

To	Valley Community Council Members
Date	11.11.21
Author	Gwenda Owen, Clerk
Title	Budget and Precept Setting 2022/23
Purpose	To seek the approval of Valley Community Council Members to set the budget and precept level for 2022/23
Recommendations	<p>R1: That the Community Council set a precept of £37443.65, an increase of £11398.65 on the 2021/22 precept. This will ensure that we can meet an estimated increase of 3% inflation on existing commitments and cover the proposed additional works required during 2022/23. This represents a precept of £38.96 per year based on a Band D property. This equates to an increase of £11.86 per year per property (22p per week).</p> <p>R2: That the Community Council approves the planned expenditure for 2022/23 and obtains detailed quotations before proceeding.</p> <p>R3: That the community Council approves the transfer of funding from Ynys Wen to cover the cost of running the cemetery in 2021/22</p> <p>R4: That the Ynys Wen Cemetery Account be ring-fenced for costs associated with the maintenance and upkeep of the cemetery but that funds may be accessed as a short-term measure, (e.g. large VAT payments until this has been claimed back) subject to the agreement of the full council.</p> <p>R5 That the earmarked reserves remain as per 2021/22 levels</p> <p>R6 That the remedial works to the play area and cutting back the overgrowth be approved from the 2021/22 budget.</p>

Introduction

- 1.1 The precept for 2021/22 was set at £26045.15, which based on a band D equivalent property represented a charge of £27.10 per property per annum. This was a decrease of £7895.90 on the 2020/21 precept. Covid 19 had a significant impact on the budget for 2020/21. Despite achieving all planned additional works, there had been significantly less overall expenditure, savings having been made in areas such as training, translation and members allowances. This has led to a higher than anticipated carry-forward for 2021/22 which had the knock- on effect of reducing the precept required to meet projected expenditure for 2021/22 and it was therefore significantly lower than in previous years.
- 1.2 The costs associated with Ynys Wen during 20/21 were transferred to the Community Account.
- 1.3 We are currently 7 months into the 2021/22 financial year and the Council is well placed to meet all of its objectives for this year with a projected underspend due to adjustments made during the year, e.g. funds set aside for a goal post and associated works were not required as the Football Clubs have agreed to donate one of theirs. We have however had additional costs due to hosting bilingual zoom meetings which has been met from contingency funding.
- 1.4 However, despite making some savings, in October/November some higher than anticipated future costs have come forward, as follows:-
 - a) The grass maintenance contractor gave less than a fortnight's notice that he was pulling out of the contract as he was moving out of the area. On going out to tender with exactly the same specification of works, four bids were received and despite taking the lowest price, this will significantly increase the budget for 2022/23 onwards. (£5575)
 - b) An inspection of the play area equipment in November, resulted in remedial works to the value of £4239 plus £847.80 VAT total £5086.80 being required.
 - c) The initial verbal indication of £4000 to £6000 for the triangle repairs, led to a written indication of £9,407 plus £1881.14 VAT, total £11288.14 broken down as follows
Materials excluding bollards £4536.
Labour and machinery cost £4031.00
Hedge trimming and clearing £840.
- 1.5 The Finance Committee have held quarterly and sometimes additional meetings in order to manage the budget. On Monday 8th November, due to the challenges presented in preparing the budget due to escalating costs, a financial workshop was held with members of the Finance Committee to look at various options with a view to presenting a best option to the Full Council. This information is provided in the Excel document Budget Setting, where there are two worksheets – Version 1 and Version 2.

Version 1 – this is the original option allowing for all projected costs including full repairs to the triangle at park mwd and allowing for the additional costs for ground maintenance.

Version 2 – this is the preferred option. It allows for the additional costs for ground maintenance which are unavoidable, cutting back the hedges/overgrowth within the triangle to tidy it up and full repairs to the play area as per the quotation as this was considered to be essential to ensure the safety of children who use the equipment. version 1 being the original option and allowing for all costs with the exception of the play area repairs and version 2 being the proposal put forward

2. Financial Position.

2.1 Expenditure over the last three years (2021/22 Predicted spend)

Budget Heading	19/20	20/21	21/22* Predicted
Translation/zoom	671	124	1257
Clerk	5805	6045	6059
Members allowance	1750	1280	2900
HMRC	1472	1731	1751
Parc Mwd	12908	11007	10799
Misc Exp	1761	1190	1950
Play Area	2143	1734	6366
Parc Branwen	120	145	80
Clock	135	138	1300
Footpaths	370	370	320
Bus Shelters	1000	0	550
Insurance	1845	1866	1907
Office expenditure	580	201	222
Training	280	0	135
Car park	1980	1980	1980
Ynys Wen	1939	1669	1852
VAT Paid	1441	1608	2185
Donations inc chairman	500	450	450
Trans to YW and MM	4500	1580	0
Total	42395	33121	42066

Recovery of certain elements of expenditure.

