



Report ABPC/24/010

To: Aldington and Bonnington Parish Council.

Date: 8th July 2024

Status: Public Report

Subject: Medium Term Financial Plan

1. Summary:

The Parish Council must, in accordance with its Financial Regulations, set a budget for the forthcoming financial year by the end of December to enable the Precept demand to be submitted to the Borough Council.

Given that the Parish Council is looking to consider a number of projects during its current term it would be prudent to establish a medium-term financial plan as a starting point for the development of the annual budget going forward.

2. Reason for Recommendation:

The Parish Council as part of its Annual Governance and Accountability Return has to demonstrate that it is Safeguarding Public Money and how it orders goods and services. By developing a medium-term financial plan which will be reviewed annually this will demonstrate how the Parish Council is looking to maintain and improve the services that it offers residents.

3. Recommendations:

1. **To receive and note Report ABPC/24/010**
2. **To receive and adopt the medium-term financial plan.**

4. Introduction:

The medium-term financial plan does not provide a full breakdown of proposed expenditure in the same way as when the budget is prepared for consideration in December. For the purposes of the plan the budget is divided into four broad headings:

- Administration: the costs incurred in operating the Parish Council
- Services; the costs incurred in maintaining the open spaces
- Reserve allocations; sums set aside to cover the costs of repair in the short term and for the ultimate replacement of assets.
- New project provisions; an uncategorised sum set aside to fund future projects that would be too expensive to fund within one financial year.

5. Advantages:

By having a medium-term financial plan the Parish Council is showing that it is considering future years and the potential impact upon its finances with projects that it is considering progressing. Any projects that are included within the Medium-term

financial plan are purely indicative and can be withdrawn at any time if deemed inappropriate or too costly to implement.

6. Impact on Council tax.

the table below provides a breakdown of a Band D equivalent Council Tax for the current financial year and the previous financial year.

	2023 /24		2024 /25	
KCC	£1,534.23	71.2%	£1,610.82	71.7%
Police	£243.15	11.3%	£256.15	11.4%
Fire	£106.70	5%	£89.91	4%
ABC	£182.50	8.5%	187.96	8.4%
ABPC	86.86	4%	£101.68	4.5%
Total	£2,153.44	100%	£2,246.52	100%

At the time of compiling this report Parish Councils are not subject to referendum principles when seeking to increase the precept above 5%, the above table shows how small a percentage of the overall total the Parish requests.

Medium Term Financial Plan

Introduction

Overview

Aldington and Bonnington Parish Council has prepared this Medium-Term Financial Plan (MTFP) for the four year period from 2024/25 to 2027/28 with updates undertaken annually to ensure that it remains valid.

The purpose of the plan is:

- To enable the local community to understand the financial plans of the Parish Council and the planned use of public funds in pursuit of community objectives;
- To align financial resources to priorities identified by the local community and ensure that there are clear links between finance and the Parish Council's strategic aims and priorities;
- To incorporate effective financial planning within the Parish Council's approach to risk management; and
- To ensure that the Parish Council has adequate financial capacity to meet both the capital requirements and ongoing revenue commitments associated with the delivery of major projects.

The overall objective of the Parish Council is that it plans, manages and uses its financial resources effectively and maintains a healthy financial position in seeking to serve the people of Aldington and Bonnington.

Methodology

The Parish Council's financial strategy is expressed within its Medium-Term Financial Plan and the following set of financial principles underpin its development:

Principle 1: implementation of a strategic approach whereby the Parish Council takes a medium to long term view of its finances as a basis for sound financial planning.

Principle 2: identification of a level of spending that is affordable and sustainable and which supports the effective delivery of projects and services in line with the strategic aims of the Parish Council representing the interests of the local community.

Principle 3: adoption of a prudent but realistic assessment of future revenue spending commitments, capital investment requirements, income levels, council tax base movements and external grant funding.

Principle 4: adoption of a strong culture of financial management which seeks to implement efficient and effective ways of utilising resources.

Principle 5: allocation of a prudent level of balances and reserves that protects the Parish Council against unforeseen budget pressures, provides sufficient resources to finance future capital investment and enables the Council to

be proactive and take advantage of any opportunities that may arise within the Parish.

Principle 6 implementation of an effective and responsive financial management service which provides accurate financial information to elected members.

The Medium-Term Financial Plan covers a four-year period and its delivery depends upon the Annual Budget and the management and control of income and expenditure against that budget within each accounting period.

