



# Horndean Parish Council

## NOTICE OF MEETING

**A MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE WILL BE HELD ON MONDAY 05 DECEMBER 2022 AT 7.30pm 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, MCM  
Chief Officer

29 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 21 November 2022.
5. To receive and consider the Draft Budget for 2023/2024.



# HORNDEAN PARISH COUNCIL

## FINANCE AND GENERAL PURPOSES COMMITTEE MEETING

MINUTES OF THE FINANCE AND GENERAL PURPOSES  
COMMITTEE MEETING HELD AT JUBILEE HALL ON  
21<sup>ST</sup> NOVEMBER 2022 AT 7:15 PM

**PRESENT:** Cllr T Attlee, Cllr Mrs L Evans, Cllr A Forbes (Acting Chairman), Cllr P Little and Cllr B Raymond.

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

**PUBLIC  
ATTENDANCE:** None present

**F&GP 024/22/23** **TO RECEIVE APOLOGIES FOR ABSENCE**

Cllr David Alexander gave his apologies, and therefore Cllr Forbes as Vice Chairman chaired the meeting.

**F&GP 025/22/23** **TO RECEIVE ANY DECLARATIONS OF INTEREST**

No declarations of interest were received.

**F&GP 026/22/23** **TO OPEN THE MEETING TO MEMBERS OF THE PUBLIC**

None present.

**F&GP 027/22/23** **TO APPROVE THE MINUTES OF THE FINANCE AND GENERAL PURPOSES COMMITTEE MEETING HELD ON THE 17 OCTOBER 2022**

It was **RESOLVED** that the minutes of the Finance and General Purposes Committee meeting held on the 17 October 2022, are duly signed as a true record of the meeting.

All agreed.

**F&GP 028/22/23** **TO RECEIVE AND CONSIDER THE DRAFT BUDGET FOR 2023/2024**

Two comprehensive reports were circulated by the RFO, who added that recent invoices received represent an increase from the previous year of 35.2%, which highlights the ongoing

certainty of the current financial situation, in terms of budget preparation. The RFO advised that in order to feel secure further consideration should be given to increasing the Reserves. The original proposed draft budget included a precept rise of approximately 16%, with which Members did not feel comfortable. The figures were consequently adjusted to reduce the precept to 8.6%. The financial climate remains unstable with inflation continuing to rise, and escalating costs regarding legal fees, fencing, trees and play areas. The forecast expenditure is £30k and at present the draft budget stands at 17K, which is insufficient for these items, and needs to be increased. The revised precept figure of 8.6% is likewise insufficient.

The Chairman of the Council commented that the Chief Officer and the RFO both being trained officers have given their opinion, and it would be a foolish Council to ignore their advice.

It was agreed for the RFO to adjust the budget to include a precept rise of between 12 – 16%, and for the matter to return to the next meeting of the Finance and General Purposes meeting on the 05 December 2022.

Meeting closed at 8.20pm

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Chairman

.....  
Dated



## **HORNDEAN PARISH COUNCIL**

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**F&GP MEETING: 05 DECEMBER 2022**

**SUBJECT OF REPORT: Budget 2023-24**

### **Summary**

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 as new data became available since.

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

Further discussions took place at the F&GP Meeting on Monday 21<sup>st</sup> October and some additional adjustments have been made in line with the requests of the Committee.

These are detailed below:

- Increase the general inflation index from 10% to 11%. This added **c£4.0k** to the budget.
- Increase the budgets for Professional Fees, Play Equipment, Tree Maintenance and Fencing to the projected outturn in 2022-23 plus an additional 11%. This added **c£19.0k** to the budget.
- Ensure that all staff lines are budgeted at the minimum wage of £10.42 (or above). This added **c£1.0k** to the budget.

### **Recap: 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%.)*
- Hall Income – assumed that the prices increase of 10% agreed at Full Council on the 3<sup>rd</sup> October 2022 will not have a detrimental effect on the demand for the halls.
- In recent weeks, three Regular hirers, *[redacted]* have confirmed they will not be hiring the hall in the new year. However, Home-start Butser will be a new hirer in 2023. Overall, these changes cancel each other. Additionally, 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.

#### **Expenditure: Staffing:**

- A cost of living inflation rate of 5% has been applied, which is under half of the current rate of inflation as at the end of October 2022.
- An additional performance related inflation rate of 2% has been applied to all admin and countryside staff.
- Minimum wage set at £10.42 per hour
- The salary review document has recently been received and will be studied in depth in due course by a meeting of the Staff Committee. However, the data contained within indicates that the inflation pot contained within this budget is sufficient.

