

Horndean Parish Council

NOTICE OF MEETING

A MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE WILL BE HELD ON MONDAY 21 NOVEMBER 2022 AT 7.15pm in JUBILEE HALL.

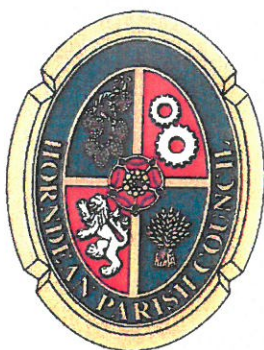
Members of the Committee Cllr D Alexander (Chairman), Cllr Mrs L Evans, Cllr A Forbes, Cllr B Raymond, Cllr T Attlee, Cllr P Little, Cllr S Freeman are summoned to attend.

Carla Baverstock-Jones GCILEx, FSLCC, MCMI
Chief Officer

15 November 2022

AGENDA

1. To receive apologies for absence.
2. **Declaration of interest: Members are reminded of their responsibility to declare any disclosable pecuniary interest which they may have in any item of business on the agenda no later than when that item is reached. Unless dispensation has been granted, you may not participate in any discussion of, or vote on, or discharge any function related to any matter in which you have a pecuniary interest as defined by regulations made by the Secretary of State under the Localism Act 2011. You must withdraw from the room or chamber when the meeting discusses and votes on the matter.**
3. To open the meeting to members of the public to enable them to address questions to Parish Councillors. *The period of time which is designated for public participation shall not exceed 20 minutes. Each member of the public is entitled to speak once only in respect of business itemised on the agenda and shall not speak for more than 3 minutes. A question asked by a member of public during public participation session at a meeting shall not require a response or debate.*
4. To approve the Minutes of the Finance and General Purposes Committee meeting held on the 17 October 2022.
5. To receive and consider the Draft Budget for 2023/2024.



HORNDLEAN PARISH COUNCIL

FINANCE AND GENERAL PURPOSES COMMITTEE MEETING

**MINUTES OF THE FINANCE AND GENERAL PURPOSES
COMMITTEE MEETING HELD AT JUBILEE HALL ON
17TH OCTOBER 2022 AT 7:00 PM**

PRESENT:

Cllr D Alexander (Chairman), Cllr T Attlee, Cllr A Forbes, Cllr P Little and Cllr B Raymond.

IN ATTENDANCE:

Carla Baverstock-Jones, Chief Officer (Minute Taker); Simon Ritson, Responsible Financial Officer.

PUBLIC

ATTENDANCE:

One member of the public present.

F&GP 017/22/23

TO RECEIVE APOLOGIES FOR ABSENCE

Apologies of absence were received from Cllr Mrs L Evans.

F&GP 018/22/23

TO RECEIVE ANY DECLARATIONS OF INTEREST

No declarations of interest were received.

F&GP 019/22/23

TO OPEN THE MEETING TO MEMBERS OF THE PUBLIC

The meeting was duly opened to members of the public.

F&GP 020/22/23

**TO APPROVE THE MINUTES OF THE FINANCE AND GENERAL
PURPOSES COMMITTEE MEETING HELD ON THE 01 AUGUST
2022**

It was **RESOLVED** that the minutes of the Finance and General Purposes Committee meeting held on the 01 August 2022, are duly signed as a true record of the meeting.

All agreed.

F&GP 021/22/23

**TO RECEIVE AND CONSIDER THE QUARTERLY MANAGEMENT
ACCOUNTS FOR PERIOD ENDING 30 SEPTEMBER 2022**

A report was circulated by the RFO, and a general discussion took place, within which the EMR in respect of Professional Fees was queried insofar as to the level required. The RFO

advised it was difficult to predict, historically the EMR was seldom depleted but due to a number of recent boundary disputes, the Reserve had been called upon.

F&GP 022/22/23

TO RECEIVE AND CONSIDER THE REVISED DRAFT BUDGET FOR 2023/2024

A report was circulated by the RFO and a discussion took place within which the RFO advised that the employers' pension contribution rate remains unchanged, and the tax base figure is yet to be received. The budget lines in respect of professional fees, playgrounds, and tree maintenance are volatile, and difficult to predict but if required could be reduced.