The key stages in the budgeting process are:

Stage 1: Review the current year budget and spending

Stage 2: identify the spending plans for the forthcoming year

Stage 3: forecast the levels of income for the forthcoming year

Stage 4: bring together spending and income plans

Stage 5: provide for contingencies and consider the need for reserves

Stage 6 approve the budget

Stage 7: confirm the precept required to fund the budget

The Annual Budget provides resources to enable the Parish Council to provide its services. It also provides a basis for review and control as Budget Monitoring Reports are submitted to Council throughout the year which compare actual net expenditure against forecasted net expenditure.

The overall effect of this approach is to provide a sound methodology that encompasses strategic financial planning by the Council through day-to-day financial decision-making.

External Factors and Internal Factors

The Parish Council uses a PESTLE Analysis which is a framework that considers the key external factors (Political, Economic, Sociological, Technological, Legal and Environmental) that could affect the future role, responsibilities and resourcing of the Parish Council. This framework helps the Parish Council to understand the bigger picture and be ready for changes outside its immediate control.

Key external factors relate to changes in government policy and new statutory and regulatory requirements for the Town and Parish Council sector. The Government's Comprehensive Spending Reviews have a significant impact upon the resources available to principal councils such as Kent County Council and Ashford Borough Council. This may, in turn, have an effect upon their local services and partnership working with Aldington and Bonnington Parish Council – and challenges and opportunities for the Parish Council in doing more than it has been expected to previously.

The Government introduced legislation for principal councils, to give local tax payers the power to require local authorities to hold referendums, thereby providing them with the opportunity to veto 'excessive' increases in Council Tax. It is noted however, that there are no plans at the present time for the Government to impose referendum principles on town and parish councils.

One of the most significant pieces of legislation that has been introduced in recent years is the Localism Act which, amongst other things, gives local councils a general freedom to act in the interest of local communities through the 'General Power of Competence' rather than relying upon powers granted by various pieces of legislation. The Parish Council re-adopted the 'General Power of Competence' in May 2023.

There are a wide range of other external factors that may affect the Parish Council which form part of the development of the Medium-Term Financial Plan. These range from changes to the consumer price index and the impact of national pay awards to global concerns about health and the environment. In particular, the Parish Council is aware of emerging issues such as climate change and growing social awareness of mental health. These issues are likely to be growing themes within the plan and require additional resources from local stakeholders including the Parish Council. An overview of the analysis of external factors is shown on the next page.

P Political	E Economic	S Social	T Technological	L Legal	E Environmental
Changes in government policy, financing, welfare reform and support for social care, all form part of a complex political landscape that affects local government	Changes in economic conditions, the rate of inflation, interest rates and access to borrowing will affect the financial capacity of the Parish Council	Social trends are many and varied creating changing demands within the local community for new infrastructure and amenities and initiatives that support the health and well-being and quality of life of local people	Additional regulatory requirements with regard to data protection and public transparency, and investment in new technology to provide safe and secure systems have associated costs	Changes to the statutory and regulatory landscape that may impose new duties upon local government	Adverse weather conditions such as flooding, droughts and severe winters, with the frequency of more severe weather events increasing may lead to new and possibly regulated ways of working
The Parish Council may be asked to respond to community deficits arising from the above, where there are insufficient resources to meet local demand.	Employment rates and levels of disposable income locally will form part of the prevailing market forces in the parish which will influence the Parish Council's pricing policy and revenue generation from services	Resource allocations for grants to local bodies, community services and events and community place shaping initiatives will form part of the Parish Council's strategic planning process.	Changes in customer expectations with greater usage of the internet, social media and social networking will need to be adequately resourced by the Parish Council alongside more traditional methods of communication	The main exposure for the Parish Council is in respect of staffing where the minimum wage, living wage and changes to pension costs can have a significant effect upon staffing costs and total overall expenditure	This may lead to changes in the Parish Council's strategic priorities and working practices regarding the allocation of resources to support the delivery of environmental measures inside the Parish Council and across the Parish.

The Parish Council uses a CRIME analysis which is a framework that considers the key internal factors (Control Systems, Risk awareness, Information, Monitoring and Environment) that relate to the use, management and control of the Parish Council's resources.

An ongoing process of evaluating and assessing the systems of internal control is required to ensure that sound procedures are consistently applied over an extended period of time. These systems of internal control help to ensure that there is proper stewardship of public funds so that monies are accounted for and value for money is achieved.

Two of the most significant areas of the CRIME Analysis that relate to the Parish Council's Medium-Term Financial Plan are Risk Awareness and Information Management.

The Parish Council maintains a Risk Register which covers all areas of activity. However, there are certain areas of work where a supplementary Risk Register may be prepared reflecting the level of risk associated with a particular project or workstream and the complexity of issues involved in its delivery.

