PROPOSED BUDGET 2022/23 BRIEFING NOTE

For Council on 16 December 2021

1. Background

As part of the budget setting process, and in accordance with the budget setting timetable agreed by the Finance & Governance Committee on 14 October 2021, each Committee reviewed its requirement for 2022/23 as outlined below:

Community Engagement Committee– 7 October 2021
Planning & Environment Committee – 28 October 2021
Estates & Facilities Management Committee – 11 November 2021
Finance & Governance Committee – 18 November 2021

Each committee considered detailed proposals, reviewed current year spending, and assessed future projects to produce a draft proposal. These proposals were collated and considered by the Finance & Governance Committee on 9 December 2021 and a final draft budget is now presented to Council for adoption.

At the Thursday 25 November 2021 Council meeting, Members also agreed the schedule of charges for 2022/23 (Minute C21/22.081.5).

2. Principles and Assumptions Which Underpin the Budget and Precept Setting Process

At the 14 October 2021 Finance & Governance Committee, Members agreed the principles and assumptions which underpin the budget and precept setting process for 2022/23 (Minute F21/28.047) as follows:

i. A balanced budget is required to be set.
ii. Reserves should only be used for one-off expenditure or capital items.
iii. There are no changes to service levels.
iv. Charges will be reviewed and any increases agreed and applied to the budget.
v. Inflation of +4% will be applied to expenditure forecasts unless costs increases to contracts are known, then actuals will apply.
vi. Staff costs will be budgeted at an increase of 2%, subject to Staff Panel recommendations.

3. Changes Agreed at Committee Meetings

The following amendments were agreed at the Committee meetings:

<u>Planning & Environment Committee – 28 October 2021</u>
At the Planning & Environment Committee meeting on 28 October 2021, the Committee agreed to include a £5,000 budget for consultancy fees for 2023/23 in order to address any renewal of the Neighbourhood Plan that may be required.

<u>Estates & Facilities Management Committee – 11 November 2021</u>
At the Committee meeting on 11 November 2021, the Committee agreed to:

- Cemetery – Project £10,000 covering chapel and drainage issues.
- Recreation grounds – potential £10,000 for projects in Reeds Lane, build up banks and planting new hedge on northern boundary. New Vistry post and rail fence and new hedging planned on the development side.
- Stables – No Issues.
- Parish office – The use of the family room to be discussed in item 9 of the agenda.

- Public conveniences – £5,000 has been set aside for repairs of the public conveniences. There is one unknown fact, as the hand washer drier company Wallgate have doubled their prices. The Parish Clerk is to investigate whether we can find a better price elsewhere.
- Highways and byways – The cycleways budget this year has been set aside for assessment of projects (£2,500 and provisionally £5,000 for implementation).
- Street furniture – no comments
- Hurst Meadows – There are funds available for projects, as and when required. This is funded by the earmarked reserves. Waste service comes from the precept.
- Court Bushes – The £6,200 MSDC support grant will this year, so next year will be a test. Next year £5,000 will be included for the new rental fee. £15,000 set aside to cover the plan for additional storage, by installing some containers with electricity on site. After agreement £5,000 added to the project line for the possible installation of Audio/Visual systems and Wi-Fi improvements. Raising the project line from £15,000 to £20,000.
- Vehicle and machinery – New machinery bid to be raised to £1,500.
- Services – no change.
- External power supply to the rear of the bus stop by the War Memorial – a discussion took place to consider installing a permanent electrical outlet at the back of the adjacent bus shelter to enable easy electrical access in the memorial area for events such as the Remembrance Sunday. A budgetary price of £800 has been received for the installation.

Finance & Governance Committee – 18 November 2021

At the Committee meeting on 18 November 2021, the Committee agreed to:

- A thorough discussion was held concerning the proposed uses for the South Avenue Easement receipt, and it was agreed to investigate paying off the street lighting loan so that information could be presented to the December Council meeting.
- The balance of the receipt could be ear marked for South Avenue projects.
- The difficulties forecasting the staffing costs was highlighted as the 2021/22 national pay award was not yet agreed.
- The Councillor's Allowances calculations will be reviewed.
- The IT/Computer costs break down will include £5,000 for IT Support including wider support for wider hybrid meetings solutions.

Community Engagement Committee– 7 October 2021

There were no changes to the Community Engagement Committee budget following its meeting on 7 October 2021.