The EMR – Future Development Facilities £79,905 was discussed at length insofar as the funds should be included within the General Reserves, and not protected. Members are of the view that the fund does not form part of the Public Works Loan funding, and as such should be made available for general usage. The Chief Officer advised that it is a matter for Council and not within the remit of the RFO, and referred to Standing Orders as to the correct process.

The draft budget includes a precept rise of 8.6% which was approved by members. It was **RESOLVED** to recommend to Council the Draft Budget 2023/24 with a precept rise of 8.6%

F&GP 023/22/23

TO RECEIVE AND CONSIDER THE APPLICATIONS IN RESPECT OF THE FOLLOWING GRANTS:

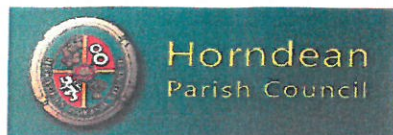
- **COMMUNITY LUNCH CLUB - £250**
- **HOME-START BUTSER - £500**

The applications and supporting paperwork were circulated, and following a discussion Members approved the grants, and it was agreed to recommend to Council for the awards to be approved as per the applications.

Meeting closed at 7.55pm

.....
Chairman

.....
Dated



HORNDEAN PARISH COUNCIL

F&GP MEETING: 21 NOVEMBER 2022

SUBJECT OF REPORT: Budget 2023-24

A Recap

The draft budget has been built from the bottom up by considering the full year income and expenditure for 2021-22 and year to date April to August for 2022-23 with updates made when data for September has clarified the position.

The budget workshop took place on Monday 26th September and the discussions resulted in an updated version being presented and discussed at the Finance & General Purposes (F&GP) Meeting on Monday 17th October.

Since the last meeting of the F&GP group the October accounts have been closed and the following information has been updated where appropriate.

Summary: Key assumptions contained in the Budget

Income:

- Hall Income target set at 75% of pre-COVID 2019-20 outturn. *(For the period April to October 2022 the actual % has been 75.6%.)*
- In the last three weeks, three Regular hirers, Country Park Quilters, PFM Welbeing and Train Master have confirmed they will not be hiring the hall in the new year. However, Home-start Butser will be a new hirer in 2023.
- Hall Income – assumed that the prices increase of 10% agreed at Full Council on the 3rd October 2022 will not have a detrimental effect on the demand for the halls.

Expenditure: Staffing:

- The Admin staffing budget remains as it is, including an additional day and overtime.
- The Countryside staffing budget remains at 4.0 WTE
- A cost of living inflation rate of 5% has been applied, which is approximately half of the current rate of inflation as at the end of September 2022.
- A performance related inflation rate of 2% has been applied to all admin and countryside staff.
- Employer's National Insurance Rate has been reduced back to 13.80% following the mini budget.
- Assumed that the minimum wage will be set at £10.14 per hour *(this is based on the government's current plans to increase the minimum wage every year in line with average earnings. However, the actual minimum wage rates in 2023 could be different if the government changes its plans)*. I have adjusted the Caretaker's Salary to this new threshold resulting in an increase of 6.7% to his salary. I have also increased the three Estate Warden Posts to this base level.
- The (draft) Employer's Pension Rate for 2023-24 from the Hampshire Pension Fund has been confirmed at 21.4%. This will be ratified by December 2022. (No change from 2022-23).

Reserves

The table below shows the level of Reserves held at the end of each of the last 7 financial years. As can be seen General Reserves were at their highest at the end of March 2018 when they stood at £274.9k but fell as low as £94.2k at the end of March 2021 following the closure of halls due to COVID. The bounce back

during 21-22 was due to a higher level of hall income (c70% v a budget of 30% per COVID levels) and Countryside Staff vacancies.

