

Stratfield Mortimer Parish Council

Full Council 11/01/2024

Budget 2024/25

Background

The draft 2024/25 Budget structure is split into two sections – Section 1 - Operating Items, and Section 2 Reserves (including earmarked reserves (EMR) and Community Infrastructure Levy (CIL) and CIL Projects

The object of this is to enable:

- The regular on-going Precept and other income to cover regular Council operational and maintenance costs, ensuring the Council is financed on a sustainable basis.
- The management of the Council's reserves, both those that have been established for short term spend and those for longer term capital projects such as the tennis court resurfacing.
- The management of the CIL income stream and expenditure.

Section 1 - Operating items

Operating Income comprises of the Precept, Cemetery and Fairground income and some other smaller items. Overall, the budgeted Operating Income is £186,244, 3% lower than the forecast for 2023/24. **The Precept figure** has been set to balance the operational costs and has been retained at the 2022/23 and 2023/24 level. The relevant tax base figures were not available when the report was written.

The main reasons for lower income year on year are that the expected interest earned is lower by 14%, reflecting lower average cash balances. In addition, income from cemetery fees is also lower than the 2023/24 forecast reflecting lower expected activity.

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 i.e. contribution to the Willink Leisure Centre and the library service and via its Community Grant scheme.

The budgeted operating costs at £186,244 are 19% (£30.2k) higher than the forecast 2023/24; the main contributing items are: Fairground and Cemetery (£14.3k), Administration Costs (£6.3k), Grants paid (£4k), Roads and Footpaths £3.4k and Communications (2.2k). The main reasons for these increases are:

Expenditure Item	Amount £k	Explanation
Fairground & Cemetery	14.3	Additional £7.5k for upgrading and relocating electric boxes + additional costs for resurfacing equipment areas
Administration	6.3	5% increase in staff costs in line with inflation

Stratfield Mortimer Parish Council

Full Council 11/01/2024

Budget 2024/25

Grants	4.0	8.9% increase in Willink Grant and higher grants to St Mary's Church
Roads & Footpaths	3.4	Software upgrade re ASWC/CSW signs and additional defibrillator costs
Communications	2.2	Mainly website review
Total	30.2	

Consideration has been given as to how changes in costs may affect individual items of operating income and expenditure, and more detail is provided in the accompanying spreadsheet.

Section 2 – Reserves (including Earmarked Reserves) and Community Infrastructure Levy (CIL) and CIL Projects

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 2022 edition) provides:

5.33. 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 and twelve months of net revenue expenditure.

5.34. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

5.35. In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained.

The budgeted operating costs for 2024/25 are £186,244. A predicted General Reserve of £134,715 provides 8.68 months of operating costs¹.

¹ Budgeted annual operational costs £186,244

Monthly operational costs: £15,520 (£186,214/12)

9 months' worth of operational costs: £15,520 x 9 = £139,683

General Reserve of £134,715/£15,520 = 8.68 months of operational costs

Stratfield Mortimer Parish Council

Full Council 11/01/2024

Budget 2024/25

Earmarked Reserves (EMR)

It should be noted, that JPAG's view of Ear Marked 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 renumerated. Significant levels of EMRs in particular may give rise to enquiries from Internal and/or External auditors.

The following earmarked reserves have been or will be spent/partially spent by the end of 2023/24:

- Youth Club Donated Funds (£3,477)
- Roads, Footpaths and Commons (Brewery Common tree work), (£7,727)
- Cemetery extension - partial expenditure of £6,770 leaving a balance of £33,785.
- Mortimer to Burghfield cycleway and footpath – partial expenditure of £4,143 leaving a balance carried forward at the end of March 2024 of £138,454.

Other forecast earmarked reserves currently held and expected usage are:

EMR Usage

- Cemetery Extension: it is assumed the current EMR of £33,785 will be used during 2024/25.
- Mortimer to Burghfield Cycleway and Footpath: it is assumed the current EMR of £138,454 will be used during 2024/25.
- Fairground and Cemetery: it is assumed the current EMR of £1,000 will be used during 2024/25.
- Neighbourhood Plan: it is assumed the current EMR of £22,488 will be used during 2024/25.

EMR remaining the same:

- Election Expenses: £5,074 is held for the cost of running an election either as part of the four-year local elections or should a poll be demanded following a casual vacancy.
- Tennis Court Resurfacing: An EMR of £46,666 is held for the resurfacing of the courts. It was a stipulation of a Sport England grant, given for the previous court renovations, that money should be saved for this purpose. It is estimated that £50,000 will be required and the aim is to have achieved this by March 2029. Further provision of £1,000 has been made for this see below.
- Garth Hall: £4,400 is currently held but until the future of Garth Hall is determined it is not known if this will be required or not.
- Climate and Environment: £8,357 is held and it is thought there will be some costs for 2024/25 but it is currently unknown as to what these might be.

