

Sutton Parish Council

Budget Proposal for 2023/2024



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 2023/24 Budget

- Started 2022/23 with a healthy level of Reserves
 - General Reserves of £65,856.00 at 31st March 2022
- 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 was £18,287.00.
 - In 2022/23 the actual plus projected is £18,250.00
- 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 2023/24 (1)

- Budget for 2023-24 is dominated by a massive increase in energy costs
 - Previous contract had annual cost of £5,322
 - New contract has annual cost of £28,580
 - Annual increase of £23,258 or massive 537%
 - The domestic Energy Price Cap does not apply to the Parish Council
 - Increases forecast 2022/23 as well as 2023/24 as new contract starts on 1 January 2023
 - Drives an unavoidable large increase in the Precept

Key Budget Changes 2023/24 (2)

- Reviewed the budget for opportunities to reduce other draws on expenditure
- Maximising use of Community Infrastructure Levy
 - Using for highways improvements, facilities improvements and maintenance in accordance with spending rules
 - Using CIL for outright purchase of Lengthman's van
- Continuing to support Time Bank Co-Ordinator
 - New role established in February 2020 supported with around 50% grant funding for the first two years
 - Fully funded role from 2022/23.
 - Adjusting expected income from Facilities
 - Total income forecast at £18,250 for 2022/23
 - Still well below pre-COVID £27,016 in 2019/20

Key Budget Changes 2023/24 (3)

- Reviewed the budget for opportunities to reduce other draws on expenditure
- Looking to reduce overall impact to Precept by drawing from General Reserve
 - Viable strategy is hike in energy prices is short term and will reduce in the medium to long term
 - However if increase is sustained beyond March 2024 will need to address through further Precept increases
- Additional expenditure items in 2023/24
 - £2,000 included for Election Costs as elections are scheduled for May 2023

Recommendation for Precept

- Last year agreed precept of **£155,000**
 - A Band D Council Tax of £110.47 (+2.55%)
- Proposal for 2023-2024:
 - Precept rise from **£155,000** to **£175,000** Leading to Council Tax rise from **£110.47** to **£122.44** for a Band D property
 - Annual increase of **£11.97** or **23p per week (+10.8%)** for Band D property

Impact on the General Reserve

- Starting position on 31 March 2022
 - General Reserve balance of £65,856.00
- Anticipated draw from GR in current financial year
 - Anticipated draw of £12,660 by year end
 - Leading to GR balance of £53,196 on 31 March 2023
 - (Due to Utility costs from Jan – Mar)
- Anticipated spend from GR in 2023/2024
 - Draft budget forecasts draw of £10,738 in 2023/24
 - Leading to GR balance of £43,196 on 31 March 2024

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 in future yrs
 - Assumes 10% annual increase in the precept in 2024-25 and 10% in 2025-26

Three Year Financial Forecast

Summary	2022-23 Actual+F'cast	2023-24 Budget	2024-25 Forecast		2025-26 Forecast	
CASH REQUIREMENT	£ 167,661	£ 185,738	£ 186,966		£ 192,679	
PRECEPT	£ 155,000.00	£ 175,000.00	£ 192,500.00	10.0%	£ 211,750.00	10.0%
TO/FROM GENERAL RESERVES	(12,661.00)	(10,738.00)	5,533.52		19,071.50	
TOTAL GENERAL RESERVES START OF FINANCIAL YEAR	£ 65,856	£ 53,195	£ 42,457		£ 47,991	
Net Expenditure (ex loan repayment)	£ 188,384	£ 200,642	£ 206,676		£ 213,910	
General Reserves as %age of Net Operating Requirement	32%	25%	19%		21%	

Medium Term Outlook

- Short term funding from Reserves but not sustainable in the medium term
- **Short term mitigation:** Effective budget control and maximising use of CIL
- **Medium term mitigation:** Recovering facilities income and continued Precept increase
 - Three year forecast for recovery in hiring income
 - Assuming 10% annual Precept increase in future years
 - No draw from General Reserve forecast beyond 2024/2025
 - If energy prices fall in future precept increase can reduce

Earmarked Reserves 2023/24

• Sutton Timebank	£ 3,493.37
• CIL Glebe maintenance	£ 3,000.00
• CIL Pavilion maintenance	£ 3,000.00
• CIL Community Room maintenance	£ 2,000.00
• CIL Brooklands Centre maintenance	£ 1,000.00
• CIL Purchase of Lengthman's van	£ 6,000.00
• POS and recreational area maintenance	£ 2,800.00
• Planters for village	£ 500.00
• Tree surveys and works	£ 1,500.00
• CIL Office alterations	£ 3,500.00
• CIL 20/21 unallocated	£17,855.39
• CIL 21/22 unallocated	£55,341.46
• CIL 22/23 unallocated	£13,195.64

Alternative Recommendation

- Initial proposal sees General Reserve fall to 19% of Net Operating Requirement by 31 March 2024 then
 - Recover to 21% by 31 March 2025
 - Recover to 29% by 31 March 2026
- Alternative proposal sees General Reserve fall to 21% of Net Operating Requirement by 31 Mar '24
 - Recover to 25% by 31 March 2025
 - Recover to 30% by 31 March 2026

Recommendation for Precept

- Last year agreed precept of **£155,000**
 - A Band D Council Tax of £110.47 (+2.55%)
- Proposal for 2023-2024:
 - Precept rise from **£155,000** to **£179,000** Leading to Council Tax rise from **£110.47** to **£125.24** for a Band D property
 - Annual increase of **£14.77** or **28p per week (+13.4%)** for Band D property

Impact on the General Reserve

- Starting position on 31 March 2022
 - General Reserve balance of £65,856.00
- Anticipated draw from GR in current financial year
 - Anticipated draw of £12,660 by year end
 - Leading to GR balance of £53,196 on 31 March 2023
 - (Due to Utility costs from Jan – Mar)
- Anticipated spend from GR in 2023/2024
 - Draft budget forecasts draw of £6,738 in 2023/24
 - Leading to GR balance of £46,457 on 31 March 2024

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 in future yrs
 - Assumes 10% annual increase in the precept in 2024-25 and 5% in 2025-26

Three Year Financial Forecast

Summary	2022-23 Actual+F'cast	2023-24 Budget	2024-25 Forecast		2025-26 Forecast	
CASH REQUIREMENT	£ 167,661	£ 185,738	£ 186,966		£ 192,679	
PRECEPT	£ 155,000.00	£ 179,000.00	£ 196,900.00	10.0%	£ 216,590.00	10.0%
TO/FROM GENERAL RESERVES	(12,661.00)	(6,738.00)	9,933.52		23,911.50	
TOTAL GENERAL RESERVES START OF FINANCIAL YEAR	£ 65,856	£ 53,195	£ 46,457		£ 56,391	
Net Expenditure (ex loan repayment)	£ 188,384	£ 200,642	£ 206,676		£ 213,910	
General Reserves as %age of Net Operating Requirement	32%	25%	21%		25%	