

To	Valley Community Council Members
Date	06.12.23
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Title	Budget and Precept Setting 2024/25
Purpose	To seek the approval of Valley Community Council Members to set the budget and precept level for 2024/25

Introduction

This report will advise the council of the:

- 1) Current financial position
- 2) Budget statement at 30 November 2023 including income and expenditure
- 3) Projected outturn at 31 March 2024
- 4) Community Council's performance against the budget in 2023/24
- 5) Budget requirements for 2024/25
- 6) Precept amount requested for 2024/25
- 7) Bank Account and Reserves
- 8) Risks
- 9) Recommendations

1. Current Financial Position

We are currently over 8 months into the 2023/24 financial year. With inflation running at 4.6% in October down from 6.7% in previous month, managing the budget is has been challenging. However, the Community Council is well placed to end the financial year within budget and with a projected surplus of £3,852.57 in addition to the £3,000 budgeted to be carried forward.

The Finance Committee have held regular meetings in order to manage the budget. This report is to be read in conjunction with the [Baseline Monitoring Spreadsheet](#) [Cash Book 2023 24](#).

The budget for 2023/24 was £59,441.23 with the precept set at £46,963.55, which based on a band D equivalent property (£1,048.41) represented a charge of £44.80 per property per annum.

2. Budget Statement and Situation between 1 April 2023 to 30 November 2023

2.1 Income of £41,322.61 was attracted during the period, compared to £39,627.49 expected for the period, including:

1. 2 of the 3 stage payments of precept
2. Burial charges of £2,860, which were £2,375.12 less than the set budget for the period
3. The VAT paid during 2022/23 and the first half of 2023/24 amounting to £5,816 has been reclaimed.

4. £1,337.57 which included bank interest, contribution towards reimbursement of footpath grass cutting fees and some Parc Mwd lease charges.

2.2 The costs associated with Ynys Wen during 22/23 were transferred to the business Charitable Account (day to day account).

2.3 Expenditure of £33,508.78 was made compared to the set budget of £39,627.49 for the period. Table 1 below demonstrates the actual outturn at 30 November 2023.

Table 1: Extract from Baseline Monitoring sheet 2023/24.

Expenditure	Set Budget	Projected to 30/11/23	Actual to 30/11/23	Variance at 30/11/23	
	£	£	£	£	
Translator	1204.63	803.08	650.00	153.08	
Clerk	7611.71	5074.47	4588.05	486.42	
Members Allowance	3277.50	2185.00	0.00	2185.00	
PAYE/HMRC	1802.92	1201.95	1586.50	-384.55	
Parc Mwd	14694.34	9796.23	10462.59	-666.36	
Play Area	4787.05	3191.37	1535.03	1656.34	
Parc Branwen	253.00	168.67	440.00	-271.33	
Ynys Wen	4843.00	3228.66	2632.58	596.08	
Footpaths	1380.00	920.00	1200.00	-280.00	
Bus Shelters	2875.00	1916.67	860.54	1056.13	
Insurance	2418.74	1612.49	2015.47	-402.98	
Office Costs	90.01	60.01	389.83	-329.82	
Training	155.25	103.50	38.00	65.50	
SDS	2413.10	1608.74	1630.91	-22.18	
Car park	2277.00	1518.00	1980.00	-462.00	
Clock	596.85	397.90	341.51	56.39	
VAT paid	4075.00	2716.67	2680.83	35.84	
Donations	460.00	306.67	393.34	-86.67	
Bank Charges	76.13	50.75	83.60	-32.85	
Contingencies	1150.00	766.67	0.00	766.67	
To reserve	3000.00	2000.00	0.00	2000.00	
Total	59441.23	39627.49	33508.78	6118.71	
Income	Set Budget	Projected 30/11/23	Actual 30/11/23	Variance	
	£	£	£	£	
Precept	46963.55	31309.03	31309.04	-0.01	
Burial Charges	7852.68	5235.12	2860.00	2375.12	
VAT Refund	4075.00	2716.67	5816.00	-3099.33	
Leases & Other	550.00	366.67	1,337.57	-970.90	
Total	59441.23	39627.49	41322.61	-1695.12	

3. Projected out turn at 31 March 2024

Table 2 Extract from Baseline Monitoring Sheet 2023/24 (cash book)

