

Sutton Parish Council

Budget Proposal for 2022/2023



The Budgeting Process

- Parish councils can raise revenue to meet their spending requirements by issuing a 'Precept'
- Every year in January the Parish Council needs to agree the Precept for the next financial year
- The Finance Working Party reviews the council's spending commitments and creates a draft budget for the next year
- The council discusses and agrees the budget for the next financial year
- The council then agrees the Precept, which together with other income and drawings from Reserves, needs to cover the planned expenditure

Sources of Income

- **The Precept**
 - This is the total amount to be raised through the Council Tax from all the dwellings within the parish
 - The 'Precept' is converted into an amount per Council Tax band and is part of the Council Tax bill from the District Council
- **Income from Facilities**
 - Hiring fees charged on users of the Community Room, the Pavilion and The Glebe
- **Income from Community Infrastructure Levy**
 - The Community Infrastructure Levy (CIL) is a charge levied by local authorities on new development in their area
 - It can only be spent to provide new infrastructure or maintain existing infrastructure needed to support new development

Backdrop to 2022/23 Budget

- Started 2021/22 with a healthy level of Reserves
 - General Reserves of £77,535 at 31st March 2021
 - Assisted by the receipt of COVID-19 grants
- Still significant COVID-19 impact on Facilities Income
 - In 2019/20 a total income of £27,016 was achieved
 - In 2020/21 the actual was just £268, a decrease of £26,748
 - In 2021/22 the actual plus forecast is £13,150
- Need to keep General Reserve above 25% of Net Revenue Expenditure
 - Based on guidance from Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide March 2021

Key Budget Changes 2022/23 (1)

- Maximising use of Community Infrastructure Levy
 - Using for highways improvements, facilities improvements and maintenance in accordance with spending rules
- Continuing to support Time Bank Co-Ordinator
 - New role established in February 2020 supported with around 50% grant funding for the first two years
 - Need to fully fund role in 2022/23 and beyond
- Adjusting expected income from Facilities
 - Total income forecast at £17,400 for 2022/23
 - Compares to £13,150 actual + forecast in 2021/22
 - Still well below pre-COVID £27,016 in 2019/20

Key Budget Changes 2022/23 (2)

- Additional expenditure items in 2022/23
 - Restoring Grants budget to £1,500 (removed completely in last year's budget)
 - One off cost to install a Defibrillator at The Glebe
 - One off cost for Office 365 SharePoint Migration (lowering IT costs & better supporting hybrid working)
 - Solicitor fees to finalise new Poors Lease
 - Funding for staffing review agreed by Personnel Committee
 - No extension of Administrator post beyond 31 March 2022

Key Budget Changes 2022/23 (3)

- Expenditure items not included in 2022/23
 - No restoration of funding for the Connections Bus service
 - Service was not run at all in 2020/21 due to COVID-19 restrictions and not funded in 2021/22
 - Cost is just over £10,000 which would add 7% to Precept
 - However actively discussing other ideas to improve Youth provision in Sutton

Recommendation for Precept

- Last year agreed precept of **£144,326 (+4.0%)**
 - A Band D Council Tax of £107.72 (+5.3%) due to East Cambs District Council also setting a lower Council Tax based for 2021/22 adding 1.3%
- Proposal for 2021-2022:
 - Precept rise from **£144,326 to £155,000 (+7.4%)**
 - Leading to Council Tax rise to **£110.47 (+2.6%)** or 5p per week for Band D property
 - Lower Council Tax increase due to increased Council Tax base (more houses in the parish)

Impact on the General Reserve

- Starting position on 31 March 2021
 - General Reserve balance of £77,535
- Anticipated draw from GR in current financial year
 - Anticipated draw of £11,835 by year end
 - Leading to GR balance of £65,700 on 31 March 2022
- Anticipated spend from GR in 2022/23
 - Draft budget forecasts draw of £5,116 in 2022/23
 - Leading to GR balance of £60,584 on 31 March 2023
 - Represents 35% of Net Revenue Expenditure

Three Year Forecast

- In addition to budget for the coming year, the council looks at a three year forecast
 - Assumes 2.5% annual increase in expenditure
 - Assumes 2.5% annual increase in the precept

Summary	2021-22	2022-23	2023-24		2024-25	
	Actual+F'cast	Budget	Forecast		Forecast	
CASH REQUIREMENT	£ 156,161	£ 160,116	£ 158,213		£ 162,412	
PRECEPT	£ 144,326.00	£ 155,000.00	£ 158,875.00	2.5%	£ 162,846.88	2.5%
TO/FROM GENERAL RESERVES	(11,835.00)	(5,116.00)	662.00		434.45	
TOTAL GENERAL RESERVES START OF FINANCIAL YEAR	£ 77,535	£ 65,700	£ 60,584		£ 61,246	
Net Expenditure (ex loan repayment)	£ 180,687	£ 172,123	£ 173,351		£ 177,685	
General Reserves as %age of	39%	35%	32%		32%	

Medium Term Outlook

- Short term funding from Reserves but not sustainable in the medium term
- **Short term mitigation:** Effective budget control, financial risk management & maximising use of CIL
- **Medium term mitigation:** Recovering facilities income and gradual Precept increase
 - Three year forecast for recovery in hiring income
 - Assuming 2.5% annual Precept increase in future years
 - No draw from General Reserve forecast beyond 2022/23

Earmarked Reserves 2022/23