

# TPC Precept Proposal for 2023-24

## Background & Context (December 2022):

This is the proposal for TPC’s Precept demand for the period April 2023 to March 2024. The deadline for submission to RBC is 9<sup>th</sup> January 2023. The justification for the proposed amount is based on the following key factors:

- Estimated remaining incomings and expenditure in the current year 2022-23 – and estimated cash balance at the close of the year
- Anticipated regular and ad-hoc costs expected for next year (2023-24) with allowance for rate increases/inflation

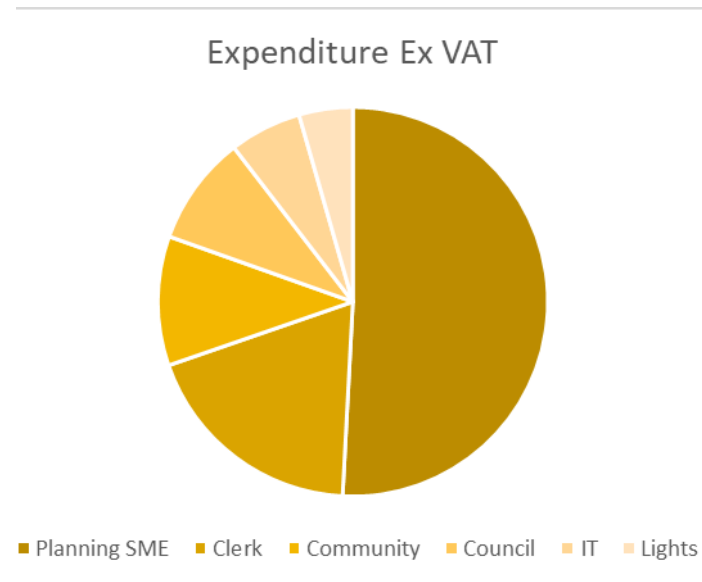
In calculating the funding requirement, the fundamental aim is to cover estimated annual costs while leaving a prudent closing balance at the end of the year. In the current challenging economic climate, costs and allowances have been kept to the minimums deemed sensible. There is sufficient reserve to absorb a significant excess, which should be corrected, if necessary, in the precept requirement for the following year (2024-25).

## Estimated Expenditure & Closing Cash Balance for the Current Year (2022-23):

Based on a cash balance at 2<sup>nd</sup> December 2022 of £26,831, expenditure for the remaining period to 31<sup>st</sup> March 2023 is estimated at £3,414 (including VAT). Offset against this are anticipated VAT reclaim receipts crediting TPC with a total of £2,833.

Using these estimates, the cash balance at 31<sup>st</sup> March 2023 is estimated at £26,250; the table and pie-chart below show the breakdown of total TPC expenditure for the year 2022-23 by expense type:

Expense Type	Expenditure Ex VAT	Incl VAT
Planning SME	£9,261.50	£11,113.80
Clerk	£3,435.93	£3,435.93
Community	£1,957.90	£2,285.88
Council	£1,660.54	£1,749.83
IT	£1,089.46	£1,307.36
Lights	£812.13	£852.74
Total	£18,217.46	£20,745.54



## Estimated Expenditure for Next Year (2023-24):

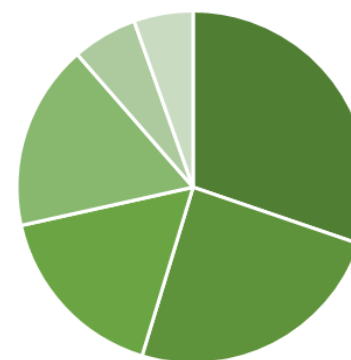
The costs for 2023-24 are based on:

- Anticipated regular cost items in the current year that are expected to recur in 2023-24 (amounts based on actuals from the current year)
- Anticipated ad-hoc cost items and allowances for next year (2023-24) (amounts based on similar estimates or costs incurred previously)
- The impact of inflation or other factors on rates incurred previously

Using these estimates, the table below shows the estimated breakdown of total TPC expenditure by expense type for the year 2023-24:

Expense Type	Expenditure Ex VAT	Incl VAT
Planning SME	£5,000.00	£6,000.00
Clerk	£4,044.56	£4,075.88
IT	£2,783.54	£3,340.25
Community	£2,822.96	£3,357.34
Council	£989.88	£1,012.53
Lights	£899.03	£943.98
<b>Total</b>	<b>£16,539.97</b>	<b>£18,729.97</b>

Expenditure Ex VAT



■ Planning SME ■ Clerk ■ IT ■ Community ■ Council ■ Lights

## Notes on cost allowances in the numbers above:

Cost items that are referred to as “Regular” in this proposal are:

- Costs that tend to repeat every year (electricity for lighting, insurance, membership fees, audit, the Chronicle (print production), grass-cutting, **website**).
- Staffing Costs: the only employee is the Parish Clerk (the national rate increase award is included in the 2023-24 estimate).
- Regular costs for which the cost amount may vary from year to year – e.g. for IT, Training and VAT.

The TPC precept estimation has included allowances for planning advice/expertise (“Planning SME”) since 2020 when unanticipated costs of this type resulted in a very low cash balance at year-end. The 2023-24 allowance is lower than actuals incurred in 2022-23 on such expenses; the reasoning behind this reduction is that TPC has already responded on the Local Plan major planning applications that are expected to be the most impactful on the Parish. The allowance for 2023-24 is for expertise/advice on remaining major developments, such as further Warehouse Developments (to the North of Coventry Road), other large developments related to the Local Plan (particularly housing) and major planning applications that are unrelated to the Local Plan.