Expenditure	Set Budget	Actual to 30/11/23	expenditure in Next 4 months	Projected outturn (E +G)	Projected Variance	Reason	
	£	£	£		£		
Translator	1204.63	650.00	320.00	970.00	-234.63	VCC Zoom link purchased to reduce costs	
Clerk	7611.71	4588.05	2494.17	7082.22	-529.49	Pay settlement £27,852 to £29,777 at 7/11/23	
Members Allowance	3277.50	0.00	2504.00	2504.00	-773.50	Max payable - Paid in Quarter 4 i.e. £156 each plus £600, £250 & £250	
PAYE/HMRC	1802.92	1586.50	623.63	2210.13	407.21	Deficit off set with saving on salary	
Parc Mwd	14694.34	10462.59	5149.36	15611.95	917.61	Current £1460 underspend on grass cutting tender included in projected spend. Saving will fund additional repairs - see quotes	
Play Area	4787.05	1535.03	1730.00	3265.03	-1522.02	Current £700 underspend on grass cutting contract inc in projected spend	
Parc Branwen	253.00	440.00	0.00	440.00	187.00	as per grass cutting tender	
Ynys Wen	4843.00	2632.58	1400.00	4032.58	-810.41	Cost neutral recovered from burial receipts.	
Footpaths	1380.00	1200.00	0.00	1200.00	-180.00	as per grass cutting tender	
Bus Shelters	2875.00	860.54	2000.00	2860.54	-14.46	Painting to be completed in the Spring	
Insurance	2418.74	2015.47	0.00	2015.47	-403.27		
Office Costs	90.01	389.83	84.00	473.83	383.82	includes £21 per month Clerks working from home allowance	
Training	155.25	38.00	117.25	155.25	0.00	Potential new member training required	
SDS	2413.10	1630.91	300.00	1930.91	-482.19		
Car park	2277.00	1980.00	200.00	2180.00	-97.00	Awaiting outcome of possible Council Tax charges for 2023/24	
Clock	596.85	341.51	363.36	704.87	108.02	DD inc to £90.84 from 2/1/24	
VAT paid	4075.00	2680.83	970.90	3651.73	-423.27	Cost neutral. Claimed during the year	
Donations	460.00	393.34	200.00	593.34	133.34	Further donation req considered in Jan 2024 - currently 4 x applications pending	
Bank Charges	76.13	83.60	40.00	123.60	47.47	Beyond VCC control.	
Contingencies	1150.00	0.00	1150.00	1150.00	0.00		
To reserve	3000.00	0.00	3000.00	3000.00	0.00	**	
Total	59441.23	33508.78	22646.67	56155.45	-3285.78		
Income	Set Budget	Actual Q3	Income due	Projected income	Projected Variance	Reason	
	£	£	£				
Precept	46963.55	31309.04	15654.51	46963.55	0.00	paid in 3 stage payments	
Burial Charges	7852.68	2860.00	1430.00	4290.00	-3562.68	Calc = (total fees at Nov/8*12)	
VAT Refund	4075.00	5816.00	970.90	6786.90	2711.90	Vat claim for 2023/24	
Leases & Other	550.00	1,337.57	630.00	1967.57	1417.57	includes LA pathways payment £929.55, insurance claim £222.72, bank interest and leases	
Total	59441.23	41322.61	18685.41	60008.02	566.79		

Surplus / Deficit	0.00	7813.83		Surplus		Surplus currently projected	
Summary		Surplus for the period	See cash book	3852.57		** £3,852.57 surplus predicted in addition to £3,000 earmarked for reserve Surplus mainly due to VAT reclaimed in year.	

3.1 Table 2 above shows the projected outturn for 2023/24. Income of £60,008 is anticipated which only exceeds the set budget by £566.79. However, expenditure is predicted to be £56,155 for the year, i.e., an underspend of £3,285.78 and showing a possible surplus of £3,853 at the year-end in addition to the £3,000 carried into reserves as per set budget. The surplus is mainly due to VAT reclaimed during the year. The reasons for the variance are given in table 2 above.

3.2 Assumptions

1. No staff sickness during the financial year
2. Members who have not declared to opt out make a claim for allowance
3. Grass cutting tender obligations met
4. All work where quotes received are completed within the TY
5. New members appointed and trained
6. No Council Tax charged on the public car park
7. Current donation requests honoured at £50 each and no other received
8. Interest and bank charges remain constant
9. No further unforeseen expenditure

3.3 Previous Years comparison

Table 3: the table below compares expenditure over the last three years (2023/24 Predicted spend) for reference.

