

Sutton Parish Council

Budget Proposal for 2024/2025



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

Recap on 2023/24 Budget

- Budget for 2023-24 was dominated by a massive increase in energy costs
 - Annual increase of £23,258 or massive 537%
- Precept decision for 2023-2024:
 - Precept rose from **£155,000** to **£179,000**, a Council Tax rise of **£14.93** to **£125.24** for a Band D property (**+13.4%**)
- Forecast General Reserve fall to 21% of Net Operating Requirement by 31 March 2024
 - Recover to 25% by 31 March 2025
 - Recover to 30% by 31 March 2026

Backdrop to 2024/25 Budget

- Started 2023/24 with a reasonable level of Reserves
 - General Reserves of £55,881 at 31st March 2023
 - It is anticipated that the balance on 31st March 2024 will be approx £58,599 (32% of Net Operating Requirement)
- New contracts for utilities from early January 2024
 - Significant reduction compared to 2023 tariffs
- 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 2022

Key Budget Changes 2024/25 (1)

- Significant reduction in utilities (gas and electricity)
 - Energy costs forecast to be roughly half those for 2023
 - Leads to forecast of reduced expenditure in last quarter of 2023/24 and the whole of 2024/25
- Staffing budget updated with latest NJC agreement
 - No changes to staffing, retaining same office and facilities roles plus Lengthsman and Time Bank Coordinator
- Adjusting expected income from Facilities
 - Total income forecast at £18,960 for 2023/24
 - Total income forecast at £21,080 for 2024/25

Key Budget Changes 2024/25 (2)

- Re-focussing use of Community Infrastructure Levy
 - Only to be used for highways improvements and facilities improvements and facilities maintenance
- No further leasing costs for Lengthman's van
 - Vehicle purchased outright using CIL reserves in 2023
- Increase in Minor Grants Scheme to £2,500
 - Had been reduced in previous years to balance the budget
 - Aim to promote to new and existing community groups
- Addition in 2023/24 forecast for traffic survey costs
 - Identified as key to support LHI weight limit application

Recommendation for Precept

- Last year agreed precept of **£179,000**
 - A Band D Council Tax of £125.28 (+13.4%)
 - Annual increase of **£14.77** or **28p per week**
- Proposal for 2024-2025:
 - Precept rise from **£179,000** to **£188,960** Leading to Council Tax rise from **£125.28** to **£130.29** for a Band D property (+4.0%)
 - Annual increase of **£5.01** or **9.6p per week**

Impact on the General Reserve

- Starting position on 31 March 2023
 - General Reserve balance of £55,881.00
- Anticipated impact on GR in current financial year
 - Anticipated addition of £2,718 by year end
 - Leading to GR balance of £58,599 on 31 March 2024
 - Primarily driven by lower than forecast energy costs in the last quarter of 2023/2024 (new utility contracts)
- Anticipated spend from GR in 2024/2025
 - Draft budget forecasts addition of £8,230 in 2024/25
 - Leading to GR balance of £66,919 on 31 March 2025

Three Year Forecast

- In addition to budget for the coming year, the council looks at a three year forecast
 - Assumes 3.5% annual increase in expenditure
 - Assumes 3.5% annual increase in the precept

Summary	2023-24		2024-25		2025-26		2026-27	
	Actual+F'cast		Budget		Forecast		Forecast	
CASH REQUIREMENT	£	176,282	£	180,730	£	183,096	£	188,743
PRECEPT	£	179,000.00	£	188,960.00	£	195,573.60	3.5%	£ 202,418.68 3.5%
TO/FROM GENERAL RESERVES		2,718.00		8,230.00		12,477.87		13,676.12
TOTAL GENERAL RESERVES START OF FINANCIAL YEAR	£	55,881	£	58,599	£	66,829	£	79,307
Net Expenditure (ex loan repayment)	£	201,921	£	197,424	£	204,282	£	211,432
General Reserves as %age of Net Operating Requirement		26%		28%		31%		35%

Medium Term Outlook

- **Short term:** Restoration of General Reserves to comfortably above 25% minimum
- **Medium term:** Balanced budget should be feasible without further action on General Reserves
 - Precept increases expected to roughly track inflationary pressures on future expenditure
 - Any new properties build in the parish could enable reduced future Council Tax increases or further services

Earmarked Reserves 2024/25

- CIL Glebe maintenance £ 4,000.00
- CIL Pavilion maintenance £ 2,000.00
- CIL Community Room maintenance £ 2,000.00
- CIL Brooklands Centre maintenance £ 1,000.00
- CIL Office alterations £ 3,500.00
- CIL LHI/PFLHI £ 6,000.00
- CIL 20/21 unallocated £ 3,296.85
- CIL 21/22 unallocated £55,341.46
- CIL 22/23 unallocated £13,195.64