Horndean Parish Council Reserves	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Total General Funds	222,497	241,883	274,906	177,461	144,745	94,192	153,965
War Memorials EMR	0	0	0	0	0	0	0
IT Equipment EMR	2,595	1,500	3,000	4,500	6,000	6,000	2,500
Vehicle Replacement EMR	9,508	5,000	10,000	15,000	20,000	382	4,495
Play Equipment EMR	13,500	0	0	0	0	0	0
Jubilee Hall Improvements EMR	0	0	0	0	0	0	10,000
Napier Hall Improvements EMR	17,050	27,350	21,699	19,669	13,043	13,043	1,000
Staff Contingency EMR	5,000	0	6,438	0	0	0	0
The Granary Maintenance EMR	4,910	6,000	6,000	6,000	6,000	6,000	2,000
Lith Avenue/Lane EMR	5,920	7,000	7,000	3,838	3,838	3,838	3,000
Jubilee Hall Project EMR	30,825	41,125	39,351	149,345	140,864	125,483	79,905
New Playground Fund EMR	32,574	36,858	36,858	0	15,000	7,000	7,000
Grounds Equipment EMR	10,000	10,000	10,000	4,517	4,517	4,517	2,500
Legal Costs EMR	10,000	10,000	10,000	10,000	10,000	10,000	4,000
Election EMR	3,000	4,000	5,000	6,000	5,522	5,522	2,000
Lovedean Solar Farm EMR	0	5,000	541	0	0	0	0
Fencing EMR	0	0	5,000	5,000	5,000	5,000	4,000
Tree Maintenance EMR	0	0	4,000	0	757	0	4,000
LychGate Repairs EMR	0	0	500	1,000	1,500	1,500	1,500
South Downs National Park EMR	0	0	0	0	0	6,569	69
Community Infrastructure Levy EMR	0	0	0	7,567	21,000	32,973	38,990
Land East of Horndean EMR	0	0	0	7,250	7,250	6,650	1,900
Wagtail Road EMR	0	0	0	4,000	3,750	3,750	0
Total Earmarked Reserves	144,882	153,833	165,387	243,686	264,041	238,227	168,859
Total Reserves	367,379	395,716	440,293	421,147	408,786	332,419	322,824
Total Funds Less Jubilee Hall Project & CIL	336,554	354,591	400,942	264,235	246,922	173,963	203,929

The forecast for levels of reserves as at 01.04.23 has been complicated this year by the inflationary pressures and the vacancies in the Countryside team.

The following assumptions have been made in the levels of income and expenditure in the remainder of the 2022-23 financial year and have been updated following the closure of the October accounts:

1. Hall income remains at the levels received between April and October until the end of the financial year.
2. 2 x Countryside vacancies filled by December. These vacancies will be filled by December 5th.
3. A reduction in spending on volatile lines (e.g., Legal Expenses, Playground Equipment, Fencing, Tree Maintenance), of expenditure back to lower levels.

The table below shows the forecast expenditure for the remainder of the year on these volatile lines that underpins the overall full year forecast.

INCOME AND EXPENDITURE TO OCTOBER 2022				YTD	FULL YEAR FORECAST								EMR
				ACT	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	TOTAL	ANNUAL	FCAST	Reserve
					FCAST	FCAST	FCAST	FCAST	FCAST	FCAST	BUDGET	VAR	
4035	201	Professional Fees	5,715		300	300	300	300	300	7,215	1,430	-5,785	4,000
6580	408	Play Equipment	5,739		488	2,739	1,128	250	250	10,594	3,000	-7,594	7,000
6638	470	Fencing	2,905		167	167	167	167	163	3,736	2,000	-1,736	4,000
6648	470	Tree Work & Maintenance	4,296		850	2,680	417	417	413	9,073	5,000	-4,073	4,000

This would result in a **small forecast overspend position of c£5k** at year end (after adjusting for earmarked reserve movements).

In previous budgets it had been the intention to increase some specific earmarked reserves over a time period to reach a required level. This intention has been fed into Column C on the Reserves document and would add £6.5k to Earmarked reserves.

In Column D some Earmarked Reserves are replenished.

These top ups look increasingly likely to be required:

1. Professional/Legal Fees: There has been another recent encroachment on the Lith. Any expenditure over and above the amount included in the full year forecast would either need the EMR to be used or an increase in the projected year end overspend position.
2. Play Equipment: A decision was made at the Full Council meeting (on November 7th) to spend the majority of the EMR in the coming months.
3. Fencing: If the expenditure continues at the current rate, then either the EMR would need to be used or there would be an increase in the projected year end overspend position.
4. Tree Maintenance: Known expenditure as at the end of October has been fed into the full year forecast but if the expenditure continues at the current rate, then either the EMR would need to be used or there would be an increase in the projected year end overspend position.