Table 3

Budget Heading	2021/22	2022/23	2023/24 Predicted
Translation/zoom	1052	882	970
Clerk	6058	7201	7082
Members allowance	1800	1560	2504
HMRC	1864	2364	2210
Parc Mwd	11048	13308	15612
Play Area	7476	3889	3265
Parc Branwen	300	440	440
Clock	1300	384	705
Footpaths	920	1200	1200
Bus Shelters	550	0	2860

Insurance	1907	2103	2015
Office expenditure	183	231	474
Training	135	205	155
Misc Exp	947	2434	1931
Car park	1980	990	2180
Ynys Wen	2496	3943	4033
VAT Paid	2786	4016	3652
Donations inc chairman	500	500	593
Bank charges		130	124
Trans to Reserve	0	0	4150
Total	£43,322	£45,780	£56,155

4. The Community Council's performance in 2023/24

4.1 Progress was made as follows:

Allowances were made for the following additional/planned work during 2023/24. Table 4 below shows work undertaken and due to be completed within the financial year.

Table 4

Area	Item	£	Progress achieved plus quotations approved for completion 2024/25	£
Scottish Power	Increased elec.	414	£2,311.90 pad 2023/24 compared to £1135.33 in 2022/23	104% increase
Car Park	Additional	1366	Car park fees	1,980
Cymru 1	Update website	552		0
Parc Mwd	Repairs following ROSPA	575	Cutting back the overgrowth in the triangle and to the rear of the pavilion	600
Parc Mwd	Contingency	1150	New pavilion door	1190
			New door sensors and keypad replacement	739
			New sign	192
			Stone Wall Repairs	1500
			Attend fallen trees and felling re Ash die-back	1525
			Replace side gate	94
VCC	Contingency general	1150		0
Parc Mwd	Fire alarm service	138	Plus equipment service and risk assessment recommendations	284
Play Area	Repairs	1380	Install Communication board	£200
			Repairs to swings	750

Parc Mwd	Replacement Bench	1150	Replaced -Vandalism	577
Ynys Wen	Tree cutting	403		
Bus Shelter	Repairs	2300	Cleaning and painting	2861
Total		£10,578		£12,492

Inspections - In addition to the above, a formal fire safety inspection has been undertaken at Parc Mwd and a formal play area inspection at the playground on Lon Spencer.

A programme for regular inspections is in place for Parc Mwd and the pavilion, on the play area and the Ynys Wen Cemetery. The Parks Committee and Ynys Wen Cemetery Committees meet regularly to monitor essential repairs and make recommendations to the Community Council.

Painting of bus shelters work to two of the worst bus shelters was done in-house, thus a saving. The remainder of the shelters to be completed by a professional painter and decorator due to health & safety concerns and will be completed in the New Year.

Hybrid Meetings – Zoom link enabled in-house to reduce costs of hybrid meetings.

Bus shelter repairs – no decision made as yet to remove the bus shelter opposite the Valley Hotel. Report that the shelter remains structurally sound.

5 Budget requirements for 2024/25

5.1 Anticipated Expenditure for 2024/25

A draft break-even budget of £60,728.68 is set for the 2024/25 financial year. The detail according to each budget heading is given in table 5 below.

5.2 Methodology

To calculate the budget, the projected outturn for 2023/24 has been established. The one-off payments for the 2023/24 have been discounted. Given the current fluctuating rate of inflation an upturn of 7% has been applied to the remaining costs. The estimate of one-off costs for 2024/25 have then been added i.e.,

• Parc Mwd – repairs to pavilion, boules pitch, benches etc	£1,600
• Play Area – replacement of equipment	£3,000
• Ynys Wen – Planned maintenance to walls	£1,600
• Assets – maintenance of street furniture etc	£1,600
• Car Park – Potential Council Tax charge may be levied	£1,605
• Parc Mwd – Triangle boundary repairs (match funding)	£3,000
• Car Park – Bicycle store	<u>£ 600</u>
	£12,405

A contingency of £1,000 is also included plus £3,000 to be transferred to the council's business reserves.

5.3 This draft budget of £60,278.68 for 2024/25 will allow for assets to be kept in good repair and to help build reserves to an appropriate level i.e., 100% of budget for small councils.