Ynys Wen costs will be recovered by transferring money from the Ynys Wen Account. VAT will be re-claimed as will the cost of maintaining the public footpaths.

3. The community Council's performance in 2021/22

3.1 Allowances were made for the following additional/ planned work during 2021/22

Translation	£ 600
Repairs to bus shelters	£ 500
Play area inspection and repairs	£ 2,000
Programmed replacement of benches	£ 1,300
Parc Mwd additional maintenance costs and post	£ 2,000
Contingencies general	£ 2,000
Clock inspection and repairs	£ 500
Members Allowances	£ 2,900
Total	£11,800

Progress was made as follows:-

Replacement/ Repairs to existing bus shelters – The bus shelter repairs have been completed, invoice outstanding.

Play area inspection and repairs – Some repairs outstanding from 20/21 were undertaken in April (£822 + VAT). A further inspection was requested in October, undertaken in November and further work is required at a cost of £4500 + VAT.

Programmed replacement of benches – Due to damage to 5 benches and a successful insurance claim, five new benches have now been delivered and should be fitted soon. Invoices are awaited but the cost should be neutral less the excess.

Parc Mwd additional maintenance costs and post – the posts were not purchased as Valley Football Clubs have agreed to donate their posts. Additional costs were incurred in a fire safety risk assessment and there will be some remedial work required as a consequence of this.

Contingencies general – £531 to translation and zoom services. This was because we did not allow for Zoom services in the budget last year as it was not relevant at that time.

£50 to bus shelters. £500 was set aside in budget but cost came to £550 plus VAT.

£636 from SDS to clock to cover the additional cost of painting and electric charge has gone up by £1 per month.

4. Predicted Spend 2022/23

4.1 One off expenditure during 2021/22 to be removed from 2022/23 draft budget

Repairs to existing bus shelters	£ 550
Legionella check	£ 100
Benches (actual)	£ 3,000
Clock painting	£1,150

Triangle Cutback (Dependent on accepting budget version 2)	£ 840
Play area repairs and signage (Dependent on accepting budget version 2)	£ 6,247
Total	£ 11,887

4.2 Anticipated income 2022/23

Lease Valley Senior and Junior Football	£ 500
Lease Valley Community Group	£ 50
Reimbursement Ynys Wen (anticipated)	£1,852
VAT refund claim Apr 21 to Mar 22	£2,185
Reimbursement footpath maintenance	£ 320
Total	£ 4,907

4.2 Planned additional expenditure for 2022/23

Painting gates and bench	£ 500
ROSPA Inspection Parc Mwd	£ 800
Contingency to deal with ROSPA and fire Assessment	£1,000
Additional cost of grass cutting contract	£5,575
Possible hire of church hall for meetings	£ 275
Possible additional cost IT internet	£ 400
Contingencies general	£2,000
Contingencies parc mwd	£ 500
Bus shelter repairs	£ 500
Play area repairs/inspection	£1300
Total	£11,800

To note: play area repairs inspection is for the inspection in 2022/23, should budget version 2 be adopted.

Appendix – Supporting documentation

Appendix 1 provides two spreadsheets, indicating budget version 1 and budget version 2. These two spreadsheets were prepared this year in order to demonstrate the impact of undertaking certain major projects/costs on the precept. All include the following:-

1. Predicted out-turn (i.e. total expenditure) for 2021/2022
2. Deduction of one-off expenditures which have or are likely to occur before the end of March 2021. These items are noted in 4.1 above
3. 3% inflation on all remaining costs which are viewed as routine expenditure.
4. Planned additional expenditure for 2022/23 These are items which are noted in 4.2 above.
5. A list of anticipated income to be received during 2022/23

6. Budget proposals indicating anticipated expenditure, income, projected carry forward at the end of 21/22 to 22/23 budget and projected carry forward at the end of the next financial year for 22/24.
7. A figure for the precept required for 2021/22, a comparison of the precept with the previous year and a breakdown of the cost per household.

The main difference between budget version 1 and version 2 is the following.

Budget 1: This includes for the following works in 2022/23 which were not budgeted for this year.

- Repairs to play area noted in the report in November.
- The cost of the full repairs and maintenance work to the triangle.
- Additional cost of grass cutting

Budget 2: This includes for the following work to be completed in 2021/2 i.e. this year

- Repairs to play area noted in the report in November – considered to be essential for health and safety reasons.
- Cutting back the overgrowth in the triangle. This would mean not proceeding with the full repair and maintenance work as quoted – this was due to the fact that cutting back the overgrowth was considered essential to improve the appearance of the triangle but that the costs for the secondary work could not be justified in the current climate and would have a dramatic effect on increasing the precept.
- Additional cost of grass cutting

To note – consideration is being given to providing adult gym equipment and it may be possible that this could be placed in the triangle, but retaining a quiet space, and that the other improvements could possibly be funded as part of this project. Medrwn Môn and the clerk are discussing grant opportunities and it is hoped that this project could be fully funded.

