

<b>To</b>	<b>Valley Community Council Members</b>
<b>Date</b>	<b>06.11.22</b>
<b>Author</b>	<b>Gwenda Owen, Clerk</b>
<b>Title</b>	<b>Budget and Precept Setting 2023/24</b>
<b>Purpose</b>	<b>To seek the approval of Valley Community Council Members to set the budget and precept level for 2023/24</b>
<b>Recommendations</b>	<p><b>R1: That the Community Council set a precept of £46963.55, an increase of £9519.90 on the 2022/23 precept. This will ensure that we can meet an estimated increase of 15% inflation on existing commitments and maintain a standstill budget for 2023/24.</b></p> <p><b>This is based on a predicted total budget required of £59441.23 less predicted income for 2023/24 of £12477.68.</b></p> <p><b>This represents a precept of £48.87 per year per property based on a Band D property versus a charge of £38.96 in 2022/23. i.e. an increase of £9.91 per annum) . This in turn equates to a charge of 93p per week or £4.07 per month per property.</b></p> <p><b>R2: That the Community Council approves the planned expenditure for 2023/24 and obtains detailed quotations before proceeding where appropriate.</b></p> <p><b>R3: That the community Council approves the transfer of funding from Ynys Wen to cover the cost of running the cemetery in 2022/23</b></p> <p><b>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.</b></p>

	<p><b>R5 That the amended reserve proposals are adopted reflecting the changes that have occurred during the year and noted within this report.</b></p> <p><b>R6 That members explore grant funding to fund any capital projects put forward as noted within the report.</b></p>
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## 1. Introduction

- 1.1 The budget for 2022/23 was £46435.00 with the precept set at £37443. which based on a band D equivalent property represented a charge of £38.96 per property per annum. Due to unprecedented levels of inflation and the impact it has had on the cost of living, this has been a challenging year for the Council. Nevertheless it has managed to meet its obligations on budget.
- 1.2 The costs associated with Ynys Wen during 22/22 were transferred to the Community Account.
- 1.3 We are currently 7 months into the 2022/23 financial year. With inflation currently running at 10.1% managing the budget has been challenging. However, due to stringent management of the budget, the Community Council is well placed to end the financial year within budget, possibly with a slight increase in the projected carry-forward.
- 1.4 The Finance Committee have held quarterly and sometimes additional meetings in order to manage the budget. On Tuesday 29th October, due to the challenges presented in preparing the budget because of escalating costs, a Finance Committee was held to look at various budget setting options with a view to presenting best option recommendations to the Full Council.

This report should therefore be read in conjunction with the "Budget Setting Report Finance Committee 01 11 22" available on the Council's website together with spreadsheets titled "Budget Setting Spreadsheets 23 24", where there are three worksheets. – Starting Point, Version 1 (Inflation 10%) and Version 2 (Inflation 15%).

Starting point -This sets out the projected financial position and out-turn at the end of 2022/23.

Version 1 – this is based on a standstill budget plus 10% allowance for inflation with capital projects noted but not costed.

Version 2 – this is based on a standstill budget plus 15% allowance for inflation with capital projects noted but not costed.

Please note that figures in this report have been rounded down and the totals may therefore be slightly different to the spreadsheets. However, all spreadsheets are a true and accurate record.

## 2. Financial Position.

### 2.1 Expenditure over the last three years (2022/23 Predicted spend)

Budget Heading	20/21	21/22	22/23* Predicted
Translation/zoom	124	1052	1047
Clerk	6045	6058	6618
Members allowance	1280	1800	2850
HMRC	1731	1864	1567
Parc Mwd	11007	11048	9997
Misc Exp	1190	947	1698
Play Area	1734	7476	2962
Parc Branwen	145	300	220
Clock	138	1300	339
Footpaths	370	920	1200
Bus Shelters	0	550	500
Insurance	1866	1907	2103
Office expenditure	201	183	78
Training	0	135	135
Car park	1980	1980	990*
Ynys Wen	1669	2496	3861
VAT Paid	1608	2786	3245
Donations inc chairman	450	500	400
Bank charges			66
Trans to YW and MM	1580	0	0
Total	33121	43322	39876

- Car park discounted rate of 50% of full cost due to part closure for use by contractors for compound during flood alleviation works
- It is likely that the members allowance will be less than predicted for 2022/23 as some members have declined the allowance. At the moment the projected expenditure is £2100.
- The cost of maintaining the footpaths has increased but some of this will be re-claimed from Isle of Anglesey County Council.
- It should be noted that increased costs are, in the main due to the ground maintenance contract and the fact that from 1<sup>st</sup> April the contractor became VAT registered. This was not anticipated when setting the budget for the year. These costs are fully recoverable but nevertheless have to be paid before they can be re-

claimed. This will balance itself out in 2023/24 as the VAT figure will be a more realistic estimate of true cost..

### **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 part of the cost of maintaining the public footpaths.

### **3. The community Council's performance in 2022/23**

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

### **Progress was made as follows**

**Painting of gates and bench** was done in-house and the cost was therefore £78.87 for materials, thus a saving.

**ROSPA Inspection** – This was completed at a cost of £800 plus VAT and the contingency was used to meet the cost of removing the remaining platform and cutting back the overgrowth in the triangle and to the rear of the pavilion and towards the new fire alarm system.