The table below itemises allowances/changes that have a specific justification: *[Need to be clear whether quoted net or gross with tax]*

Grass Cutting	£800 extra cost allowed for supplier review/possible change	£2,160.00
Zoom Licence	Not required for 2023 onwards	£0.00
Other Ad-Hoc/Semi-Regular Cost Allowance	For small unanticipated community & other costs	£871.88
Legal Support	Planning legal SME advice	£5,000.00
Planning Consultancy	Planning consultancy SME advice	£1,000.00
Website Migration	Migration to a new website	£3,000.00
Landscape & Visual Report	Zero allowance for landscape & visual expense	£0.00
Audit for Precept >£25,000	Zero allowance for external audit (n/a since 2022-23 precept <£25K)	£0.00

There are no other significant changes to the list of cost items anticipated for the coming year, but increases for the Clerk's pay-rate award, current inflation (based on CPI of 10.7% pa as at December 2022) and where the supplier concerned indicated new rates for the coming year are all built into the cost estimates.

### Precept Proposal:

The proposed **Precept Demand for next year (2023-24) is £18,000.**

Part of our remit as a Parish Council is financial diligence, including maintaining an adequate reserve. The table below reflects the historical (actual) positions in 2021-22 and provides estimated positions to the end of the current year, and for future years 2023-24, 2024-25 and 2025-26 (see also the summary breakdown table provided in the Appendix, and the spreadsheet containing the detailed estimation calculations):

Annual Summary Figures	2021-22	2022-23	2023-24	2024-25	2025-26
Opening Balance	£3,317.01	£23,651.78	£26,468.75	£28,439.78	£31,240.12
<b>Precept</b>	£27,500.00	£20,000.00	<b>£18,000.00</b>	£16,000.00	£15,000.00
Other Incomings	£1,801.64	£3,562.51	£2,701.00	£2,832.81	£2,972.56
Total Outgoings	£8,966.87	£20,745.54	£18,729.97	£16,032.47	£16,997.42
Closing Balance	23,651.78	26,468.75	28,439.78	31,240.12	32,215.26

After the very low closing balance for 2020-21, the Precept Strategy has been to restore and maintain a prudent closing balance. The expectation is that the high costs for planning expertise in 2020, 2021 and 2022 will recede to an extent over the next three years and that the precept amounts for these years should decrease proportionately. The current strategy and precept amounts were devised in 2021-22. This plan has proved satisfactory so far, but may require adjustment in future years.

The replacement value of Parish Assets is another factor that has been taken into consideration when deciding on required allowances and closing cash balance. These assets have a finite lifetime, but no clear expiry date, so no specific allowance amount is set aside for them. Instead, the reserve is maintained at a sufficient level to fund unanticipated replacement costs.

The reserve is also maintained at a sufficient level to cover the risk of encountering large, unexpected planning expense costs, as was experienced in early 2021.

As described in the table above, the **estimated closing balance for the current year is £26,469**, and the **estimated closing balance for 2023-24 is £28,439**.

**Precept Recommendation for 2023-24:**

Based on the estimates presented in this document, I recommend we adopt the proposed precept amount formally at our meeting in early January 2023.

John Bretherton (Chairman, Thurlaston Parish Council)

## Appendix

Summary for 2023-24 Precept Demand	Actuals	Actuals & Projected	Projected	Approximated	Approximated
	2021-22	2022-23	2023-24	2024-25	2025-26
<b>CPI</b>	3.20%	10.70%	<b>8.03%</b>	6.02%	4.51%
<b>Annual Rcpt Increase</b>	0.00%	0.00%	<b>0.00%</b>	0.00%	0.00%
<b>Balance Brought Forward</b>	£3,317.01	£23,651.78	<b>£26,468.75</b>	£28,439.78	£31,240.12
<b>Precept</b>	£27,500.00	£20,000.00	<b>£18,000.00</b>	£16,000.00	£15,000.00
<b>Grass Cutting Grant</b>	£511.00	£511.00	£511.00	£511.00	£511.00
<b>Other Incomings</b>	£47.00	£38.73	£0.00	£0.00	£0.00
<b>VAT Reclaim Previous Yr</b>	£0.00	£484.70	£0.00	£0.00	£0.00
<b>VAT Reclaim Current Yr</b>	£1,243.64	£2,528.08	£2,190.00	£2,321.81	£2,461.56
<b>Regular Annual Costs</b>	£8,756.87	£8,759.86	<b>£8,858.09</b>	£10,108.11	£10,716.49
<b>Ad-Hoc Planning Costs</b>	£210.00	£11,113.80	<b>£6,000.00</b>	£5,000.00	£5,300.94
<b>Other Ad-Hoc/Semi-Regular Costs</b>	£0.00	£871.88	<b>£3,871.88</b>	£924.36	£979.99
<b>End of Year Balance</b>	23,651.78	26,468.75	<b>£28,439.78</b>	£31,240.12	£32,215.26
<b>Parish Assets Value</b>	£62,600.00	£69,298.20	£74,859.38	£79,364.98	£82,947.56
<b>Balance as % Assets</b>	37.78%	38.20%	<b>37.99%</b>	39.36%	38.84%