Table 5

Expenditure	Set Budget 2023/24	Projected outturn 2023/24	Baseline Budget 2024/25	Baseline with 7% upturn		Draft Budget 2024/25
	£	£	£	£		£
Translator	1204.63	970.00	700.00	749.00		749.00
Clerk	7611.71	7082.22	7082.22	7577.97		7577.97
Members Allowance	3277.50	2504.00	3128.00	3128.00		3128.00
PAYE/HMRC	1802.92	2210.13	1770.42	1894.35		1894.35
Parc Mwd	14694.34	15611.95		0.00		0.00
BT			304.23	325.53		325.53
Electricity			1493.55	1598.10		1598.10
Water			97.29	104.10		104.10
Council tax			304.95	326.30		326.30
Inspections/servicing		"	235	251.45		251.45
Grass Cutting(tender to 2025)			4130.00	4130.00		4130.00
Loan repayment			2545.6	2723.79		2723.79
Ground Maintenance		"	525	561.75		561.75
Repairs pavillion, benches, boules pitch etc		"	0	0.00		1600.00
			9635.62			
Play Area	4787.05	3265.03	2315.03	2477.08		2477.08
Inspections		"				
Repairs/maintenance		"				
Replacement of equipment						3000.00
Parc Branwen	253.00	440.00	440.00	470.80		470.80
Ynys Wen	4843.00	4032.58	4032.58	4314.86		4314.86
Planned maintenance - walls						1600.00
Footpaths	1380.00	1200.00	1200.00	1284.00		1284.00
Bus Shelters	2875.00	2860.54	500.00	535.00		535.00
Insurance	2418.74	2015.47	2015.47	2156.55		2216.68
Office Costs	90.01	473.83	439.87	470.66		470.66
Training	155.25	155.25	38.00	40.66		40.66
SDS	2413.10	1930.91	1322.22	1414.78		1414.78
Subscriptions		"				
Website		"				
Audit		"				
Street furniture/ gen asset maintenance						1600.00
Car park	2277.00	2180.00	1980.00	2118.60		2118.60

Lease						
Council Tax?			1500.00	1605.00		1605.00
Clock	596.85	704.87	704.87	754.21		754.21
Electricity		"	"	"		"
VAT paid	4075.00	3651.73	3254.04	3481.82		3523.76
Donations	460.00	593.34	593.34	634.87		600.00
Bank Charges	76.13	123.60	123.60	132.25		132.25
Projects: (grants req)						
Basket Ball court and speed ramps						
Outdoor gym						
Parc Mwd Triangle repairs (.0.5 m dwarf wall @ £100/m)						3000.00
Bicycle Store						600.00
Contingency	1150.00	1150.00	1150.00	1230.50		1000.00
To reserve }	3000.00	3000.00	3000.00	3210.00		3000.00
Total	59441.23	56155.45	56560.90	49701.99		60728.68

5.4 Anticipated income during 2024/25

Predicted outturn 2023/24	£ 3,853
Lease Valley Junior Football & utilities	£ 500
Lease Valley Community Group	£ 50
Reimbursement Ynys Wen (anticipated)	£ 4,315
VAT refund 2024/25	£ 3,524
Reimbursement footpath maintenance	£ 995
Bank Interest	<u>£ 529</u>
Total	£13,765

6 Precept amount requested for 2024/25

6.1 A precept of £46,963.55 is requested which is the same as the last financial year. The calculation is given in table 6 below.

Table 6

Precept Calculation	2023/24	2024/25	
Nett Requirement	59441.23	60728.68	
Projected income	12477.68	13765.13	
Precept Claim	46963.55	46963.55	(precept = amount required less cash in hand)
Band D Equivalent properties	1048.41	1052.48	
Council Tax Charge (charged according to individual banding)	44.80	44.62	(precept divided by band D prop fig)

% difference -0.17 difference
 -0.39% difference divided by last year's charge

6.2 Impact on Council Tax

Maintaining the same level of precept would give a 0.39% reduction in the levy on the Council Tax for each property in the area.