**Additional cost of grass cutting contract** – this was used during the year and, in addition, there have been additional costs as the contractor became VAT registered in April 2022. Whilst the VAT cost may be recovered it has still had to be financed during 2022/23.

**Possible hire of church hall for meetings** – meetings are now held in the school for which there is a charge of £25 per meeting for room hire.

**Possible additional cost of IT/internet** – this has been used for the Zoom link with translation services and also the purchase of a HDMI cable and microphone for hybrid meetings.

**Contingencies general/Parc Mwd** – these have been used up for the VAT element of the grass cutting contract and also to top up the additional costs incurred in Parc Mwd and additional cost of electricity.

**Bus shelter repairs** – these remain unspent until a final decision has been made on whether to remove the bus shelter opposite the Valley Hotel.

**Play area repairs and inspection** - these are now committed with the inspection by GL Jones being paid for with a funds set aside for the actual repair works which are due to be completed soon.

#### **4. Predicted Spend 2023/24**

##### **4.1 One off expenditure during 2022/23 to be removed from 2032/24 draft budget**

Repairs to play area mat and swing	£ 915
Legionella check	£ 100
Fire Alarm System Parc Mwd	£ 1770
Asbestos check	£ 175
Pest control	£ 79
Election costs	£ 540
IT cable and microphone	£ 85
Paint and brushes	£ 75
Removal platform	£ 350
Removal confidential waste	£ 149
Play area repairs following report	£ 812

##### **4.2 Anticipated income 2023/24**

Predicted outturn 2022/23	£ 3,335
Lease Valley Senior and Junior Football	£ 500
Lease Valley Community Group	£ 50
Reimbursement Ynys Wen (anticipated)	£ 3,936
VAT refund claim Apr 21 to Mar 22	£ 3,880
Reimbursement footpath maintenance	£ 775
Total	£12,477

##### **4.3 Anticipated additional expenditure for 2023/24 not included for in main projected costs. These are based on a standstill budget without any capital expenditure.**

Scottish Power (additional electric costs)	£ 360
Car Park include 50% of true annual cost	£ 990
Essential website upgrade	£ 400
Possible repairs following ROSPA	£ 500
Parc Mwd contingency fund	£ 1,000
Valley Community Council contingency general	£ 1,000
Parc Mwd fire alarm service new agreement	£ 150

Play area – allowance for repairs	£ 1,200
Parc Mwd – replacement bench triangle	£ 1,000
Ynys Wen tree cutting	£ 350
Bus shelter repairs	£ 2,000
Total	£ 8,950

#### **4.4 Capital Projects**

**As the budget is based on standstill, capital projects have been noted but no proposed costings have been included. The proposals are as follows:**

**Repairs to parc mwd triangle boundaries**

**Play Park – possible setting aside of reserves for future replacement**

**Village – bicycle storage area**

**Parc Mwd – basketball area**

**New Payroll system**

**A new payroll system from April onwards will cost in the region of £100 per year and therefore can be met from general costs.**

**Repairs to parc mwd triangle boundaries – A decision will need to be made on the extent of this work. The Council may consider regular cutting back and de-weeding to be sufficient to maintain this area until a more long-term solution has been costed and agreed.**

**Play park - the equipment is over 34 years old and the latest health and safety report notes extensive corrosion. It may therefore be prudent to set aside funding in an earmarked reserves pot on an annual basis to meet this cost.**

**Village – bicycle storage area. There may be opportunities to apply for grant funding for this work. Costs for shelters vary but this may be something that the Council will be able to do should inflation level off and therefore our projected costs be less than anticipated during 2023/24.**

**Parc Mwd – basketball area. Although a schedule of costs in the region of £10,000 has been obtained, it is advisable to review this. The Council will need to obtain a groundworks specialist to ensure that the base commissioned is adequate to meet the ground conditions at parc mwd and will also need to go out to tender to determine a more accurate cost before grant applications are submitted. The intention is to set up a project management group for this work.**

#### **Appendix – Supporting documentation**

**Please refer to the Budget Setting Report prepared by the clerk and dated October 2022 which provides a detailed breakdown of the supporting spreadsheets.**

