

## **BUDGET REPORT FOR YEAR 2022/23 TO CORSTON PARISH COUNCIL FOR FIRST COUNCIL MEETING 10<sup>TH</sup> MAY 2023**

Before Council is the AGAR, receipts and payments cashbook and the Internal Auditor's report for the year 2022/23.

The Precept requested and paid for 2022/23 from BANES was £10686 against a projected spend of £11,100. The reason for failing to cover projected expenditure from precept was the national economic circumstances effecting householders within Corston and an ambition of the Council to restrict an increase to a manageable level for those householders.

I refer to the Cashbook on its worksheet for the financial position as at 31<sup>st</sup> March 2023.

### **Looking forward**

The income and capital liquid assets of Council rest entirely within its one bank account, currently with Lloyds Bank. Thereby a consideration of the amount at bank reflects the liquid assets available to council in the next financial year by an opening balance representing the amount at close plus the precept which has been requested which is £11,623.

Therefore, the closing balance at bank of £9473.48 plus the precept gives available liquidity this year of £21,096 against a budget spend for 2023/24 approved of slightly over £11,000.

The likely pressures of cost of living especially for insurance will mean the budget will revise upwards slightly by September to an estimate of a spend of around £12,000 unless other items which are now in the budget are not spent.

The present clerk stands down on 31<sup>st</sup> July 2023. It is hoped that a new clerk is in post and if Council employ on the same terms of a 10-hour week the salary cost would be as in budget.

If Council maintain its financial position, then it will have consolidated its ambition to follow auditor recommendations to reduce the amount of capital reserves held historically down to around one year income needs. A carry reserve of £9,400 represents on around 80% of precept. That figure is within the range of prudent financial reserves to be held by a Council of your size of between six months and a year of income.

### **Recommendation 1**

That Council support the observations of the Chairman at the 1<sup>st</sup> March meeting that it is important that Council stay within budget as far as it can this financial year. This should mean that the financial position as at 31.03.2024 will be as the close position for 31.03.2023. There would a projected cash in bank on around £9,400.

### **Looking back on the year 2022/23**

The main income and expenditure figures from the receipts and payments cashbook may give a misleading impression that Council kept within budget this last year.

As at 31<sup>st</sup> March 2023 there was £9473.98 in the bank. This is a slight increase on the opening position of 1<sup>st</sup> April 2022 of £9254.67. Income received in the year, including precept was £13,160.66 and with expenditure set against it of £12,941.39.

However, a large VAT claim of some years up to 31.12.2022 of £1688.23 accounted for a significant income received in over precept. If one takes away the £1388.23 for VAT reclaim that was not budgeted for in the 2022/2023 the amount spent exceeded income received during the financial year. (the failure of the laptop delayed the VAT reclaim by some months and this is why a large claim was made covering two financial years as the period from April- September 2022 was lost until a new laptop was secured and information collated.)

The amount of VAT unclaimed for 2023 so far is under £5.

Therefore, the budget report is that the underlying figures give a financial picture that Council spent more than it had budgeted to spend.

The main reasons for this were four non budgeted expenditures and one item that was underestimated:

- **Non budgeted items**

firstly, that the hourly rate of the clerk was increased by NALC negotiations with Government including a back dating to 1<sup>st</sup> April. This generated an increase of £477 above budget that Council could not have reasonably anticipated when setting the budget in January 2022. The increase was not brought in until October 2022.

Secondly, the computer laptop failed and a new one was purchased. This gave expenditure of £359.77 but a credit back of £91.98 due to sale of the old laptop on ebay.

The third item was a new Oak Bench at £549 but the family of Julie Miller contributed £350.

The fourth item was renewal of Zoom of £143.88 which was an oversight. It has been cancelled for this financial year.

- **Underestimated in the budget.**

dog bin emptying which generated expenditure of over £1,000 against a budget of £700.

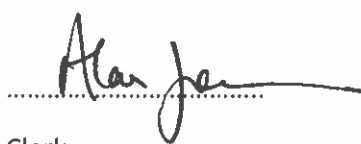
**Another factor for overspend.**

In the Clerk's subjective view, Council was also acclimatising itself to a balance the books position on fiscal spending following three years of accountancy recommendation to deliberately spend over budget to reduce an historic capital reserve of some two years income.

**Recommendation 3**

Council should consider a more detailed budget report on each quarter of the financial year and identify if it can any trends for overspending and if needs be to decide not to spend some items that have been budgeted for if that is required.

The first quarter budget report can be considered by Council in its July Council meeting. The six-month report would be in its November meeting at the same time as deliberations of a draft budget begin.



Clerk

2<sup>nd</sup> May 2023