

To	Valley Community Council Members
Date	07/01/2025
Author	Rhianwen Sheldon Clerk & RFO
Title	Budget and Precept Setting 2025/26
Purpose	To seek the approval of Valley Community Council Members to set the budget and precept level for 2025/26

Introduction

This report is to be read alongside the [Budget Monitoring Report Q3](#) dated 7/1/2024 and [the Budget & precept Setting Report](#) dated 13/11/2024 and will advise the council of the:

- 1) Current financial position
- 2) Budget statement at 31 December 2024 including income and expenditure
- 3) Projected outturn at 31 March 2025
- 4) Community Council's performance against the budget in 2024/25
- 5) Budget requirements for 2025/26
- 6) Precept amount requested for 2025/26
- 7) Bank Account and Reserves
- 8) Risks
- 9) Recommendations

1. Current Financial Position

We are currently in the last quarter of the 2024/25 financial year. Having attracted additional grants of £65,500 for 4 large projects during the year along including a Places for Nature Wildlife package. Managing the budget which has more than double the usual business has been challenging. However, the Community Council is well placed to end the financial year within budget remaining on track. Despite no predicted working surplus to be brought forward I anticipate £2,487.99 to be transferred to business reserves.

The Finance Committee have held regular meetings in order to manage the budget. This report is to be read in conjunction with the Budget Monitoring Report dated 07/01/2024 (attached).

The original budget for 2024/25 was set at **£60,728.68** with the precept claim of £46,963.55, which based on a band D equivalent property (£1,052.48) represented a charge of £44.62 per property per annum. The precept was unchanged from 2023/24.

2. Budget Statement and Situation between 1 April 2023 to 31 December 2024

2.1 The full Budget statement is shown in Appendix 1 of the [Budget Monitoring Report Q3](#) dated 07/01/2025 with narrative explanation in paragraph 2 of that report.

In Summary:

- 2.2 In summary, income of £106,565.54 was attracted, and along with the £10,221.68 carried over, giving a working balance of **£116,787.22**. This figure includes grant funding of £45,500. A further £10,000 in regeneration funding is expected in quarter 4.
- 2.3 Expenditure of £66,828.69 was made during the period. All grant projects should be completed before the end of the financial year.
- 2.4 The costs associated with Ynys Wen cemetery maintenance during 24/25 will be reimbursed and transferred to the business Account (day to day account) in April to provide a working balance.

3. Projected out turn at 31 March 2025

3.1 Appendix 1 of the [Budget Monitoring Report Q3](#) dated 07/01/2025 shows the projected outturn for 2024/25.

3.1.1 Income of **£131,058.64** is anticipated which exceeds the set budget by £70,329.96 or 115.8%.

- Grants of £65,500 have been attracted during the year for 4 new major projects to improve community assets, the community's environment and promote wildlife.
- VAT of £5,326.08 has been reclaimed with a further claim to 31/12/24 of £3,872.89 to be made shortly.

3.1.2 Expenditure is predicted to be **£131,058.64** which will deliver a breakeven budget that allows for **£2,495.91** to be carried into reserves.

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. All agreed works are completed within the tax year
4. Current donation requests honoured at £50 each and no other received
5. VAT for q3 is claimed within the current tax year
6. Interest and bank charges remain constant
7. All approved grants are received and spent within their terms and conditions
8. No further unforeseen expenditure

3.3 Previous Years comparison

Table 2: the table below compares expenditure over the last five years (2024/25 Predicted spend) for reference.

Budget Heading	2019/20	2021/22	2022/23	2023/24	2024/25 Predicted Q3
Translation	671	1052	882	890	600
Clerk	5805	6058	7201	7082	8061
Members allowance	1750	1800	1560	1504	2754
HMRC	1472	1864	2364	2560	1847
Parc Mwd	12908	11048	13308	16054	17628
Play Area	2143	7476	3889	1881	6427
Parc Branwen	120	300	440	440	440
Clock	135	1300	384	650	802
Footpaths	370	920	1200	1800	1200
Bus Shelters	1000	550	0	881	2340
Insurance	1845	1907	2103	2015	2387
Office expenditure	580	183	231	474	471
Training	280	135	205	509	500
Misc Exp	580	947	2434	3514	3519

Car park	1980	1980	990	1980	5874
Ynys Wen	1939	2496	3943	3093	5916
VAT Paid	1441	2786	4016	3933	7500
Donations inc chairman	500	500	500	460	600
Bank charges			130	124	122
Trans to Reserve				1150	2488
Basketball Court					38970
Green Spaces					9825
Bus Shelter & Bike Rack					10500
Total	£42,395	£43,322	£45,780	£50,895	£131,059

The above table demonstrates the investment made by the council in improving and maintain community assets. The Council has sought to maximise available grants thus avoiding undue increases in precept.

