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Briefing Note
1 April 2024 – 31 March 2025
Budget & Precept Setting Timetable

Introduction

This briefing note sets out the proposed timetable and the Parish Council's principles and assumptions, which underpin the four-month long budget setting process which commences in October each year in order to arrive at the precept required by the end of the following January. The precept (Council Tax requirement) is the sum collected by Mid Sussex District Council on the Parish Council's behalf, which is raised through the Council Tax bill.

Background to the 2023/24 Process

At the Council meeting on 15 December 2022, the Parish Council approved the 2023/24 budget and precept (Minute C22/23.115) and it: **RESOLVED: That the Council AGREES and ADOPTS the 2023/2024 budget as recommended by the Finance & Governance Committee with an income of £106,603, expenditure of £410,241 and a precept requirement of £303,638 which equates to a Band D Council Tax payment of £92.54 per annum, an increase of 5.05%, or £4.45 per annum or 1.78 pence per week on 2022/2023's budget, the details of which will be submitted to Mid Sussex District Council by 31 January 2023.**

The half yearly monitoring of the current year's 2023-2024 budget is covered elsewhere on this agenda.

Timescales for Budget Setting for 2024/25

As per the Parish 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:

- Thursday 19 October 2023 – **Finance, Governance & Estates Committee** agree principles and assumptions for budget setting process 2024/25 and review the first half year Income and Expenditure for 2023/24.
- Thursday 26 October **Council** Review of Q2 Income and Expenditure for 2023/24 and agree the assumptions and timetable for the budget setting process as recommended by the Finance, Governance and Estates Committee.
- Monday 30 October 2023 – **Planning Committee** review their Action Plan and prepare the initial Committee budget for 2024/25.
- Thursday 9 November 2023 - **Community Engagement Committee** review their Action Plan and prepare their initial Committee budget for 2024/25.
- Thursday 23 November 2023 – **Finance, Governance & Estates Committee** recommend schedule of charges for 2024/25 to Council, agree staffing budget for 2024/25, review their Action Plans and prepare initial Committee budget for 2024/25.
- Thursday 30 November 2023 **Council** to agree schedule of charges for 2024/25.
- Thursday 7 December 2023 – **Finance, Governance & Estates Committee** assess collated budgets from all Committees to produce first draft of 2024/25 budget for recommendation to Council with updated Action Plans.
- Thursday 14 December 2023 – **Council** review draft budget recommendation from Finance, Governance and Estates Committee with updated Action Plans.

- Thursday 18 January 2024 - unless completed in December, **Finance, Governance & Estates Committee** 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 Plans.
- Thursday 25 January 2024 - unless completed earlier, **Council** approves Action Plans, budget for 2024/25 and sets the precept. Precept submission due to MSDC by 31 January 2024.

Principles and assumptions of revenue expenditure and income

The following principles have been carried forward from previous years:

1. Revenue income and expenditure should balance therefore a balanced budget is required to be set. Reserves should only be used for one-off expenditure or capital items.
2. Basic operations: there are no changes to service levels.
3. Income: charges will be reviewed and any increases agreed and applied to budget modelling with effect from 1 April 2024 (1 October 2024 for allotments).
4. Inflation: items affected will have +6.3% allowance* unless cost increases to contracts are known and then actuals will apply.

   *Source: Office of National Statistics: The Consumer Price Index (including occupiers housing costs) rose by 6.3% in the twelve months to August 2023. (Release date 20 September 2023.) The rate of inflation is the change in prices for goods and services over time. Measures of inflation and prices include consumer price inflation, producer price inflation and the house price index.

Principles and assumptions of one-off and capital expenditure

The aspirations and planned work programme of the Parish Council is set out in the Action Plans. Projects within the Action Plans contain details of the responsible Committee and funding sources, which include but are not limited to the use of Parish Council reserves and Section 106 funds.

Some projects which are important to the Parish Council but not funded by the Parish Council are also included. For example, where the Parish Council hopes to influence other projects (such as the Community Highways Scheme) these are included although the expenditure is not controlled by the Parish Council.

General Reserves

The Parish Council has a Reserves Policy, adopted on 23 February 2023 (Minute C22/23.138.3: (i)**.** Guidance regarding the appropriate level of general reserve varies, but typically recommends 3-6 months of revenue expenditure or 50% of the precept, as adjusted for local conditions. On 30 September 2023, £97,549 was held in General Reserves, equating to 32% of the £303,638 2023/24 precept.

The Parish Council is aware that the level of General Reserve is relatively low but this level was supported when at the internal audit conducted on 3 October 2023, the auditor noted "I estimate net revenue expenditure to be in the region of £250k per annum, rule of thumb calculations would indicate that a general reserves balance of circa £60,000 to £250,000 as adjusted for local conditions would be reasonable. The councils general reserve is within range."

Also, the Council re-adopted its Reserves Policy at its meeting of the 23 February 2023 and: RESOLVED: That Council APPROVED AND ADOPTED the Reserves Policy and specifically that the Council:

> (i) aims 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; and
> (ii) aims 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.

At the year-end any underspend or overspend against the budget directly affects the General Reserve, unless the Parish Council resolves to allocate the funds differently.