A further review of Reserves is taken at the end of the financial year when actual figures are available. This is the opportunity to fine tune reserve levels between Earmarked and General in light of the outturn as at 31st March 2023.

(Note: The figures in green on the Reserves sheet feeds into the Summary page.)

Looking into 2023-24 and the expenditure budgets with regards to these lines

1. Professional/Legal Fees: This budget has been increased to £5,023 (from £1,430)
2. Play Equipment: This budget has been increased to £5,000 (from £3,000)
3. Fencing: This budget has been increased to £2,000 (from £1,000)
4. Tree Maintenance: This budget has been increased to £5,000 (from £4,000)

Each of these lines also have a corresponding EMR.

However, it should be noted that each of the lines above have a forecast expenditure for 22-23 in excess of the 23-24 I&E budget.

Column F shows, in yellow, the (draft) number of months running costs held in General Reserves and Total Reserves based on two figures, total expenditure and net expenditure.

As can be seen the forecast level of reserves sits at the lower end, but within, the suggested range.

Awaiting information:

- Tax base – usually available around the end of November.
- Parish Precept Notification letter – usually due around the end of the November.

Precept:

If this version of the budget is agreed (pending the tax base figures) the band D precept will increase by 8.6% to £82.99.

Horndean Parish Council will start the next financial year (2023-24) with a forecast of between 2.9 and 3.7 months running costs in General Reserves (depending on the basis of the calculation).

This is at the lower end, albeit within the recommended 3-12 months.

(Note: The smaller the Council is, the greater the need to hold a larger reserve in terms of months).

Risks:

- A new outbreak of COVID could jeopardise the income for hall hire.
- The result of the staff pay review.
- Future energy price rises as the fixed term contracts expire.
- Continuation of increased expenditure on the volatile lines in 2023-24.

Timetable:

Finance and General Purposes Meetings: 5th December 2022.
Full Council Meeting: 12th December 2022.

Last year the final date for submission of the Parish Precept Requirement to East Hampshire District Council was the 14th January 2022. I have yet to have notification of the corresponding date for this year.

It is worth noting that although there is a Full Council Meeting on Monday 9th January 2023, the first working day following the Christmas break for the Chief Officer and the RFO is Thursday 5th January.

Report Prepared by Simon Ritson, Responsible Finance Officer, November 14th 2022

**FINAL BUDGET (DRAFT)
2023-24**

SUMMARY

Cost Centre Code	Cost Centre Name	FULL YR ACTUAL 2021-22	FULL YR BUDGET 2022-23	YTD ACT APR-AUG 2022-23	FULL YR BUDGET 2023-24	Change	Notes
201 222	Central Costs Grants	181,005 2,845	194,237 5,000	78,389 3,700	207,124 5,000	12,886 0	
	TOTAL EXPENDITURE	183,850	199,237	82,089	212,124	12,886	
201	Central Costs	-20,221	-5,764	-11,589	-7,704	-1,940	
	TOTAL INCOME	-20,221	-5,764	-11,589	-7,704	-1,940	
	NET EXPENDITURE	163,630	193,473	70,500	204,420	10,946	
301 305 306	Napier Hall Jubilee Hall Jubilee Admin	21,363 63,276 36,718	22,870 21,481 37,976	10,944 8,402 25,472	23,474 19,258 49,999	604 -2,224 12,024	
	TOTAL EXPENDITURE	121,356	82,328	44,818	92,731	10,404	
301 305	Napier Hall Jubilee Hall	-19,718 -18,973	-23,360 -22,320	-9,587 -8,007	-24,090 -20,925	-730 1,395	
	TOTAL INCOME	-38,691	-45,680	-17,594	-45,015	665	
	NET EXPENDITURE	82,665	36,648	27,223	47,716	11,069	
407 408 470	Countryside Sites Amenity Sites Other Open Spaces Costs	12,931 5,533 145,780	1,000 9,917 166,364	1,091 7,614 51,543	1,000 11,778 172,560	0 1,861 6,195	
	TOTAL EXPENDITURE	164,243	177,281	60,248	185,338	8,057	
407 408	Countryside Sites Amenity Sites	-18,667 -2,013	-11,729 -2,100	-2,239 -1,875	-9,942 -2,310	1,787 -210	
	TOTAL INCOME	-20,680	-13,829	-4,114	-12,252	1,577	
	NET EXPENDITURE	143,564	163,452	56,133	173,086	9,634	
	GRAND TOTAL EXPENDITURE	469,450	458,847	187,154	490,193	31,346	
	GRAND TOTAL INCOME	-79,591	-65,273	-33,298	-64,971	302	
	GRAND NET EXPENDITURE	389,859	393,574	153,856	425,222	31,648	
	EARMARKED RESERVES		12,005		17,800	5,795	
	GENERAL RESERVES		-13,763		-17,500	-3,737	
	GRAND TOTAL		391,816		425,522	33,706	
	EHDC Allowance (tax Support Grant)		0		0		
	Precept		391,816		425,522		
	Tax Base		5,127.28		5,127.28		
	2022-23 / 2023-24 Band d precept		£76.42		£82.99	8.60%	