4. The Community Council's performance in 2024/25

4.1 Progress was reported in the [Budget & Precept Setting Report](#) to the committee dated 13/11/2024.

5 Budget requirements for 2025/26

The full breakdown of required income and expenditure is given in Table 1 below.

5.1 Anticipated Expenditure for 2025/26

A draft break-even budget of **£76,330.59** is set for the 2025/26 financial year.

5.1.1 The budget includes the potential increase in the clerk/RFO hours from 11 to 15 hours per week to cope with the workload i.e. an increase of £3,358.59 per annum.

5.1.2 It must also be noted that following the Chancellors Announcement in the 2024 Autumn Budget the community council will be liable to pay Employers National Insurance Contributions from April 2025. This will be 15% of the employee's gross income over £5,000 calculated at £1,233.70 for the year.

5.1.3 In 2024 the Local Authority imposed a Council Tax levy on the Public Car Park payable by the Community Council. This was back dated to 2023/24. The amount payable for 2024/25 was £1995.10. Given the financial constraint on all Local Authorities this tax will undoubtedly increase and must be met from the precept.

5.1.4 The following essential upgrade and repairs have been factored into the budget:

- Parc Mwd – repairs to pavilion, signage etc £ 1,000
- Play Area – replacement/ update equipment £ 2,300
- Ynys Wen – Planned maintenance £ 1,600
- General – IT upgrade/website/hybrid meeting compliance £ 4,694
- Clock - Repair and maintenance £ 1,500
- £11,094**

- 5.1.5 A contingency of £1,000 is also included plus £3,000 to be transferred to the council's business reserves.
- 5.1.6 An upturn of 5% cost of living increase has been applied to the costs unless actual amount is known.
- 5.1.7 This draft budget of £76,330.59 for 2025/26 will allow for assets to be kept in good repair, ensure legal compliance and will help build reserves to an appropriate level.

6 Precept amount requested for 2025/26

Our precept should be driven by the balancing figure between income, expenditure, contingencies and movements to/from reserves.

- 6.1 A precept of **£60,994.89** is requested to meet the council's obligations and plans. The calculation is given below.

Precept Calculation	2024/25	2025/26	
Nett Requirement	60728.68	76330.59	
Projected income	13765.13	15335.70	
Anticipated Carried Forward	0.00	0.00	
Precept Claim	46963.55	60994.89	30% increase
Band D Equivalent properties	1052.48	1085.57	Band D
Council Tax Charge (charged according to individual banding)	44.62	56.19	Precept/Band D

- 6.1.1 The difference to be levied on Council Tax equates to an increase of £1.08 per week (D)

- 6.2 Previous year's precept claims for reference:

Performance over last 5 years	Precept	Budget	Precept as % of budget
2021/22	26045.15	40095.00	64.96%
2022/23	37443.65	43435.08	86.21%
2023/24	46963.55	59441.23	79.01%
2024/25	46963.55	60728.68	77.33%
2025/26	60994.89	76330.59	79.91%

7 Bank Accounts and Reserves

- 7.1 The Council holds two current accounts i.e., Business Charitable Account and Ynys Wen Cemetery Charitable Accounts. These current accounts are required to meet day to day costs. The Council has two Reserve Accounts, one for Business Reserve and one for Ynys Wen Cemetery. The balance of accounts at 31/12/2024 are given below.