4.3 Projected Financial Position

	Version 1	Version 2
Predicted Carry Over 2021/22 for 22/23 budget	£9470.96	4083.16
Predicted Income 21/22/23		
Lease football clubs	£500.00	£500.00
Lease Valley Community Group	£50.00	£50.00
Ynys Wen Refund (Spend 21/22)	£1,852.30	£1,852.30
Footpaths refund for maintenance (Spend 20/21)	£3,20.00	£320.00
VAT refund 21/22	£1,338.18	£2,185.97
Total predicted income	£4,060.48	£4,858.27
Total anticipated income including carry over	£13,531.44	£8,941.43
Projected Expenditure 22/23 (See appendix 1)	£53,411.28	£43,435.08
Plus Carry forward projection at end of 22/23 for 23/24 budget	£3,000.00	£3,000.00
Total anticipated budget required	£56,411.28	£46,435.00
Less anticipated income	£4,060.48	£4,858.27

Less anticipated carry forward from 21/22 to 22/23	£9,470.96	£4,083.16
Precept 2022/23(inc 3 % uplift on last year)	£42,879.85	£37,443.65
Cost per annum based on 961 properties	£44.62	£38.96
Increase from 21/22	£17.52	£11.86
Increased from 20/21	£9.35	£3.65

5.0 Comparison of bank balances over the past three years at the end of October year on year.

Bank Balances	26.10.19	26.10.20	26.10.221
Treasurer (11049321)	£8499.55	£14,727.97	£20,064.50
Money Manager (41188453)	£15174.83	£16,697.46	£16,699.14
Ynys Wen (61209205)	£15387.25	£16,762.18	£19,683.16
Money Manager (51216996)	£2076	<u>£2,080.00</u>	<u>£2,080.20</u>
Total	£41138.53	£50,267.61	£58,527.00

6.0 The clerk's salary should be reviewed in January and any increase in line with NJC Salary scales is proposed. This should be more than adequately covered in the 3% inflationary uplift allowed.

7.0 Risks

7.1 The budget forecast has been made based on the projected expenditure at the end of 2021/22 plus 3% inflation and removing the one-off items purchased already during the year or scheduled to be purchased before the end of March, 2021. This mitigates against the risk of spending more than the budget and allows for quarterly budget monitoring to be undertaken. However, it must be noted that inflation may rise above 3%, however, this would not have a massive impact on planned expenditure for next year.

7.2 The Finance Committee have considered the risks and the impact of both version 1 and version 2 of the budget and have recommended **version 2** on the following basis:

1. It allows for essential repairs to play equipment in 21/22.
2. It allows for the overgrowth in the triangle to be undertaken in 21/22 and this will immediately tidy the area.
3. Both 1 and 2 above can be undertaken without a negative impact on 21/22 budget due to savings in other areas as noted above.
4. Given that inflation is high and the effects of Covid are already impacting negatively on household incomes, it would be prudent to set the precept level at the lowest required to meet existing commitments but taking into account some additional costs that may be incurred during 2022/23 as noted in the budget.

8.0 Earmarked Reserves

Long term planning requires funds to be set aside to meet future costs. The earmarked reserves are currently as follows. Please note these do not include the Ynys Wen fund as these have, historically been ring fenced, to enable the purchase of land in the future and to ensure that the cemetery is maintained.

Financial year	Bus Shelter Replacement	Parc Mwd Platform Fund	Play Area replacement equipment fund	Clock
19/20	£4500			
20/21	Any year-end balance	£500	£500	£500
21/22	-	£3500	£500	£500

It is recommended that there be no transfer from the Treasurers Account this year and that the earmarked reserve levels remain the same. One platform remains. This year is the first year of a ROSPA Assessment and this could highlight matters which need to be addressed and this funding may have to be earmarked for this at that time.

4.0 Conclusions/Recommendations

4.1 The Finance Committee have considered the risks and the impact of both version 1 and version 2 of the budget and have recommended **version 2** on the following basis:

1. It allows for essential repairs to play equipment in 21/22.
2. It allows for the overgrowth in the triangle to be undertaken in 21/22 and this will immediately tidy the area.
3. Both 1 and 2 above can be undertaken without a negative impact on 21/22 budget due to savings in other areas as noted above.
4. It allows sufficient funding for the Community Council to be able to maintain existing services whilst also ensuring that there is reasonable additional funding in place to cover any additional work, which cannot always be anticipated.
4. Given that inflation is high and the effects of Covid are already impacting negatively on household incomes, it would be prudent to set the precept level at the lowest required to meet existing commitments but taking into account some additional costs that may be incurred during 2022/23 as noted in the budget.