RESERVES

Code	RESERVES	A ACT Aug-22	B Q4 FCAST Mar-23	C F&GP 22-23	D Other Adj.	E Precept Adj.	F Forecast Apr-23	Notes
310	GENERAL RESERVES	144,024	135,281			-17,500	117,781	
		144,024	135,281	0	0	-17,500	117,781	
	No. of Months Running Costs						3.3	Forecast GR at 01/04/23 divided by Net Expenditure Budget (Expenditure less income)
	No. of Months Running Costs						2.9	Forecast GR at 01/04/23 divided by Expenditure Budget
	No. of Months Running Costs (JPAG)						3.7	Forecast GR at 01/04/23 as defined by JPAG (NRE Less Transfers to EMR Less Loan Payments)
	EARMARKED FUNDS							
325	IT Equipment EMR	2,500	0		1,000		1,000	building reserve back at £1,000 per annum
326	Vehicle Replacement EMR	10,000	10,000	5,000			15,000	building reserve back to £25,000 at £5k per annum
328	Jubilee Hall Improvements EMR	7,800	7,800			-3,800	4,000	
329	Napier Hall Improvements EMR	2,000	2,000	1,000		-3,000	0	removed
334	The Granary Maintenance EMR	2,000	2,000				2,000	
338	Lith Avenue/Lane EMR	3,000	3,000				3,000	
341	Playground Fund EMR	7,000	0		7,000		7,000	
342	Grounds Equipment EMR	2,500	2,500				2,500	
343	Legal Costs EMR	4,000	0		4,000		4,000	
344	Election EMR	2,000	2,000				2,000	
346	Fencing EMR	4,000	0		4,000		4,000	
347	Tree Maintenance EMR	4,000	0		4,000		4,000	
348	LychGate Repairs EMR	2,000	2,000	500			2,500	increased pa by £500 to reach £5k for possible for repair works in 2027/28
350	Community Infrastructure Levy EMR	39,196	10,000				10,000	
351	Land East of Horndean EMR	1,900	1,900			-1,900	0	removed
353	Five Heads Rec Playground EMR	5,000	0				0	
354	Future Development Facilities EMR	79,905	79,905				79,905	
	TOTAL OF EARMARKED FUNDS	178,801	123,105	6,500	20,000	-8,700	140,905	
	GRAND TOTAL	322,825	258,386	6,500	20,000	-26,200	258,686	
	No. of Months Running Costs						7.3	Forecast Total Reserves at 01/04/23 divided by Net Expenditure Budget
	No. of Months Running Costs						6.3	Forecast Total Reserves at 01/04/23 divided by Expenditure Budget