Balance of Bank Accounts at 31/12/24	
Business - Charitable Account	13,407.31
Business - Reserves	56,866.30
Ynys Wen - Charitable Account	8,163.75
Ynys Wen Reserves	20,446.72
Total	£98,884.08

7.1.1 The Business Reserve Account currently holds £38,000 grants funds which will be spent before 31/3/2025. Therefore, we note the actual Business Reserve stands at £18,866.30

7.1.1.1 It is prudent to ensure a minimum and maximum Business Reserve. The minimum should be approximately equivalent to 3 months of operating costs, whilst the maximum being 100% operating costs. For 2025/26 a minimum reserve of £19,096.63 would be required and up to a maximum of £76,330.59. After transfer of predicted £2,487.99 into the reserves at 31/3/2025, the council's Business Reserve will stand at £21,354.29 [28% of the budget]. The Business Reserve would be used for any unforeseen expenditure during the year e.g., staff absence, emergency repairs etc.

7.1.2 The Ynys Wen Cemetery Reserve Account is earmarked to pay for flood alleviation work and any unforeseen costs not included in the budget. When Ynys Wen reaches its full capacity, the cemetery will still need to be maintained but will not attract any burial income. This cost must be met by the council. The costs of maintaining a new cemetery would also need to be met.

8. Risks

- 8.1 The budget forecast has been made based on the projected expenditure at the end of 2024/25 plus an inflationary increase of 5%, unless the % increase is known, and by removing the 'one-off' expenditure for the year. This mitigates against risk of unforeseen price increases etc and allows for quarterly budget monitoring to be undertaken.
- 8.2 The council's ability to raise any income is low given the capacity of the pavilion. Fundraising by the council may be at the detriment of local groups who also rely on charity.
- 8.3 The Finance and Personnel Committee have been asked to consider the following risks and the impact of the budget:
- 1) The proposed draft budget includes investment to maintain 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 the inflationary % increase, the Council can maintain and improve existing services. However, should inflation fall, then it is likely that there will be some residual funding available to extend community assets and services.

This will be identified during the budget monitoring process, probably around the end of quarter 2 or quarter 3.

- 4) 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 5% inflationary uplift allowed.

9. Recommendations

- R1:** That the Council approves the draft breakeven budget of £76,330.59 for 2025/26.
- R2:** That the Community Council set a precept of £60,994.89 for 2025/26. This will ensure that we can meet any inflationary increases on existing commitments and maintain a breakeven budget for 2025/26.
- R3:** That the community Council approves the transfer of funding from Ynys Wen account to the business account in April 2025 to reimburse the maintenance cost of running the cemetery in 2024/25
- R4:** That the Clerk ensure a minimum and maximum operational reserve for the Council i.e minimum 3 months operational cost to a maximum of 100% of the budget.
- R5:** 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.
- R6:** That the Ynys Wen Reserves remain Earmarked in order to maintain burial grounds in the community.

Table 1 Draft 2025/26 Budget and Precept Calculation

Expenditure		Set Budget 2024/25	Projected outturn 2024/25	Baseline Budget 2025/26	Baseline with upturn		Draft Budget 2025/26	5% upton unless stated otherwise
		£	£	£	£		£	£
1	Translator	749.00	600.00	880.00	924.00		924.00	
2	Clerk	7577.97	8060.98	10075.78	10579.57		10579.57	Based on 15 hrs
3	Members Allowance	3128.00	2754.00	3904.00	3904.00		3904.00	£156 & £52 x 13 plus £1000 Senior Roles & £200 Chair's Allowance
4	PAYE/HMRC	1894.35	2014.80	2518.95	2644.90		2644.90	Based at rate of 20%
5	Employers NIC	0	120.57	1139.21	1233.70		1233.7	15% on earnings over £5k
6	Parc Mwd:	14621.01	17628.06	10552.24	10749.38		11749.38	
	<i>of which:-</i>							
	BT	325.53	284.40	284.40	298.62			
	Electricity	1598.10	259.74	665.92	669.21			based on usage 1/9/24 to 27/11/24 plus 5%
	Water	104.10	68.01	68.01	100.00			5% upton - £71.41 plus additional usage
	Council tax	326.30	513.51	513.51	564.86			10% upton
	Inspections/servicing	251.45						
	Boiler Maintenance		350.00	150.00	157.50			
	Fire Alarm Maintenance		}					

