplest the budget compares KHPC's spending plans and expected income with the excess of planned spending over income made up by the precept. As the year progresses things will not always go to plan and the prospect of a shortfall of funds during the year can present a risk. Regularly reviewing the budget against expenditure will warn members and help them decide responsive actions.

2. 2023-2024 BUDGET DOCUMENT

- Sets out KHPC's spending plans and explains how they will be funded.
- Includes a breakdown demonstrating how resources have been allocated to meet running costs of each service; budget summaries support the estimates.
- Provides a summary of the 2023-2024 Budget, setting out the background to the budget process.
- Summarises key budget changes, shows how the budget impacts on Council Tax bills and gives consultation information. It is important that KHPC continually improves the quality of published financial information and feedback is invited.

3. MEDIUM TERM FINANCIAL PLAN (MTFP) 2023-2027

- KHPC takes a strategic approach to financial planning
- MTFP provides a link between KHPC's strategic aims, priorities of the local community and the resources likely to be available to fund them
- MTFP establishes financial principles, within which financial planning will be undertaken and highlights key financial challenges facing KHPC over the next five years, putting in place a financial strategy to meet these.
- MTFP puts in place the framework for planning KHPC's spending each year and is the main driver for setting future budgets.
- MTFP focuses on issues such as likely funding cuts, whilst aiming to maintain existing service levels and keep future increases as low as possible.
- MTFP details challenges facing KHPC and the need to make difficult decisions in the coming years in terms of how to offset funding cuts as well as other spending pressures. It is likely that these budget pressures will need to be funded by increases to the Precept and budget reductions.
- While capital commitments will be met from earmarked reserves, balances are likely to diminish if they cannot be replenished. KHPC is recovering its reserves so that it is in a strong position to meet the challenges that lie ahead in order to maintain services.

4. EFFICIENCY SAVINGS

There is a potential to make savings with the implementation of some or all the following initiatives:

- Increased use of volunteers
- Increased take up in hall bookings at the Community Centre
- Use of BACS for making payments and for customer receipts
- Scan and email where possible
- Insourcing certain maintenance items
- The use of Facebook, Twitter, and Website more for advertising and publicity will result in less paper communication

- Raising fees where justified
- Manage cash to maximise interest
- Hire out underutilised resources
- Looking at external funding sources such as sponsorship from businesses and residents for certain key projects
- Three-year agreement on insurance has saved money
- Review utilities often

5. **2023-2024 BUDGET FRAMEWORK**

The budget framework ensures that KHPC sets a prudent, realistic, and transparent budget that clearly identifies costs and income associated with the provision of services and puts in place prudent budgetary provision within the financial resources available. The aim of the Budget Framework is to assess the impact of the Budget and determine the increase required to the Parish Council Tax in 2023-2024.

6. **THE 2023-2024 BUDGET**

- The financial year runs from 01 April - 31 March. The budget is prepared in the autumn and set in January, in advance of the new financial year.
- The Budget estimates the resources required to fund the services it provides, deliver its strategic aims and objectives, and meet community and local taxpayer needs and priorities.
- The Budget funds the day to day running costs of KHPC's services, and the net cost after deducting income and confirmed grants is funded from the Precept.
- The Budget also funds major one-off investment in Parish Council and community assets such as its buildings and play areas. These can also be funded from Earmarked Reserves and any grants and contributions that may be available.
- The Budget is prepared in line with the known financial strategy of KHPC.
- The Budget has been developed on the principle of maintaining existing service levels whilst keeping the required increase in Council Tax as low as possible.
- The setting of the budget has considered likely changes in costs and income associated with the running of KHPC services between the two years.
- Additional budgetary provisions need to be made for several unavoidable budget increases such as officer pay awards and Inflation on running costs. However, these increases can be offset, for the most part, by efficiency savings, budget reductions and increases in income which will be assisted by the favourable budget position in 2022-2023.

Savings have been achieved without cutting services and KHPC will be maintaining services at 2022-2023 levels. The Budget includes contingency funds which provides protection against further spending pressures. Provisions have been made for replenishing reserves. The 2023-2024 budget has been kept to a minimum and will ensure that important services provided by KHPC are protected and maintained.