DESCRIPTION OF FUNDS

325	IT Equipment EMR	Reserve for future IT upgrades
326	Vehicle Replacement EMR	Assumed Lifecycle 5 years. Funding being re-built.
328	Jubilee Hall Improvements EMR	Reserve for future maintenance on Jubilee Hall and unexpected costs associated with the move to Jubilee Hall
329	Napier Hall Improvements EMR	Reserve for future maintenance on Napier Hall
334	The Granary Maintenance EMR	Reserve for future maintenance on the Granary
338	Lith Avenue/Lane EMR	Reserve for future maintenance on the Lith Re-surfacing
341	Playground Fund EMR	Reserve for maintenance/upgrades to existing Play area Equipment
342	Grounds Equipment EMR	Reserve for purchase of large pieces of equipment
343	Legal Costs EMR	Reserve for major legal and professional expenses
344	Election EMR	Funds for Parish Elections
346	Fencing EMR	Reserve for major fencing works
347	Tree Maintenance EMR	Reserve for major tree works
348	LychGate Repairs EMR	Funds to be increased year on year to prepare for any major project
350	Community Infrastructure Levy EMR	Funds Received stored here until projects to spend monies identified
351	Land East of Horndean EMR	Reserve for costs associated with Land East of Horndean
353	Five Heads Rec Playground EMR	Reserve for upgrade of Play facilities at Five Heads Recreation Ground
354	Future Development Facilities EMR	Reserve for costs associated with future developments



HORNDEAN PARISH COUNCIL

F&GP MEETING: 21 NOVEMBER 2022

SUBJECT OF REPORT: Budget 2023-24

Since the papers were distributed for the F&GP Meeting to be held on Monday 21st November new information has come to light that might influence the setting of the budget and the precept.

1. The October inflation figure has been announced.
2. The National Joint Council (for Local Government) have agreed the 2022-23 pay award (backdated to 1 April 2022)
3. National Living Wage
4. Income from Regular Hirers
5. Tax Base

Inflation

The Consumer Prices Index (CPI) rose by 11.1% in the 12 months to October 2022, up from 10.1% in September 2022.

Salaries

Although Horndean Parish Council does not follow the National Joint Council (NJC) scale point, the outcome needs to be considered as a pay review is being undertaken.

Headlines from the NJC agreement which is backdated to the 1st April 2022:

- The award is a flat £1,925 increase for all staff
- The award averages out to around 7% across the pay spine with the flat rate seeing those at the bottom of the spine (the lowest paid) receive a 10.5% increase with those at the top, just over 4%.
- The lowest grade will now be receiving £10.50 per hour (£20,258 p.a.) Currently we have 4 staff paid below this threshold. They would require between 4.2% and 10.6% pay awards to hit this new base rate.
- It is also worth noting from 2023/24 the lowest grade will be abolished. The rate for scale point 2 which will become the lowest, is currently £10.60 (£20,441 p.a.) This would capture one further member of staff.
- The agreement also includes a one day increase to the annual leave of all employees coming into effect on 1 April 2023 and the removal of the bottom pay-point on the same date.

Secondly, the Chancellor announced in the budget on Thursday 17th November, that the National Living wage is to rise from £9.50 to £10.42 per hour with effect from 1st April 2023.

Income

As detailed in the report already distributed, three smaller regular hall hirers have given their notice with one additional, larger one starting in the new year. Overall, these changes cancel each other. However, there is a significant risk that one of our biggest hall hirers may give notice. If that were to happen this would result in a loss of c£7.5k per annum. The reason for two of the three cancellations is due to lack of class members now attending the group and there is a risk that this will occur with other groups as the cost of living crisis continues to bite.

Tax Base

Although we have yet to receive notification of the tax base from East Hampshire District Council, there is a possibility being flagged by the Society of Local Council Clerks (SLCC) that there is a risk of the figure reducing for 2023-24 as billing authorities increased their provision for bad debts, reflecting the possibilities of households being unable to afford their Council Tax bills, together with a potential increase in the number of households claiming Council Tax benefit.

Recommendation

In response to the increasing levels of uncertainty around some aspects of the budget, Council may wish to consider amending the budget in the following areas:

- bolstering reserves by reducing or removing the £17,500 that is taken from General Reserves in the current draft of the budget.
- Increasing the budget for areas of volatile expenditure, particularly, Playground Equipment Maintenance, Tree Maintenance and Professional/Legal Fees.

Report Prepared by Simon Ritson, Responsible Finance Officer, November 17th 2022