Stratfield Mortimer Parish Council

Full Council 11/01/2024

Budget 2024/25

- Community Grant: a reserve of £10,000 is maintained for issuing annually – created from General Reserve - see below.

As part of the budget process, it is proposed:

- A transfer of £10,000 is made from General Reserves to Community Grant utilised in 2024/25
- A transfer of £3,000 of the unspent Roads, Footpaths and Commons 2023/24 Budget is made from General Reserves to an earmarked reserve for future Windmill Common Tree work utilised in 2024/2025
- A transfer of £1,000 is made from CIL reserves into the Tennis Court reserve increasing the reserve to £47,666 and carried forward through 2024/25

The estimated reserve balance of the General Reserve and all EMR's at the beginning of 2024/25 is predicted to be £408,939.

The expected utilisation of these reserves in 2024/25 comes to £208,727.

The budgeted General Reserve and EMR's stand at £200,212 in March 2025.

In addition to these reserves is the CIL Reserve which is discussed below.

Details and predicted year end reserve balances may be found on the "Reserve" sheet of the Draft Budget.

Community Infrastructure Levy (CIL) and CIL Projects

The Council's current main source of CIL income is from MOR006. To date the following amounts have been received:

- Phase 1: £112,524 received 2021/22
- Phase 2a: £14,483 received 2022/23
- Phase 2a: £26,898.08 received 2023/24
- Phase 2b: £55,016.48 received 2023/24

Regarding CIL income for 2024/25, West Berkshire Council (WBC) have confirmed:

Based on the granted permissions and the issued demand notices in the record, outstanding CIL money your PC will get in relation to the Land South of Tower Gardens is about £163,531.05

Listed below amount of money for your PC from instalments and the months that we anticipate the money will transfer to you:

- Apr 2024 £95,519.64
- Oct 2024 £68,011.41

Please note that the above figures are based on what the demand notices issued on the development. However, whether the money could be transferred to your PC depends on when we will receive the payment from the developer. Please only use the above as rough estimate.

Stratfield Mortimer Parish Council

Full Council 11/01/2024

Budget 2024/25

The only certain amount is £27,508.24 that is due to be transferred to you from an instalment we received in Oct. This amount will come to your PC in April 2024.

As at the end of March 2024 the CIL carried forward into the budget year is estimated at £122,617 and this is analysed into annual tranches as follows:

Year	Tranche in £
2021/2022	23,309
2022/2023	17,393
2023/2024	81,915
Total	122,617

For the Budget, based on the information from WBC being a rough estimate, it has been assumed **that £95,519.64** (consisting of £27,508.24 in April and £68,011.41 in October) will be received in 2024/25 with the remaining £68,011.41 being received in 2025/26.

CIL expenditure for 2024/25 is budgeted as **£45,400**.

A "CIL" spreadsheet has been included as part of the 2024/25 Budget document and provides more detailed information regarding:

- CIL received and spent during 2023/24.
- Budgeted additional spend for 2023/24.
- Budgeted income for 2024/25 as above. Further other amounts of CIL may also be received throughout the year for smaller planning applications, but these are unknown and have not been included.
- Budgeted spend for 2024/25 of **£45,400**. The spend is based on amounts already approved i.e. for projects such as the Fairground Utility Square, the Fairground footpath and Victoria Road footway improvements. £50,000 is also currently held for The Street Footway Widening project but, as possible spend is unknown, the full £50,000 **has been omitted from budgeted spend for 2024/25**.

Therefore, in summary the CIL reserve estimated at the end of the Budget year (March 2025) is as follows:

Opening Balance	£122,617
Estimated CIL Income	£ 95,520
Estimated CIL Expenditure	£ 45,400
Closing Balance	£ 172,737

As CIL must be spent within 5 years of receipt, and there are restrictions on what it may be spent, amounts received are held in earmarked reserves and monitored accordingly by the Responsible Finance Officer.

Applying a first in first out approach the expected tranches at the end of the budget year are:

Year	Tranche in £
2023/2024	77,217

Stratfield Mortimer Parish Council

Full Council 11/01/2024

Budget 2024/25

2024/2025	95,520
Total	172,737

Total Reserves

Taking the General Reserve, EMR and CIL together. The closing reserve balance at the end of 2024/25 is predicted to be £372,948², £200,212 General Reserve and EMR plus CIL of £172,737 a reduction of £158,607. This will be reflected in a reduction in the Parish Council's cash balances.

Clerk/Cllr. Richardson 22/12/2023

² - slight rounding of £1 not material