6.3 Capital Projects

The proposals are as follows:

- 1 Parc Mwd – Basketball area:** Quotations have been received and project costs are likely to be around £30,000. Grant applications are currently in progress and should be determined within the 2034/24 financial year.
- 2 Parc Mwd – Speed Ramps:** These are included in the basketball court grant application to ensure pedestrian and player safety.
- 3 Repairs to Parc Mwd triangle boundaries:** This is now seen as a priority. Replacing the rotten wooden 200m boundary with a 0.5m high brick wall is estimated to cost around £22,000 i.e. over £100 per 1m. The borders will also need attention to suppress weeds and brambles.
- 4 Village – bicycle storage area:** The installation of a galvanised frame to enable secure storage is included in the budget
- 5 Parc Mwd - Outdoor Gym:** This project is noted but no costings have been included in the budget
- 6 New Payroll system –** this project is currently shelved
- 7 Play Area, Lon Spencer -** the equipment is over 34 years old and the latest health and safety report notes extensive corrosion. It is therefore prudent to set aside funding in an earmarked reserve to gradually replace the equipment.

7 Bank Accounts and Reserves

The Council holds two current accounts i.e., Business Charitable Account and Ynys Wen Cemetery Charitable Accounts. These current accounts cannot be classed as a reserve as they are required to meet day to day costs.

7.1 Bank account balances at 30/11/2023

In the Bank 30.11.2023	at 30/11/23	Balances
Business Charitable Account (day to day account	110049321	£12,344.53
Business Reserves	41188453	£18,200.16

To fund unforeseen expenditure e.g., staff absence, emergency repairs etc Target = 100% of budget

Ynys Wen Charitable Account (day to day account)	61209305	£6,107.73	} Earmarked for maintenance, flood alleviation, repairs to stone walls and unforeseen expenditure
Ynys Wen Reserves	51216996	£20,000.00	
Total		£56,652.42	

Please note a sum of approximately £4,033 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 2023/24.

7.2 Level of 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 Business Money Manager Account held £18,200.16 at 30/11/2023 and only equates to 39% of the £46,963.55 precept for 2023/24. It is prudent therefore to continue to build on this reserve until the appropriate level is achieved.

7.3 Earmarked Reserves

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.

The Ynys Wen Money Manager Account held £20,000 at 30/11/2023

The ground condition at the Ynys Wen cemetery is being monitored. The NRW have commenced the dredging of the adjacent river in order to reduce the waterlogging and improve drainage to the cemetery field. Work is currently suspended until the weather is improved. Once the work is complete the Council will work with the Local Authority and Environment Agency to undertake a ground condition survey and risk assessment to determine the safe proximity of new graves to the water course to avoid water contamination. The Council will need to pay for the ground condition surveys, any required permits and any flood alleviation or ground works that may be required to comply with legislation. It would be prudent therefore to build up the earmarked reserves to ensure adequate funds to complete the essential works.

Increasing costs and therefore increasing precept has impacted on the level of reserves held by the Council. During the year £20,000 was transferred from the Ynys Wen Day to Day account to a Money Manager account in order to accrue bank interest.

8. Risks

- 8.1 The budget forecast has been made based on the projected expenditure at the end of 2023/24 plus 7% 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.

8.2 The Finance Committee have been asked to consider the risks and the impact of the budget at its meeting on 11th December 2023.

- 1) The proposed draft budget includes investment to improve and future proof current assets.
- 2) The proposed budget allows for the strengthening of reserves to guard against any unforeseen costs e.g., staff absence or urgent repairs
- 3) By allowing for 7% inflation, the Council can maintain existing services. However, should inflation fall, 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 maintain the precept at the existing level to meet existing commitments but taking into account some additional costs that may be incurred during 2024/25 as noted in the budget.
- 5) 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 7% inflationary uplift allowed.

9. Recommendations

R1: That the Community Council set a precept of £46963.55 which remains the same as per the 2023/24 precept. This will ensure that we can meet an estimated increase of 7% inflation on existing commitments and maintain a breakeven budget for 2024/25.

This is based on a predicted total budget required of £60,728.68 less predicted income of £13765.13 for 2024/25.

This represents a precept of £44.62 per year per property based on a Band D property versus a charge of £44.80 in 2023/24. i.e. a small reduction of 0.39% to each property

R2: That the Community Council approves the planned expenditure for 2023/24 and obtains detailed quotations before proceeding where appropriate.

R3: That the community Council approves the transfer of funding from Ynys Wen to cover the cost of running the cemetery in 2023/24

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.

R5 That the amended reserve proposals are adopted reflecting the changes that have occurred during the year and noted within this report.

R6 That members explore grant funding to fund any capital projects put forward as noted within the report