The current year fund shown on the Balance Sheet of £138,437, is the cash available that the Parish Council has left to spend before 31 March 2024.

Earmarked Reserves (EMRs)

Earmarked Reserves are established to provide future funding for specific projects and/or areas under the control and management of the Parish Council. There is no guidance as to appropriate amounts to hold in EMRs, as this will vary depending on the projects under consideration. The EMRs are always shown on the monthly balance sheet. On 30 September 2023, the following amounts were held in EMRs.

EMR	DESCRIPTION		£	Comment
311	MAINTEN. VAN & EQUIP.		5,661	This is being used to fund van leasing costs.
320	CEMETERY		23,244	See Condition Survey.
335	SOUTH AVENUE		26,552	To resurface South Avenue.
345	PROFESSIONAL SUPPORT		5,826	For District Plan and other support.
350	HURST MEADOWS S106	*	296,876	Ring-fenced for annual Hurst Meadows works.
355	HURST MEADOWS ACCESS		5,573	For access improvements.
360	MILLENNIUM GARDENS	**	7,350	Ring-fenced for the Millennium Garden costs.
380	COURT BUSHES SINKING FUND		21,000	Target of £7,000 top-up per annum.
390	YOUTH FACILITIES		5,000	Not yet allocated.
391	HEALTH & WELLBEING PROJECTS		1,000	Not yet allocated.
395	CHRISTMAS LIGHTS		2,000	To be used for 2023/24 structural tests.

*The Hurst Meadows S106 EMR is the amalgamation of the Little Park and Highfield Drive S.106 agreements. Funds of approx. £17,000 are planned to be used each year to cover expenditure at the site.

**The Millennium Garden EMR was established with an initial balance of £10,000 from the grant from St George's Millennium Garden Trust. Funds are planned to be drawn down from this EMR on an annual basis to cover ongoing maintenance costs for the site when applicable. This year, £1,600 was used for tree works on 22 May 2023.

Both of these EMR's are ring-fenced and cannot be used for any other purpose, due to the nature of the receipt of the funds. Any future Section 106 receipts will be similarly ring-fenced, as will any capital receipt over £10,000 (which may only be used for a capital purchase and/or repayment of borrowing).

Staff Costs

The Parish Council is currently operating with 5 employees (4.15 full time equivalent staff). The National Joint Council (NJC) for Local Government Services are yet to agree the annual national pay arrangements taking effect from 1 April 2023. When agreed, this national pay award will be paid to staff and be backdated to 1 April 2023. Hopefully a decision will be made before 31 December 2023 to inform the budget monitoring process more accurately.

However, the "full and final" pay offer was for a flat rate increase of £1,925 per annum for all Spinal Column Points (SCP) from 2 to 43 (with SCP1 being abolished) and 3.88% for all above SCP43, effective from 1 April 2023. (There are no employees on a Spinal Column Point above 43.). At 7th October 2023, the national pay award is still not concluded but if the above is agreed, the calculation would be:

i) 2 x full time employees 37 hours per week = £3,850.00
ii) 1 x part time employee 31.5 hours per week staff = £1,638.18
iii) 1 x part time employee 28 hours per week staff = £1,455.30
iv) 1 x part time employee 20 hours a week = £1,039.50
Total pay award cost of £7,982.98.

Assuming a 5% national pay increase for 2024/25, and assuming salary scale column point (SCP) increases on 1 April 2024 for all, for worst case budgeting purposes, anticipated staff costs for 2024/25 are as below:

Anticipated Staff Costs for 2023/24 and 2024/25

	A	B	C
Nominal Code	**2023/24 Current Budget**	**2023/24 Estimate (includes one-off £1,925 pro rata applied to Column A)**	**2024/25 includes 5% increase on column B and SCP increases from 1 April 2024)**
5100 Salaries	133,336	141,538	150,708
5110 National Insurance	10,821	11,805	12,906
5120 Pension Contributions	27,628	27,175	32,704
TOTAL	**171,785**	**180,518**	**196,318**

Council Approval to Increased Hours/Staff Costs in 2023/24

On 23 February 2023 under Confidential Matters: Minute C22/23.143: Assistant Clerk (2) Vacancy (Recommendation from Finance & Governance Committee (16 February 2023) Minute: F22/23.090): Members RESOLVED: That the Council thanked the Assistant Clerk (2) for her hard work and AGREED the next steps for recruiting a replacement, and a potential increase of up to 12 hours in salary and on-costs.

This means that the additional costs are due to not only the national pay award but also the agreement by Council to increase the hours of the Assistant Clerks.

Conclusion

The Committee is asked to review the timetable, principles and assumptions outlined in this paper, which underpin the budget setting process for 2024/25 and to agree the following recommendation:

RECOMMENDATION: That the Committee AGREES the following:

a) The proposed timetable to commence the budget setting exercise for 1 April 2024 to 31 March 2025.

b) The principles and assumptions outlined in this paper which underpin the budget and precept setting process for 2024/25 as follows:

- **i. A balanced budget is required to be set.**
- **ii. There are no changes to service levels.**
- **iii. Charges will be reviewed and any increases agreed and applied to the budget.**
- **iv. Inflation of +6.3% 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.**