## 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.

<b>Horndean Parish Council Reserves</b>	<b>Mar-16</b>	<b>Mar-17</b>	<b>Mar-18</b>	<b>Mar-19</b>	<b>Mar-20</b>	<b>Mar-21</b>	<b>Mar-22</b>
<b>Total General Funds</b>	<b>222,497</b>	<b>241,883</b>	<b>274,906</b>	<b>177,461</b>	<b>144,745</b>	<b>94,192</b>	<b>153,965</b>
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
<b>Total Earmarked Reserves</b>	<b>144,882</b>	<b>153,833</b>	<b>165,387</b>	<b>243,686</b>	<b>264,041</b>	<b>238,227</b>	<b>168,859</b>
<b>Total Reserves</b>	<b>367,379</b>	<b>395,716</b>	<b>440,293</b>	<b>421,147</b>	<b>408,786</b>	<b>332,419</b>	<b>322,824</b>
<b>Total Funds Less Jubilee Hall Project &amp; CIL</b>	<b>336,554</b>	<b>354,591</b>	<b>400,942</b>	<b>264,235</b>	<b>246,922</b>	<b>173,963</b>	<b>203,929</b>

The assumptions contained within the full year forecast, that have been outlined in detail in previous iterations of the budget paperwork, 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.

Given the continued pressures on these lines, these adjustments 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 7<sup>th</sup>) 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.

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.

### Precept:

If this version of the budget is agreed (pending the tax base figures) the band D precept will increase by 14.64% to £87.61.

Horndean Parish Council will start the next financial year (2023-24) with a forecast of between 2.8 and 3.1 months running costs in General Reserves (depending on the basis of the calculation).

This is at the lower end of the recommended 3-12 months.

*(Note: The smaller the Council is, the greater the need to hold a larger reserve in terms of months, although those with a reliance on income streams should consider holding higher levels of general reserves)*

### Risks:

- The loss of one or more of our major hall hirers.
- A new outbreak of COVID that jeopardises the income for hall hire.
- The continuation of high levels of inflation as although a significant amount has been added into the budget for inflation, the current year inflation rate has proved to be insufficient.
- A potential cost of Parish Elections
- Energy price rises as the fixed term contracts expire. This impacts on future budget years post 2023-24

With this in mind, and the potential need to increase the levels of General Reserves, at the meeting of the Finance & General Purposes Committee on the 21<sup>st</sup> November, members asked for a modelling of the effects on the precept of increasing the General Reserves.

The table below: shows the impact (prior to the confirmed tax base figures) in four different scenarios:

	FULL YR BUDGET 2022-23	FULL YR BUDGET 2023-24			
		A	B	C	D
	£££	£££	£££	£££	£££
GRAND TOTAL EXPENDITURE	458,847	513,860	513,860	513,860	513,860
GRAND TOTAL INCOME	-65,273	-64,971	-64,971	-64,971	-64,971
GRAND NET EXPENDITURE	393,574	448,889	448,889	448,889	448,889
EARMARKED RESERVES	12,005	17,800	17,800	17,800	17,800
GENERAL RESERVES	-13,763	-17,500	-13,125	-8,750	-4,375
<b>GRAND TOTAL / Precept</b>	<b>391,816</b>	<b>449,189</b>	<b>453,564</b>	<b>457,939</b>	<b>462,314</b>
<b>Tax Base</b>	<b>5,127.28</b>	<b>5,127.28</b>	<b>5,127.28</b>	<b>5,127.28</b>	<b>5,127.28</b>
<b>Band D Precept</b>	<b>£76.42</b>	<b>£87.61</b>	<b>£88.46</b>	<b>£89.31</b>	<b>£90.17</b>
<b>Increase</b>		<b>14.64%</b>	<b>15.76%</b>	<b>16.88%</b>	<b>17.99%</b>
<b>GENERAL RESERVES</b>		<b>117,781</b>	<b>122,156</b>	<b>126,531</b>	<b>130,906</b>
<b>No. of Months Running Costs (Method 1)</b>		<b>3.1</b>	<b>3.3</b>	<b>3.4</b>	<b>3.5</b>
<b>No. of Months Running Costs (Method 2)</b>		<b>2.8</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>
<b>Method 1: Forecast General Reserve at 01/04/23 divided by Net Expenditure (Expenditure less income)</b>					
<b>Method 2: Forecast General Reserve at 01/04/23 divided Expenditure</b>					

### Awaiting information:

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

**Timetable:**

Full Council Meeting: 12<sup>th</sup> December 2022.

