

# Stratfield Mortimer Parish Council

## Budget 2022/23

### BACKGROUND

For the 2019/20 budget, the Council agreed to split the budget into two sections - operating items, and community infrastructure.

The object of this was to enable:

- The regular on-going Precept and other income to cover regular Council operational and maintenance costs, ensuring the Parish Council is financed on a sustainable basis.
- Develop a longer-term strategy to manage the new CIL income stream and consider and develop community infrastructure accordingly.

The Budget for 2022/23 follows the same process and is split into operating items and community infrastructure.

### Operating items

**Operating Income** comprises the Precept, Cemetery and Fairground income and some other smaller items.

**Operating Costs** comprises of staffing and admin costs, the long term 'normal' levels of spending of Committees and grants that the Council makes to several bodies.

**The Precept figure** of £149,319 has been set to balance the operational costs and is maintained very close to the 2021/22 level. The tax base figure for 2022/23 of 1,703.83, as provided by WBC, gives a Band D rate of £87.64 ( $£149,319 / 1,703.83$ ) which is 98.24% of the 2021/22 Band D figure (£89.21).

### Community Infrastructure Levy (CIL)

During 2021/22, £112,524 was received for the first tranche of the MOR006 development. WBC have confirmed that all payments have been received from MOR006 Phase 1. It is unknown when phase 2 will commence - the first of 4 payments would be due 60 days following commencement. Likewise for phase 3.

Other amounts of CIL may also be received throughout the year for smaller planning applications.

As there are restrictions on what CIL may be spent and it must be spent within 5 years of receipt, CIL received is held in earmarked reserves (EMRs) and tracked accordingly.

### Projects

Costs for the two community projects, widening of the pavement down The Street and the footpath to Burghfield, will be funded from CIL EMRs which are forecast to total £217,307 at the year end.

The exact costs for these projects are still unknown but expenditure for 2022/23 has been estimated at £100,000. Other sources of part funding for the footpath to Burghfield will also be sought. Consideration will need to be given to any revenue costs resulting from the completion, or part completion, of these projects and these will need to be met as per other operational costs.

Other ongoing projects for 2022/23, approved as part of the SMPC Action Plan, are as follows:

- Allotment Provision – dependent on the availability of suitable land and costs not currently known and no budget has been provided.
- Cemetery Extension – forecast EMR held of £25,000. See under Reserves
- Fairground Christmas Tree and Display Area - £10,000 is allowed in the 2022/23 CIL budget.
- Queen's Platinum Jubilee Event – SMPC have approved £20,000 seed fund but this should be covered by income generated by the event being held in early June. Income received to date is £4K (held from 2019/20) and expenditure already made was £1,300 and £474 in 2019/20 and 2021/22 respectively. The predicted expenses for the event currently stand at £24,000. The budget spreadsheet allows for the above information and forecast income and expenditure.

Projects on hold for which no budget has been allowed:

- The Library takeover.
- Citizen Advice Service.

No further progress was made during 2021/22 with the youth work.

## Reserves

### General Reserves

The Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Although there is no specific minimum level of reserves which an authority should hold The Joint Panel on Accountability and Governance (JPAG) (March 2020 edition) provides:

*“The generally accepted recommendation with regard to the appropriate minimum level of a Smaller Authority’s General Reserve is that this should be maintained at between three (3) and twelve (12) months Net Revenue Expenditure (NRE).”*

*“The smaller the authority, the closer the figure should be to 12 months NRE, the larger the authority the nearer to 3 months. In practice, any authority with an NRE in excess of £200,000 should plan on 3 months equivalent. NRE (subject to any planned surplus or*

*deficit) is effectively Precept/Levy less any loan repayment and/or amounts included in Precept/Levy for capital projects and transfers to Earmarked Reserves”*

The General Reserves, or operating reserves, are expected to total £146,305 at the start of 2022/23. As agreed by F&GP in March 2019, the General Reserve needs to be maintained at an adequate level and should cover a minimum nine months’ operating costs.

The budgeted operating costs for 2022/23 are £171,835. A General Reserve of £146,305 gives 10.22 months of operating costs<sup>1</sup> and, therefore, meets the Council’s criteria to hold a minimum 9 months’ worth of operational costs.

## **Other Reserves**

### **Section 106 Reserve**

This reserve currently stands at £12,437.

The s106 agreement is such that the contribution must be used specifically for the purpose of existing public open space and that, if within 10 years from the date of receipt of the contribution the monies are not spent for the specified purpose, the contribution has to be repaid to the developer together with interest calculated by reference to the Retail Price index. The current s106 reserves period runs until March 2026.

S106 funds can be used for expenditure on any open space within the parish and it is assumed that the balance of £12,437 will be used for the fitness equipment and spent in this current year/early next. This is reflected in the spend from Reserves for 2021/22.

### **Earmarked Reserves**

JPAG’s guidance with regards to Earmarked and Other Capital Receipt Reserves (CRR) is as follows:

*There is, in practice, no upper or lower limit to EMR/CRRs save only that they must be held for genuine and intended purposes and their level should be subject to regular review and justification (at least annually) and should be separately identified and remunerated. Significant levels of EMRs in particular may give rise to enquiries from Internal and/or External auditors.*

EMRs currently held are as follows:

- Cemetery Extension – an annual transfer of £5,250 is usually made from CIL reserves to the Cemetery Extension EMR. The predicted balance for the year end is £13,952. The Fairground and Cemetery Committee are forecasting landscaping costs for 2022/23 of £25,000 and a total transfer from CIL of £16,298 is, therefore, shown on the “Reserves Sheet”.

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<sup>1</sup> Budgeted annual operational costs £171,835

Monthly operational costs: £14,319 (£171,835/12)

9 months’ worth of operational costs: £14,327 x 9 = £128,876

General Reserve of £146,305/£14,319 = 10.22 months of operational costs

- Tennis Court Sinking Fund – a transfer of £3,000 is made annually from CIL to provide a replacement value over a 15 year cycle with the aim to get £50K by March 2029.
- Fairground and Cemetery – this is currently held for outstanding works yet to be undertaken.
- Roads, Footpaths and Commons – unspent funds from 2019/20. It is forecast that this will have a balance remaining of £3,000.
- Neighbourhood Plan – funds held for consultants, consultations, promotional literature etc. It is proposed a further transfer of £25,000 is made from General Reserves for expenditure for 2022/23 as per the agreed Action Plan.
- Election Expenses – held to cover the costs of the 4 yearly local elections and other elections as required.
- Community Projects – originally held for community projects identified in the previous Neighbourhood Plan.
- CIL – as described above.

Additional EMRs' proposed for 2022/23 are as follows:

- A transfer of £5,000 is made from General Reserves to a new Garth Hall EMR for expenditure for legal fees.
- A transfer of £10,000 is made from General Reserves to a new Climate and Emergency EMR.
- A transfer of £10,000 is made from General Reserves to a new Community Grants EMR. Through the Community Grant Scheme, organisations will be able to apply for funding/match funding for relevant projects. If this is agreed, it is recognised that the criteria for eligibility, and the application and awarding processes will need to be established. These can be considered at the March meetings of the Finance and General Purposes Committee and Full Council.

All proposed transfers have been included on the Reserves sheet.

The final year end reserve transfers will be reviewed by the Finance and General Purposes Committee in March, in line with the actual income and expenditure and recommendations for amendments will be made to Full Council.