4. Further Changes

There have been some changes to the individual Committee budgets since the Committee meetings were held, due to requests to clarify information and/or changing circumstances. These have been incorporated into the draft budget proposal and are summarised below:

- **F&G – Councillor Allowances** – an Increase of 2% included on an assumption that all 13 possible claim.
- **E&FM** – **Tools and Equipment Purchase** £1,000 has been added to the £500 to make the budget £1,500 to provide for the purchase of grounds maintenance tool such as a brushcutter and hedge cutter.

At the Finance & Governance Committee meeting on 9 December 2021 further amendments were made and these are set out below:

i. It was agreed to increase the budget for Staff Salaries, National Insurance and Pension contributions by 4% or £3,907, as this was the area that was felt to include the greatest risk of under-budgeting, partly because the 2021/22 pay award had not yet been settled.
ii. Room hire (5330-101) would be increased by £100 to £1,000.

iii. If the decision is made to repay the street lighting loan, the £10,204 loan re-payment figure under code (5280-101) could be removed from next year's budget.

iv. The Cemetery project line (5720-201) of £10,000 could be reduced to £5,000 and re-allocated to the Property Maintenance code (5400-201).

v. The £10,000 project line for the new hedge in Reeds Lane Recreation Ground could be reduced to £5,000 and Section 106 funds could also be sought.

vi. The Parish Office share of operating costs have been increased by 4% in line with the budgeting principles agreed (5300-205).

vii. The Court Bushes Community Hub budget would be the first year without the MSDC revenue support grant of £6,200 plus a rental payment to MSDC of £5,000. There was still an aspiration to include a £7,000 transfer to the ear marked reserve and the Projects code figure (5720-211) will be adjusted to achieve the 3.95% precept increase target.

viii. Planning & Environment Committee requested £5,000 for professional support and it was agreed by the Committee to recommend that the £5,000 would be provided from the General Admin Professional Support code (5180-101) if required.

ix. It was agreed not to include any specific youth club funding at this time as the youth facilities earmarked reserve held £5,000.

x. It was agreed to recommend to Council that the residual South Avenue Easement receipt (approx. £34,000) be earmarked for South Avenue.

5. Tax base, Precept and Band D Information

Information on the historic data on the tax base, precept and band D for the parish is set out below:

Year	Tax Base	Precept	Band D	Band D % increase	Parish Average (MSDC)	Parish Average (England)
2014/15	2,713.5	£171,360	£63.15	1.9%	£54.12	£52.37
2015/16	2,760.7	£179,000	£64.84	2.7%	£57.40	£54.12
2016/17	2,804.9	£184,191	£65.67	1.3%	£61.03	£57.40
2017/18	2,892.3	£193,736	£66.98	2.0%	£64.04	£61.03
2018/19	2,965.5	£202,602	£68.32	2.0%	£67.18	£64.05
2019/20	3,049.9	£218,788	£71.74	5.0%	£69.38	£67.18
2020/21	3,083.2	£252,021	£81.74	13.9%	£74.37	£69.89
2021/22	3,126.1	£264,520	£84.62	3.52%	£75.06	£71.86

Members will be aware that the tax base used for the precept calculation is the number of band D equivalent dwellings in the parish. This is calculated by the District Council by adjusting the total number of dwellings in each council tax band to account for any discounts, premiums or exceptions.

Mid Sussex District Council has confirmed the tax base figure for the Parish of **3,196.9**.

6. Draft budget proposal for 2022/23

The draft budget proposal provides details of every nominal code and cost centre by Committee, comparing the current year's budget to the projected budget requirement for next year. Page 1 provides a summary of the committee information and outlines the council position.

As you will see, the initial draft projects the following:

	2021/2022	2022/2023
Total income (excluding precept)	£105,699	£102,747
Total expenditure	£370,619	£384,355
Precept required to balance budget	**£264,920**	**£281,608**

Based on the tax base figure provided by MSDC, this equates to a band D council tax payment of **£88.09**, an increase of 3.95% or £3.34 per annum or 6 pence per week on 2021/22.

7. Options

Council can agree the budget as detailed in the attached spreadsheet.

Alternatively, the table at the bottom of the summary page provides information on differing levels of Band D increase, and the associated changes in the budget requires to achieve these. Members are reminded that there is no 'capping' for Parish Councils, and the precept can be whatever amount the Council deems appropriate.