7. **THE DETAIL**

Budget and precept recommendations have been made based on a 5%, 6% and 7% increase in the precept. A 5% increase would raise the precept to £564,000 an increase of £27,255 over the 2022-2023 precept of £536,745. A 6% increase would raise the precept to £568,950 an increase of £32,205 and a 7% increase would raise the precept to £574,317 an increase of £37,572. Budgetary increases have been offset by efficiency savings and budget reductions. It has been possible to make savings on some service costs by improved procurement and reductions in under-utilised budgets.

8. **2023-2024 PROJECT PROGRAMME:** This provides for specific projects and investment in assets such as buildings, amenity land, playing fields and play areas and includes provisions for the following: -
- Continued IT development

- Asset management works at the Community Centre
- Environment projects
- Emergency Planning
- Play equipment improvements
- Christmas Lights
- S137
- Allotment Improvements

The project programme will be funded from Earmarked Reserves, budgetary provisions, and grants. There is no need for KHPC to borrow funds at this time.

9. **2023-2024 BUDGET CONSULTATION:** The draft budget proposals have been published giving residents the opportunity to comment on whether they are supportive or not of the proposed Budget.
10. **BALANCES AND EARMARKED RESERVES:** At 31 March 2022, the balances and reserves were £163,858. At 31 March 2023 they are expected to be between £400K - £420K. The reserves support future capital spending commitments and asset management. KHPC is expected to hold reserves of 3 – 12 months of its budget It has been recommended that there be a contribution to reserves.
11. **LAND, PROPERTY AND OTHER ASSETS:** The value of KHPC's assets i.e., plant, machinery, street furniture, office contents and play equipment is £418,144. This is an insurance valuation and not an open market valuation as the assets are generally regarded as specialised in that they will rarely be sold and therefore valued as existing use or replacement cost which is lower than the open market value.
12. **INVESTMENTS:** KHPCs Balances and Earmarked Reserves are on an instant access basis with accounts held with Unity Trust Bank.
13. **CONTRACTS AND TENDERING:** The Public Contracts Regulations 2015 govern the management, advertising, and negotiation of contracts. These require that tenders should, as a minimum, be advertised on Councils' websites and may also require advertising on the Contracts Finder website. NALC has published a "Guide to Understanding Procurement" which is very comprehensive, and I commend it as a sound basis for KHPC to follow should it undertake any form of contracting exercise. KHPC's threshold is £25K, above this, projects must go out to tender.
14. **ZERO-BASED BUDGETING APPROACH:** In preparing the budget, a zero-based approach has been used which encourages the questioning of each expenditure item and starts from the premise that no costs should be factored into the budget simply because they were in the previous year's budget. Each expenditure item has been considered and justified, and there is a reasonable prospect of each item coming to fruition during the year.
15. **2023-2024 BUDGET PROPOSALS:** The budget proposals are based on core expenditure.
16. **2023-2024 PRECEPT CALCULATIONS**
 - 16.1 The budget meets the requirements of the Accounts & Audit Regs. It may be amended because of KHPC changing its proposed programme, amending fund contributions, or through policy changes. The balances are the minimum KHPC should retain to develop and sustain existing service levels. Whilst capping arrangements are expected; they are unlikely to affect KHPC.
 - 16.2 The working paper shows the 2021-2022 actual amounts, the 2022-2023 estimates, the 2022-2023 revised budget & the budgetary proposals for 2023-

2024. A 5% inflationary adjustment has been used where necessary and higher provisions where required. Expenditure has been analysed between costs of supporting KHPC, cost of planned projects and sums earmarked for future commitments. Income predictions are based on anticipated outcomes.

17. REFERENDUM PRINCIPLES

The Government has challenged Local Councils to demonstrate restraint when setting precept increases that are not a direct result of taking on additional responsibilities and to make precept decisions more transparent to local taxpayers. The continuation of this position in 2023-2024 is contingent upon the Government receiving clear evidence of how the sector is responding to this challenge. The Government expects local councils in setting their precepts to consider all available options to mitigate the need for council tax increases including the use of reserves where they are not already earmarked for specific purposes or for “invest to save” projects which will lower ongoing revenue costs.