

## PROPOSED BUDGET 2023/2024 BRIEFING NOTE

For Council on 15 December 2022

### 1. Background

As part of the budget setting process, and in accordance with the budget setting timetable agreed by Council on 20 October 2022, each Committee reviewed its requirement for 2023/24 at the meetings as outlined below:

Planning & Environment Committee – 27 October 2022  
Community Engagement Committee – 3 November 2022  
Estates & Facilities Management Committee – 10 November 2022  
Finance & Governance Committee – 17 November 2022

Each committee considered detailed proposals, reviewed current year spending, and assessed future projects to produce a draft proposal. On 8 December 2022 the Finance & Governance Committee reviewed the collated budget and agreed a draft budget proposal to put before Council at the meeting on 15 December 2022.

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

At the 20 October 2022 Council meeting, Members also agreed the principles and assumptions which underpin the budget and precept setting process for 2023/24 (C22/23.084.2.2: Budget and Precept Setting Timetable) as follows:

- i. A balanced budget is required to be set.
- ii. There are no changes to service levels.
- iii. Charges will be sensitively reviewed and any increases agreed and applied to the budget.
- iv. The September 2022 Consumer Price Index will be applied to expenditure forecasts, unless cost increases to contracts are known, then actuals will apply.
- v. Staff costs will initially be budgeted for at an increase of 5%. This percentage may be subject to change over the next few months.
- vi. Reserves should only be used for one-off expenditure or capital items.

### 3. Changes Agreed at Committee Meetings

The following amendments were agreed at the Committee meetings:

#### Planning & Environment Committee – 27 October 2022

At the Planning & Environment Committee meeting on 27 October 2022, the Committee agreed that any budget requirements would be met under the General Admin – Professional Support code (5180-101).

#### Estates & Facilities Management Committee – 11 November 2022

At the Committee meeting on 11 November 2022, the Committee agreed to:

- (i) Reduce the Cemetery - Property Maintenance line (5400-201) from £6,000 down to £3,000.
- (ii) Add a Recreation Grounds - Planning Maintenance budget line to cover the costs of the safety surfacing required.
- (iii) Increase the Street Lighting -Repairs budget (5440-204) from £500 to £1,500.
- (iv) Reduce the Public Conveniences – Electricity budget (5011-206) to £3,000.
- (v) Seek quotes to inform the costs of a new container at Court Bushes and reduce Project line (5720-211) to £5,000.
- (vi) Increase the Vehicles and Machinery - Fuel budget from £300 to £600.

Finance & Governance Committee – 17 November 2022

At the Committee meeting on 17 November 2022, the Committee agreed to:

- (i) noted that the intention for the interest received from the bank, was that it was transferred to the applicable Earmarked Reserve at the end of the year
- (ii) noted the election could cost £5,571 but could be a little as £220 if uncontested
- (iii) agreed the payroll expenditure would be amended to £750+5% = £788
- (iv) agreed the insurance would be increased by 20%
- (v) agreed BT costs would be moved from (5352) into IT/Computer costs (5360)
- (vi) agreed to reduce IT Support (under 5360) to £3,000, and it was:

Community Engagement Committee– 3 November 2022

At the Committee meeting on 3 November 2022, the Committee agreed to:

- (i) Re-name the item called: Community Events to Community Event Grants.
- (ii) Increase the Health & Wellbeing Grants (code: 5640) amount from £1,000 to £1,500.
- (iii) Increase the Health & Wellbeing Project (code: 5650) amount from £1,000 to £1500.
- (iv) In Parish Council Events reword the notes section to say St Law Fair Parish Council Stand.
- (v) In Community Events Grants reword the notes to add in Sayers Common events including the coronation.