### 4.3 Projected Financial Position

	Version 1 (10% inflation)	Version 2 (15% inflation)
<b>Predicted Out-turn 2022/23 for 23/24 budget plus</b>	<b>£3335.87</b>	<b>£3335.87</b>
<b>Predicted Income 2123/24</b>		
<b>Lease football clubs</b>	<b>£500.00</b>	<b>£500.00</b>
<b>Lease Valley Community Group Play Area</b>	<b>£50.00</b>	<b>£50.00</b>
<b>Ynys Wen Refund (Spend 21/22)</b>	<b>£3936.30</b>	<b>£3936.30</b>
<b>Footpaths refund for maintenance (Spend 22/23)</b>	<b>£775</b>	<b>£775</b>
<b>VAT refund 22/23</b>	<b>£3880.51</b>	<b>£3880.51</b>
<b>Total predicted income</b>	<b>12477.68</b>	<b>12477.68</b>
<b>Projected Expenditure 23/24</b>	<b>£53987.26</b>	<b>£56441.23</b>
<b>Plus Carry forward projection at end of 23/24 for 24/25budget</b>	<b>£3,000.00</b>	<b>£3,000.00</b>
<b>Total anticipated budget required</b>	<b>£56,987.26</b>	<b>£59441.23</b>
<b>Less anticipated income and carry forward</b>	<b>£12477.68</b>	<b>£12477.68</b>
<b>Precept 2023/24</b>	<b>£44509.58</b>	<b>£46963.55</b>
<b>Cost per annum based on 961 properties</b>	<b>£46.32</b>	<b>£48.87</b>
<b>Cost per month based on Band D property (estimate)</b>	<b>£3.86</b>	<b>£4.07</b>
<b>Cost per week based on Band D property (estimate)</b>	<b>£0.89</b>	<b>£0.93</b>
<b>Increase in annual precept from 22/23 based on band D property</b>	<b>£7.36</b>	<b>£9.91</b>

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

<b>Bank Balances</b>	<b>26.10.20</b>	<b>26.10.21</b>	<b>26.10.22</b>
Treasurer (11049321) (Current account)	£14,727.97	£20,064.50	£6420.14
Money Manager (41188453)	£16,697.46	£16,699.14	£15925.84
Ynys Wen (61209205)	£16,762.18	£19,683.16	£23229.09
Money Manager (51216996)	<u>£2,080.00</u>	<u>£2,080.20</u>	<u>£2,081.08</u>
<b>Total</b>	<b>£50,267.61</b>	<b>£58,527.00</b>	<b>£47656.15</b>

Please note a sum of approximately £3936 will be transferred from Ynys Wen to the Current Account (Treasurer 11049321) at the end of the financial year to cover the cost of maintaining the cemetery during 2022/23.

### 6.0 Earmarked Reserves

It is recommended within the Financial Regulations that a council hold the equivalent of in the region of one year's precept in reserve. This is in addition to earmarked reserves.

The proposed precept for 2023/24 based on 15% inflation is £43963.55, The treasurer's account, i.e. the current account cannot be classed as a reserve as this is required to meet day to day costs. Taking into consideration, therefore the Ynys Wen and the two Money Manager Accounts, the Council's reserves are currently £41,236.01 but this will be reduced at the end of the financial year when funds are transferred from Ynys Wen to meet the cost of cemetery maintenance during 2022/23.

Historically the Ynys Wen Account has been ring fenced for the cemetery but it does also form the majority of the Council's reserves in an emergency.

Earmarked reserves are funds set aside by the Council to meet long term plans which are likely to require savings over a number of years. 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
20/21	4000	£500	£500	£500
21/22	4000	£3500	£500	£500
22/23	0	£3500	£500	£500
23/24	0	0 (becomes general reserve)	£500	£500

Increasing costs and therefore increasing precept has impacted on the level of reserves held by the Council as there has been no additional funding placed in earmarked reserves for some years.

As the parc mwd platform has been removed, the Council may wish to include this sum as part of their general reserves. This would leave a sum of £500 as earmarked for play area capital project and £500 for future repairs/replacement of the clock.

It is recommended that there be no transfer from the Treasurers Account this year and that the earmarked reserve levels remain the same. However, the Council may wish to consider its position next year due to the reliance on Ynys Wen funding for the majority of its reserve levels.

**6.0** The clerk's salary shall be reviewed in November and any increase in line with NJC Salary scales is proposed. This should be more than adequately covered in the 15% inflationary uplift allowed.

## **7.0 Risks**



7.1 The budget forecast has been made based on the projected expenditure at the end of 2022/23 plus 10% and 15% inflation and removing the one-off items purchased already during the year or scheduled to be purchased before the end of March, 2023. This mitigates against the risk of spending more than the budget and allows for quarterly budget monitoring to be undertaken.

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** i.e. inflation at the rate of 15% on the following basis:

1. It allows for a standstill budget with 15% inflation.
2. It also allows for the overgrowth in the triangle to be maintained tidily until such time as a long term plan has been agreed.
3. By allowing for 15% inflation, the Council can maintain existing services. However, should inflation fall or remain at 10.1%, then it is likely that there will be some residual funding available to support one of the proposed capital projects. This will be identified during the budget monitoring process, probably around the end of quarter 2 or quarter 3.
4. Given that inflation is high and having a negative effect 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.

#### **4.0 Conclusions/Recommendations**

1. Version 2 allows for a standstill budget with 15% inflation.
2. It also allows for the overgrowth in the triangle to be maintained tidily until such time as a long term plan has been agreed.
3. By allowing for 15% inflation, the Council can maintain existing services. However, should inflation fall or remain at 10.1%, then it is likely that there will be some residual funding available to support one of the proposed capital projects. This will be identified during the budget monitoring process, probably around the end of quarter 2 or quarter 3.
4. Given that inflation is high and having a negative effect 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.
5. 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, with a possible opportunity to undertake some projects requiring capital funding from any potential underspend.