	Fire Equipment Maintenance	}						
	Emergency Lighting Maintenance	}	110.00	220.00	231.00			
	Fire Risk Assessment		125.00	125.00	131.25			
	Intruder Alarm Maintenance		91.80	91.80	96.39			
	Electrical Checks		0.00	0.00	0.00			due 2027
	Grass Cutting(tender to 2025)	4130.00	4130.00	4543.00	4543.00			as per extended contract extension (10% upturn)
	Loan repayment	2723.79	2545.60	2545.60	2545.60			repayments remain constant throughout loan period
	Park Maintenance	561.75	950.00	950.00	997.50			tree cutting/strimming etc
	Additional Park expenditure	940.00	800.00				1000.00	Repairs to pavillion cages/ parc & pavillion signage
	Gym equipment inspection			395.00	414.45			5%
	*Triangle Repairs	3000.00	3000.00	0.00	0.00			see park maintenance above
	*Boules pitch repairs	660.00	750.00	0.00	0.00			see park maintenance above
7	Other asset repair / maintenance/open spaces		2650.00	2650.00	880.00		880.00	
8	Solicitors fees	0.00	1000.00				0.00	see rep ref 17 SDS below
9	Play Area	5477.08	6427.08	2785	2924.25		2924.25	Grass cutting /ispection/ weekly bins
	Additional Play Area Expenditure	0.00	0.00	0			2300.00	Painting of equipment and ground maintenance
10	Parc Branwen	470.80	440.00	440.00	484.00		484.00	as per extended contract
11	Ynys Wen	5914.86	5914.86	3916.00	3916.00		3916.00	Grass cutting as per contract extension of 10%

	Additional Ynys Wen Expenditure			0			1600.00	Signage/Memorial Stone/Repair boundary wall/moles. NB from Ynys Wen Account
12	Footpaths	1284.00	1200.00	1320.00	1320.00		1320.00	as per extended contract
13	Bus Shelters	535.00	2340.00	0.00	1500.00		1500.00	Painting
14	Insurance	2216.68	2387.09	2387.09	2506.45		2506.45	10% upturn
15	Office Costs	470.66	470.66	470.66	500.00		500.00	£21 x 12 plus stationery
16	Training	195.91	500.00	500.00	500.00		500.00	inc new member training
17	SDS inc solicitors fees	3014.78	3519.32	2288.54	1852.97		1852.97	
18	Website / Zoom/IT / Hybrid Meeting costs			560.00	588.00		588.00	
	Additional Technical equipment			0.00			4694.60	Website upgrade/laptop upgrade MS software & licences/tour guide system
19	Car park	4323.60	5874.35	4174.61	4174.61		4174.61	10% upturn plus £1980
20	Clock	754.21	801.63	801.63	841.71		841.71	
	Additional Clock expenditure	0.00	0.00	0.00			1500.00	painting + repair
21	VAT paid	3368.51	7500.00	7500.00	7484.09		7484.09	
22	Donations S137	600.00	600.00	600.00	600.00		600.00	
23	Bank Charges	132.25	122.25	122.25	128.36		128.36	
24	Contingencies / Reserve	4000.00	2487.99	4000	4000.00		4000.00	
25	Basketball project	0.00	38970.00	0.00	0.00		0.00	
26	Green Spaces	0.00	9825.00	0.00	0.00		0.00	

27	Regeneration Bus Shelter & bike rack	0.00	10500.00	0.00	0.00	0.00	
		60728.67	131058.64	63585.96	64235.99		76330.59
Income		Set Budget	Projected 2024/25	Baseline Budget 2025/26	Projected income 2025/26		Projected income 2024/25
		£	£	£	£		£
28	Precept	46963.55	46963.55				60994.89
29	Burial Charges	4314.86	6280.00	4978.00	5226.90		5226.90
30	VAT Refund	3524.00	9198.97	7484.09	7484.09		7484.09
31	Leases & Other	5926.27	2894.44	2624.71	2624.71		2624.71
32	Basketball project	0.00	38000.00	0.00	0.00		0.00
33	Green Spaces	0.00	7500.00	0.00	0.00		0.00
34	Bus Shelters & bike rack	0.00	10000.00	0.00	0.00		0.00
35	Projected carry over		10221.68	0.00	0.00		0.00
		60728.68	131058.64	15086.80	15335.70		76330.59
		Surplus / Deficit		0.00			0.00