**4. Changes Proposed at Finance & Governance Committee on 8 December 2022**

The Finance & Governance Committee considered the collated Committee budgets on 8 December 2022 and these have now been incorporated into the draft budget proposal and are summarised below:

- (i) 5160-101 Councillor Allowances. These are budgeted for based on 14 councillors and 1 Chairman claiming, plus a 5% increase, which together shows a 20.5% increase. Co-opted Councillors are not permitted to claim an allowance. The amount has not increased since May 2019. Members may choose to include an inflationary increase every year
- (ii) 5210-101 Insurance costs would stay at a 14% increase
- (iii) 5330-101 Room Hire to be increased to £1,500
- (iv) 5710-101 Miscellaneous to be reduced to £100
- (v) 5400-201 Cemetery Property Maintenance to be reduced to £2000
- (vi) 5710-201 Cemetery Miscellaneous to be reduced to £100
- (vii) 5011-206 Toilets Electric to be reduced to £2250
- (viii) 5013-206 Toilets Water to be reduced to £2550
- (ix) 5710-208 Allotments Miscellaneous to be reduced to £100
- (x) 5530-209 Street Furniture Seats to be reduced to £0
- (xi) 5020-210 Hurst Meadows Waste to be reduced to £4000
- (xii) 5011-211 Court Bushes Electricity to be reduced to £16,000
- (xiii) 5710-211 Court Bushes Miscellaneous to be reduced to £100
- (xiv) 5480-212 Vehicles Van Lease to be reduced to £0 for one year and use Earmarked Reserve
- (xv) 5710-213 Services Miscellaneous to be reduced to £100
- (xvi) 5700-301 Community Engagement General to be reduced to £100
- (xvii) 5630-301 Community Events to be reduced to £3500
- (xviii) 5650-301 Community Engagement H&W Projects to be reduced to £1000
- (xix) 5640-301 Community Engagement H&W Grants to be reduced to £1000

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	H&SC PC Tax Base	H&SC PC Precept	H&SC PC 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
2022/23	3,196.9	£281,406	£88.03	4.1%	£75.28	£74.81

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 have provided a tax base figure for the Parish of **3,281.3**, confirmed by MSDC at the Council meeting on 7 December 2022.

6. Draft budget proposal for 2023/24

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 forecasts the following:

	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
Total income (excluding precept)	£15,699	£102,747	£106,603
Total expenditure	£370,619	£406,647	£410,241
<b>Precept required to balance budget</b>	<b>£264,920</b>	<b>£304,002</b>	<b>£303,638</b>

Based on the provisional tax base figure provided by MSDC, this equates to a band D council tax payment of **£92.54**, an increase of 5.05% or £4.45 per annum or 1.78 pence per week on 2022/23.

7. Options

Members can agree to recommend the draft budget as outlined in this report to Council on 15 December 2022.

Alternatively, the table at the bottom of the excel summary page provides information on differing levels of Band D increase, and the associated changes in the budget required 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 and can justify.

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 between 3 and 12 months of the precept figure. However, please note the Reserves Policy adopted on 24 March 2022 (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 (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.)**

**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 (at 30 November 2022) is £79,308 and it is recommended that a figure in this region is maintained to support the budget requirement.

#### 8. Next Steps for Budget Setting for 2023/24

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 following timescales are recommended:

- (i) **Thursday 15 December 2022 – Council:** Review draft budget recommendation from Finance & Governance Committee with updated Action Plan. *If agreed, finalise individual Committee and Council budget proposals and assess Council Tax requirement using Tax Base information; agree budget and submit the Precept figure to MSDC.*
- (ii) **Thursday 19 January 2023 - Finance and Governance Committee:** If not agreed in December, finalise individual Committee and Council budget proposals and assess Council Tax requirement using Tax Base information; propose budget and precept to Council with supporting Action Plan.
- (iii) **Thursday 26 January 2023 Council:** If not agreed in December, approve Action Plan, budget for 2023/24 and set the precept.
- (iv) The Precept must be submitted to MSDC by 31 January 2023.

#### 9. Village Centre

Members are reminded that the budget before them is for the Parish Council only. The Trustees of the Village Centre have a meeting scheduled for 23 February 2023 to determine the budget for 2023/24, as the time critical element of submitting the precept request does not apply to the Village Centre.

# Reserves Policy

## Adopted at Council on 24 March 2022

### 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.