To change the budget, one or a combination of the elements below can be considered:

- Increase the budgeted income (excluding precept)
- Reduce the budgeted expenditure
- Agree to fund the budget shortfall from reserves. Members are reminded that general guidance recommends the level of the general reserve should be maintained at approximately 50% of precept (circa £130,000). However, please note our Reserves Policy adopted on 25 March 2021 (attached in Appendix 1) states:

  Hurstpierpoint and Sayers Common Parish Council aim to maintain the general reserve at a minimum of 3 months Net Revenue Expenditure and review this level at least annually as part of the budget setting process.

  Hurstpierpoint and Sayers Common Parish Council aim to maintain a level of earmarked reserves appropriate to the level of future planned expenditure projects and review these at least annually as part of the budget setting process.

  The current level of general reserve is £65,542 and it is recommended that this figure is maintained to support the budget requirement.

8. Next Steps for Budget Setting for 2022/23

As per the council's adopted Financial Regulation 3.3, *the Parish Council shall fix the precept (Council Tax requirement) and relevant basic amount of Council Tax to be levied for the ensuing financial year not later than by the end of January each year.* To facilitate this, the budget can be agreed on 16 December 2021 or if further consideration is required the Council meets on Thursday 27 January 2022. The Precept submission to MSDC is required by 31 January 2022.

9. Village Centre

Members are reminded that the budget before them is for the Parish Council only. The Trustees of the Village Hall have a meeting scheduled for February 2022 to determine the budget for 2022/23, as the time critical element of submitting the precept request does not apply to the Village Hall.

Appendix 1

Reserves Policy

Adopted at Council 25 March 2021

1 PURPOSE

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement. The level of reserves will vary according to local circumstances and will be informed by the future expenditure plans of the authority.

Hurstpierpoint and Sayers Common Parish Council is adopting a Reserves Policy to support their budget setting process and ensure they maintain appropriate levels of general and earmarked reserves.

2 TYPES OF RESERVES

General Reserves

The general reserve represents the unspecified balances held by the council. The purpose of the general reserve is to operate a working balance to help manage the impact of uneven cashflows during the financial year, and to provide a contingency amount for emerging or unforeseen events.

The balance of the general reserve will increase or decrease at the end of each financial year, subject to the final actual performance against budget.

There is no definitive minimum or maximum level of general reserves that an authority should hold, although recommended guidance within the Good Councillors Guide to Finance and Transparency 2019 suggests an amount of between 3 and 12 months net revenue expenditure (NRE*). Larger councils are recommended to hold between 3 and 6 months NRE.

Hurstpierpoint and Sayers Common Parish Council aim to maintain the general reserve at a minimum of 3 months NRE and review this level at least annually as part of the budget setting process.

**NRE is defined as the precept less any loan repayments and/or amounts included for capital projects and transfers to earmarked reserves.*

Earmarked Reserves

Earmarked reserves allow the accumulation of funds for use at a future date for specified planned expenditure projects. Balances on earmarked reserves will increase through decisions of the council to add to the requirement and decrease as they are spent on the specified projects. Once a project has ended, the earmarked reserve will be closed, and any remaining balance transferred to the general reserve.

There is no minimum or maximum level of recommended earmarked reserves as this will depend entirely on the planned future projects of the authority.

Some earmarked reserves are restricted and can be used only for the purpose they were initially put aside for.

These typically include:
Section 106 and/or Community Infrastructure Levy (CIL) – can only be used to funds certain items.
Capital Receipts – used for receipt of funds from the sale of any capital item valued at over £10,000. The funds can only be used to purchase another capital item and/or repay borrowing.

Some Grants – may be restricted to the original reason for the grant award, and unused funds may be required to be returned to the granting body.

Hurstpierpoint and Sayers Common Parish Council aim to maintain a level of earmarked reserves appropriate to the level of future planned expenditure projects and review these at least annually as part of the budget setting process.

3 MONITORING AND REVIEWING RESERVES

The level of both general and earmarked reserves is monitored through the RBS accounting system, and regularly reported to the Finance & Governance Committee.

Decisions to increase amounts held in earmarked reserves on an annual basis will form part of the budget setting process, with formal approval confirmed by Council. In year decisions to transfer funds between reserves will be considered by the Finance & Governance Committee, with a recommendation put to Council for approval.