Information management is critical in terms of the preparation and maintenance of accurate records and provision of complete information to Councillors about the Council's overall financial position so that they are able to make well-informed decisions about for example, resource allocations to service areas, corrective actions in respect of budgetary control, the affordability of borrowing, funding of major projects and contributions to reserves.

C Control systems	R Risk Awareness	I Information	M Monitoring	E Environment
Control systems generally fit into two types of activities; preventative control measures that are used to prevent or deter errors or fraud and Detective control measures that are used to identify undesirable “occurrences” after the fact	The identification and evaluation of business risks in terms of potential severity and likelihood means that appropriate amounts of resources can be allocated to the highest areas of risk	Initiation, recording and processing of transactions and maintenance of accountability for assets and resources with the supply of accurate, reliable and timely information for decision-making	Programmed assessment of the quality and performance of internal control measures should be undertaken to determine if the controls are operating as intended	A sound control environment reflects the organisational culture with leadership by example and good communications that promote positive organisational behaviours and compliance control procedures
The Parish Council has been assessed as having very sound corporate governance arrangements in place by its auditors and works to implement a strong and effective control environment regarding the use of its financial resources	Major projects are prioritised for risk management and control measures. Project overspends and personal injury claims (if the Parish Council was found to be negligent in any way) could have significant financial implications	Proper recording of information underpins the preparation of budgetary control reports, the annual budget and the medium-term financial plan, facilitating accurate forecasting by the Parish Council of its financial position in future years	The Parish Council’s audit and governance arrangements are subject to a programmed review.	Governance training is provided to all new members of staff in seeking to create awareness of organisational practices and procedures and the expectations of the Parish Council regarding the conduct of its staff.

Community Engagement

Stakeholders

This plan is published so that all stakeholders can understand the Parish Council's finances in terms of its planned income streams and planned areas of expenditure. It is produced:

- For the local community and council taxpayers:
To communicate the Council's overall financial strategy and its links to, and impact upon, the provision of local services and investment in community assets.
- For elected members:
To communicate the Council's overall financial strategy and to improve links between business planning and financial planning processes.
- For local businesses and community organisations
To communicate the Council's financial strategy and its links to, and impact upon, the provision of local services and to provide key financial information to support partnership working and joint ventures in Aldington and Bonnington.

The development and maintenance of a strong and positive relationship between the Parish Council and the community it serves, lies at the heart of everything it does.

Community consultation methods

Parish Councillors have been elected by the local community to represent them and to promote their interests, in delivering services, projects, events and grant support on behalf of the local community. Parish Councillors and Parish Council staff engage daily with members of the public in gaining insight into the "matters that matter to them" which provides the basis for Council priority setting and resource allocation.

This strategic document deals with the key themes that have been consistently identified by the local people through community engagement and which have been used to shape the allocation of the Parish Council's resources.

<p>Priority 1: Infrastructure and Amenities We want to see the Parish's infrastructure and amenities grow in line with the increase in housing and population of the Parish whilst conserving the rural landscape, character and views.</p>	<p>The Parish Council recognises that the infrastructure has not grown in line with the increase of housing in the Parish. It is currently working on a Neighbourhood Plan which will provide guidance as to what development will be permitted subject to compliance with the Borough Council Local Plan and the National Planning Policy Framework to celebrate our built heritage and achieve high quality design.</p>
<p>Priority 2: Activities We want the parish to become a healthier, safer, cleaner and more connected community.</p>	<p>The Parish Council is developing a programme of community events. The funding for these events is included as part of the Council's budget setting process each year.</p>
<p>Priority 3: Community Safety We want to feel safe and there to be low levels of crime. We want to see management of the impact of traffic</p>	<p>The Parish Council works closely with Neighbourhood Watch to encourage residents to be observant and to report all instance of crime. Research is being undertaken on the current levels of traffic through the village with the aim of seeking assistance from Kent Highways to install some measures to reduce the incidence of speeding throughout the Parish.</p>
<p>Priority 4: Village centre We want to support the local economy</p>	<p>The Parish Council will prioritise local businesses when seeking goods and services.</p>
<p>Priority 5: Environment We want to live in a nice-looking village which is kept clean, and which is playing its part to tackling environmental issues as the local level by enhancing nature and increasing biodiversity</p>	<p>The Parish Council is working with local partners to develop a wide range of environmental initiatives as part of the approach to creating a clean and green parish. The Parish Council recognises the challenges of climate change and the importance of the community working together to protect the environment and reduce carbon emissions.</p>
<p>Priority 6: Information We are interested in what is happening in our Parish and we would like more information to be</p>	<p>In addition to its own community events the Parish Council will seek to encourage Ashford Borough Council and key local partners to hold one or more high profile community engagement events to discuss the future development of the Parish and the surrounding area with local residents. An allocation would be required from the approved budget to support such an event and any follow-up actions required.</p>

