

West & Middle Chinnock Parish Council Meeting

Extraordinary Meeting to Agree the 24/25 budget and Precept 29.01.24

1. Financial Challenges for Somerset Council

Many types of Council across the country and political parties are realising that expenditure is increasing at a much higher rate than income.

Six Councils have declared bankruptcy since 2018, with more anticipated.

According to the Local Government Association nearly one in five Council Leaders in England have said they are likely to declare bankruptcy this year or next as a result of a lack of government funding.

Despite announcements last week that the government is stepping in with extra Funding, the amount being given to rural Councils like Somerset, will be a drop in the ocean.

Somerset's Council Tax is historically low compared with other rural Unitary Councils in the South West, with six years of Council Tax freezes at SCC and Districts from 2010/11

Key challenges facing not only Somerset Council but other Councils and LAs include:

- Children's services increased complexity, demand, cost of placements, SEND and cost of transport
- Adults' services increased demand and cost of residential placements and care at homes
- Greater homelessness and increased housing costs
- Inflationary costs including energy, construction, pay awards
- Interest rate rises affecting cost of borrowing
- Growing deficit within educational budgets for High Needs

From what the parish Council has seen and heard, there doesn't seem to be much consistency or any significant trend in how Parish and Town Councils in Somerset have forecast their budgets for next year, with some only making a very small increase, through to massive increases.

1.1 Options for Somerset Council 2024/25 and Medium Term

Currently there is ongoing dialogue with Department for Levelling Up, Housing and Communities (DLUHC), and Treasury to explore all options for 2024/25 budget setting, the medium term and to avoid Section 114 notice:

Plans include:

- Increasing Council Tax to maximum allowed by Government (4.99% or 9.99% TBC)
- Use of Reserves to balance current year budget and as part of solution for 2024/25
- Surpluses in Council Tax & Business Rates Collection Fund for 2024/25
- Increasing fees and charges in line with inflation
- Savings over and above those made possible by LGR, with difficult and painful decisions on savings in non-statutory services
- Working with partners on all possible continuation of services including more rapid devolution of assets and services to Parish/Town/City Councils
- Sale of Council assets including commercial investments from former Districts
- New outline business case for Somerset Council including reduction in size of workforce to create slimmer more agile Council with fewer offices

- Use of Capital receipts, or borrowing, through a Capitalisation Direction from Government (TBC) to fund the transformation identified by the new outline business case
- Budget setting Full Council meeting is on Tuesday 20th February, for 2024/25 financial year

2. Impact on West & Middle Chinnock including Devolution of Services

Since October last year, parish, town Councils and organisations which have been formed called Local Community Networks, have been asked to consider how services can be devolved, with the notion that taking on some of these services would be “Optional”. (The initial list was over 50 items, as well as selling of land, capitalisation – selling off assets etc).

Initially, there is a massive long list of expectations around what parish and town Councils could take on including from dog waste bins, hedge cutting, pot holes, verges, Drain cleaning, highways maintenance and various items which were traditionally paid for out of our Council tax, and were delivered by The Council.

There was initially shock amongst Parishes at the thought of having to take over these services, with the consequence that there would have to be a massive hike in the Precept and Council tax at local level. It also meant greater responsibility for Councillors and Clerks.

Parish Councils do not need to submit their budgets until 2nd February; however this is where the situation is a little unusual.

Somerset Council is not setting its budget until 20.02.24, so in reality we do not have a true picture of what we, as a Parish Council will have to take on.

Some items are a given, for example we know that parish Council will have to pay for bin emptying and provision of salt, but almost everything else is up in the air. U-Turns are a common feature – for example the initial proposal to reduce the number of Local Ward Councillors, who receive a standard amount for expenses of £15k and then Committee meeting extra expenses as well was mooted, but will now be delayed in order for the “Electoral” process. (Currently 110 Councillors).

In order to manage the devolution of services, suggestions such as an area based working with a Lengthsman service priced at £250.00 a day are being discussed, Highway Stewards for maintenance of potholes and road maintenance, however these are just at discussion stage, with parish councils wanting a far greater level of detail before committing to anything.

We can anticipate, with the closure of recycling centres that there will be an increase in fly tipping, which was traditionally paid for by the Council. We also know that drain blockages and cleaning will “probably” be passed to Parish Council.

3. To Agree Budget Priorities for the Financial Year 24/25.

As a prudent Parish Council, we had anticipated the financial situation at Somerset Council and had already set aside and ring fenced £5000.00 for drains in the previous 2 year’s budget.

This has probably given our Community more security and leeway than some other parish councils who have had to significantly increase their Precept. We have heard of 2 or 3 councils almost doubling their budgets.

Conversely there are some Parish Councils who really haven’t taken on the seriousness of the situation and have not raised the precept at all and are waiting to see “what happens next”.

In reality, the situation is that until Somerset Council sets its final budget and we hear whether the 10% rise in Council Tax has been accepted and other budgetary plans, or there is a section 114 notice issued, Parish Councils need to ensure their community has at least the basic services residents deserve.

After much research and numerous discussions in the background, the Parish Council is setting its budget in line with the following priorities:

- I. To remain financially viable in the next financial year, including the ability to pay for “unexpected items and works” relating to devolution.**

In line with the Councils Reserves Policy, it will bring the general reserves to the equivalent of one year’s precept. (Based on 23-24 precept).

This is in line with our reserves policy and is recommended for small parish councils like West & Middle Chinnock.

- II. To exercise caution and remain prudent in 2024/25, with no plans for any new major project spend.**

This means that unfortunately there is a freeze on any work on the Recreation Ground Development plan and some services may have to be reduced. However, the Parish Council is still optimistic that it will be able to apply for match funded grants and continue its vision for the recreation, Health & Wellbeing agenda.

The money already ring fenced for drains will remain ring fenced and there has been a small increase the maintenance budget.

All other “traditional” budget headings have been subject to a small inflationary increase of 5%.

Moving forward in to the future, whilst Parish Councils will be responsible for maintaining those services which are being devolved, there will be less money for “community” projects, unless raised by the community themselves or raised from the Precept.

4. Proposed Precept for 24/25

The Precept for 24/25 will be £19,500.

This is a rise of £3000.00 from 2023/24

Last year the monthly precept payment for a resident living in a band D property was £66.53. (Equivalent of £5.44 a month). This year it will rise to £78.05 a year, equivalent to £6.50 a month, a rise of £1.06 a month. (This will be less for properties under Band D).

Members voted to accept the above proposals and these will be ratified on 14th February Parish Council 2024