The final date for submission of the Parish Precept Requirement to East Hampshire District Council has yet to be confirmed.

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

*Report Prepared by Simon Ritson, Responsible Finance Officer, November 28th 2022*

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

**SUMMARY**

FINAL BUDGET (DRAFT) 2023-24		SUMMARY					Notes
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	Central Costs	181,005	194,237	78,389	210,959	16,721	
222	Grants	2,845	5,000	3,700	5,000	0	
	<b>TOTAL EXPENDITURE</b>	<b>183,850</b>	<b>199,237</b>	<b>82,089</b>	<b>215,959</b>	<b>16,721</b>	
201	Central Costs	-20,221	-5,764	-11,589	-7,704	-1,940	
	<b>TOTAL INCOME</b>	<b>-20,221</b>	<b>-5,764</b>	<b>-11,589</b>	<b>-7,704</b>	<b>-1,940</b>	
	<b>NET EXPENDITURE</b>	<b>163,630</b>	<b>193,473</b>	<b>70,500</b>	<b>208,255</b>	<b>14,781</b>	
301	Napier Hall	21,363	22,870	10,944	24,321	1,451	
305	Jubilee Hall	63,276	21,481	8,402	20,038	-1,443	
306	Jubilee Admin	36,718	37,976	25,472	52,851	14,875	
	<b>TOTAL EXPENDITURE</b>	<b>121,356</b>	<b>82,328</b>	<b>44,818</b>	<b>97,210</b>	<b>14,883</b>	
301	Napier Hall	-19,718	-23,360	-9,587	-24,090	-730	
305	Jubilee Hall	-18,973	-22,320	-8,007	-20,925	1,395	
	<b>TOTAL INCOME</b>	<b>-38,691</b>	<b>-45,680</b>	<b>-17,594</b>	<b>-45,015</b>	<b>665</b>	
	<b>NET EXPENDITURE</b>	<b>82,665</b>	<b>36,648</b>	<b>27,223</b>	<b>52,195</b>	<b>15,548</b>	
407	Countryside Sites	12,931	1,000	1,091	1,110	110	
408	Amenity Sites	5,533	9,917	7,614	18,918	9,001	
470	Other Open Spaces Costs	145,780	166,364	51,543	180,663	14,299	
	<b>TOTAL EXPENDITURE</b>	<b>164,243</b>	<b>177,281</b>	<b>60,248</b>	<b>200,691</b>	<b>23,409</b>	
407	Countryside Sites	-18,667	-11,729	-2,239	-9,942	1,787	
408	Amenity Sites	-2,013	-2,100	-1,875	-2,310	-210	
	<b>TOTAL INCOME</b>	<b>-20,680</b>	<b>-13,829</b>	<b>-4,114</b>	<b>-12,252</b>	<b>1,577</b>	
	<b>NET EXPENDITURE</b>	<b>143,564</b>	<b>163,452</b>	<b>56,133</b>	<b>188,439</b>	<b>24,986</b>	
	<b>GRAND TOTAL EXPENDITURE</b>	<b>469,450</b>	<b>458,847</b>	<b>187,154</b>	<b>513,860</b>	<b>55,013</b>	
	<b>GRAND TOTAL INCOME</b>	<b>-79,591</b>	<b>-65,273</b>	<b>-33,298</b>	<b>-64,971</b>	<b>302</b>	
	<b>GRAND NET EXPENDITURE</b>	<b>389,859</b>	<b>393,574</b>	<b>153,856</b>	<b>448,889</b>	<b>55,315</b>	
	<b>FARMARKED RESERVES</b>		<b>12,005</b>		<b>17,800</b>	<b>5,795</b>	
	<b>GENERAL RESERVES</b>		<b>-13,763</b>		<b>-17,500</b>	<b>-3,737</b>	
	<b>GRAND TOTAL</b>		<b>391,816</b>		<b>449,189</b>	<b>57,373</b>	
	<b>EHDC Allowance (tax Support Grant)</b>		<b>0</b>		<b>0</b>		
	<b>Precept</b>		<b>391,816</b>		<b>449,189</b>		
	<b>Tax Base</b>		<b>5,127.28</b>		<b>5,127.28</b>		
	<b>2022-23 / 2023-24 Band d precept</b>		<b>£76.42</b>		<b>£87.61</b>	<b>14.64%</b>	