<p>shared about developments affecting the Parish.</p>	
<p>Priority 7: Public Access We don't understand who is responsible for what – particularly the roles of County, Borough and Parish Councils – and we are concerned that they are becoming remote from the communities which they serve</p>	<p>The Parish Council is maintaining its customer interfaces so that they are available for the local community and has invested in its website to provide more extensive information to the local community. The website provides opportunities to engage with the local community and direct them to where they can obtain help.</p>
<p>Priority 8: Participation We want to be listened to by those who make decisions on our behalf</p>	<p>The Parish Council is increasing its public profile and recognises that everyone matters as it serves the needs of the local community. Any cost pressures associated with the expansion of the Parish Council's community engagement programme will be included in the development of the budget and financial plans</p>
<p>Priority 9: Governance We want to be able to trust our elected representatives and public officials and be sure that they are acting honestly with the best interests of the community at heart.</p>	<p>Fulfilment of the Council's statutory duties and the requirements of the Transparency Code are embedded within the work of the Council. In addition to the conduct of its Councillors and Staff, independent assurance of its actions through the internal and external auditors can increase public confidence further. The Parish Council has invested in developing its website to provide more information about the Parish Council's governance arrangements to the public. There are no additional cost pressures forecast with regard to this priority at the present time.</p>

Revenue Planning

Income:

The Parish Council's principal source of income is from the Precept which is supplemented each year by miscellaneous income such as interest on bank balances. Income from the allotments is ring fenced for site maintenance / improvements.

Expenditure

The Parish Council's main areas of expenditure are shown at Appendix A and can be summarised as follows:

- Expenditure on Administration, services operations and community events
- Revenue allocations to reserves principally sinking funds for play areas and ICT replacement.
- Provisions for future projects.

Projects

Funded

Aldington Meadows former tennis court: clearance of the undergrowth, replacement of boundary fence area to be grass seeded and a sports wall installed: indicative costs £11,380 funds held in earmarked reserve.

Orientation panel: to indicate the location of the Public Rights of Way in the Parish, proposed site on the green near to the village hall. Indicative cost £3,467 funds held in an earmarked reserve.

Woodland management/biodiversity: costs unknown a provision is made in the annual budget to cover the cost of an arboriculture assessment and for remedial tree works. Additional funding is available from within the Section 106 monies held by Ashford Borough Council.

Highways Improvements: A revised Highways Improvement plan is to be submitted to Kent Highways for consideration. It is likely that any improvements will require a traffic regulation order to be submitted and a design fee paid before any works will commence. If these have to be paid by the Parish the indicative cost is in the region of £4,000 which can be covered from the General Reserve.

Funding required.

All weather path around the village green: the proposal is for a path to go around the perimeter of the field to provide a safe surface for people to walk away from traffic. Indicative costs to be in excess of £35,000

Aldington Meadows play area: the play equipment within the fenced area was installed by the developers of Aldington Meadows and only provides for a very limited age range. The existing equipment is coming to the end of its life and will

need to be replaced. Indicative cost for this being £30,000 to date the earmarked reserve for this project stands at £3,903.

Office accommodation: Consideration needs to be given for the acquisition of office space in the Parish as the Council is undertaking more activities and a presence where parishioners can call in would be appropriate. Suggested provision being £30,000.

Funding options:

Given the level of funding required for the major projects it would be possible subject to approval for the Parish Council to borrow £60,000 over a 10-year period to finance the replacement of the play equipment at Aldington Meadows and to provide dedicated office accommodation. This would be repayable in half yearly instalments, at the current interest rate, of £4,342.14.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Administration	24,842.00	31,050.00	38,698.00	41,998.00	44,098.00	46,303.00
Services	13,750.00	12,750.00	13,000.00	14,280.00	14,994.00	15,744.00
Reserve allocations	4,875.00	11,875.00	13,375.00	8,414.00	4,084.00	4,788.00
	<u>43,467.00</u>	<u>55,675.00</u>	<u>65,073.00</u>	<u>64,692.00</u>	<u>63,176.00</u>	<u>66,835.00</u>
new project provisions				10,000.00	10,000.00	10,000.00
				<u>74,692.00</u>	<u>73,176.00</u>	<u>76,835.00</u>
tax base	643	641	640	640	640	640
Band D equivalent	£67.60	£86.86	£101.68	£116.71	£114.34	£120.05
per week	£1.30	£1.67	£1.96	£2.24	£2.20	£2.31