

Cholmondeley and Chorley Parish Council

Clerk/RFO Financial Report

Period: Financial Year 2024-2025

1. Precept Recommendation for 2025/26

The Council's precept for 2024/25 was set at £3,156, based on a tax base of 158.60. For the upcoming financial year, Cheshire East Council is expected to set a new tax base of 159.89. The Council's precept requirement should be reviewed to ensure sufficient funds for projected expenses, particularly with inflation and additional commitments.

The updated income forecast (as of November 2024) projects a total income of £3,562.80, which includes:

- **Precept:** Proposed increase to £3,300 (up from £3,156)
- **VAT Refund:** £217.00 (covering two years' worth due to delayed compliance with HMRC; next year's refund expected to be approximately £100)
- **Estimated Interest:** £145.80, which reflects regular interest accruals.

Recommendation: A precept increase to £3,500 for 2025/26 is advised. This amount aligns with anticipated expenses while maintaining a moderate Band D equivalent increase. The increase will allow the Council to continue providing necessary services without significantly depleting reserves.

2. Clerk/RFO Pay Increase

The Clerk/RFO's hourly rate has increased from £16.02 to £16.65 for 2024/25 per the National Joint Council (NJC) agreement. This increase represents a £1,290 annual increment at lower SCP levels and reflects adjustments for cost-of-living and retention.

For Cholmondeley and Chorley Parish Council, this increase impacts the budgeted staff costs within the Administration category, which is currently budgeted at £2,191.12 for 2024-2025. Ensuring sufficient budget allocation for this pay increase will support staff retention and adequate compensation.

3. Income and Financial Overview

The revised income projection indicates a slightly higher total income for 2024/25 than initially budgeted, thanks to:

- **VAT Refund:** A combined refund of £217.00, covering two years due to delayed VAT account setup with HMRC.
- **Interest Income:** Projected at £145.80 for the year, up slightly from previous estimates.

These changes have resulted in an updated income total of **£3,562.80**, exceeding the original budget by approximately £306.80. The improved income forecast supports the Council's financial position while providing a buffer for unplanned expenses.

4. Financial Risks and Considerations

To ensure financial resilience, the Council should monitor the following risks:

- **Inflationary Pressures:** Rising costs in administration, insurance, and maintenance could impact the budget. Regularly reviewing expense projections with inflation adjustments is advised.
- **VAT Refund Delays:** As demonstrated with this year's VAT refund delay, compliance issues with HMRC can disrupt cash flow. Having a contingency plan in place would mitigate cash shortages.
- **Unplanned Expenditures:** Potential costs for assets such as defibrillators, website maintenance, and audit fees may arise unexpectedly. To avoid budget variances, the Council should allocate modest contingency funds to cover these areas.

5. Summary and Proposed Actions

- **Precept Increase:** Recommend raising the precept to approximately £3,500 for 2025/26.
- **Reserves Management:** Maintain reserves at an adequate level, aligning with best practices for small councils.
- **Clerk/RFO Pay:** Ensure future budgets reflect NJC's agreed pay adjustments and include funding for professional development or additional training.
- **Risk Mitigation:** Continuously review budget forecasts, maintain a reserve policy, and actively pursue grants or other funding to support Council activities.

Closing Remarks

This report provides an updated financial position for Cholmondeley and Chorley Parish Council, incorporating the latest income projections. The proposed precept increase and prudent management of reserves and expenditures will enable the Council to sustain financial stability and service delivery for the community.