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Mrs J Nagy  
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12 July 2022

Dear Jenny

### **Report and budget estimates for proposed split of Worth Parish Council**

Further to the agreement made with Worth Parish Council, please find enclosed my report and draft budgets for information.

The report and draft budgets have been prepared in good faith, based on the information provided by Worth Parish Council and by the petitioners for the creation of a new Crawley Down Village Council. My comments on the information provided are based on analysis of the figures and a knowledge and understanding of the practical financial operations of Parish Councils generally.

The report includes reference to a considerable margin of error in any calculations, due to several significant factors which remain unknown currently. I have not considered the merits of whether two Parish Councils serve the population more effectively than the current arrangement and have focussed purely on the financial elements of the proposal.

I hope the report is self-explanatory and will assist the ongoing consultation. Should you have any queries please do not hesitate to contact me.

Yours sincerely

**Andy Beams**  
**For Mulberry & Co**

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## Acronyms used in this report

WPC	Worth Parish Council
MSDC	Mid Sussex District Council
CDVC	Crawley Down Village Council
CPC	Copthorne Parish Council
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

## A. BACKGROUND AND BRIEF

As a result of a valid petition raised by the requisite number of local registered electors to constitute a new Parish Council for the existing Crawley Down parish ward (to be called 'Crawley Down Village Council (CVDC)', a Community Governance Review (CGR) was initiated by Mid Sussex District Council (MSDC).

As part of this process, Worth Parish Council (WPC) and the petitioners produced budget estimates for the proposed new arrangements, which if agreed, effectively splits WPC into two separate local authorities through the creation of CDVC and the renaming of the remainder of WPC as Cophorne Parish Council (CPC). Both WPC and the petitioners were also asked to produce an estimate of the costs associated with such a split.

Among the recommendation of the MSDC Scrutiny Committee for Customer Services & Service Delivery meeting held on 25 May 2022 are the following:

- *The case for division of assets and liabilities at reasonable cost is not sufficiently made. At this time of cost-of-living crisis, many electors are not agreeable to this.*
- *At an early stage of the second public consultation WPC and the petitioners should supply to this Review their assessment of these division costs with evidential annotations for each cost, so that MSDC may see how they have been arrived at.*
- *The indicative annual budget proposed by 'The Local Councillors and Residents Supporting the Creation of a Crawley Down Village Council' it seems, is disputed by WPC. MSDC wishes to see an adjusted and agreed version as soon as possible.*

In June 2022, WPC appointed Mulberry & Co, who act as the internal auditor to the authority, to conduct an exercise to produce a draft budget for the proposed two authorities and an estimate of the costs associated with the split. Mulberry & Co have no view on the merits of a split and are acting as an independent consultant on the matter.

On 20 June, WPC provided a submission of financial information to Mulberry & Co for inclusion in the exercise. This included a narrative element and an analysis of current staffing levels within WPC, along with the approved WPC budget for 2022/23, an assessment of the appropriate grading of the Clerk role in each of the two proposed authorities, and a breakdown of the estimated costs associated with a split.

On 23 June, the petitioners provided similar financial information including a narrative outline of the financial impacts, staff cost projections and budget proposals for the two proposed authorities, a breakdown of the estimated costs associated with a split and a comparison with Turners Hill Parish Council.

There are notable differences in the financial projections put forward by each side. It should be noted that there are several significant factors which remain unknown at this time, largely relating to staff issues and the costs of the split and how/where these will be funded from. A further complication results from the petitioner's request to treat information relating to estimates of TUPE outcomes as confidential.

All information received has been reviewed and taken into consideration in the preparation of this report and the financial projections included within it.

## B. COMMENTS ON WORTH PARISH COUNCIL INFORMATION

The current budget information provided is in the form of the Agreed Budget Report generated from the Rialtus Business Solutions (RBS) accounting package used by the council. This is assumed to be accurate and that it reflects the budget agreed by the council. This shows an income budget for the year of £380,830 and expenditure budget of £493,491 with the deficit to made up using reserves.

As explained in section F of this report, WPC has established a track record of providing fair and reasonable budgets and precept calculations over the last five years, and the information provided has been used as a basis for the budget projections. There

have been some minor amendments to figures, where a more realistic figure has been used than that based on the projected split, and elements of doubt exist in the staff budget figures for the reasons explained in section D of this report.

### C. COMMENTS ON PETITIONERS' INFORMATION

It is noted that the petitioners have used Turners Hill Parish Council as an example for comparison. Use of another local authority within the same District is a sensible measure and can provide useful comparisons. Whilst Turners Hill is geographically close, there are other authorities within Mid Sussex which may have provided better comparisons, based on being a similar size.

Turners Hill has a tax base of 654.2 (compared to 4,669.1 for WPC) and its current band D equivalent is more than double that of WPC (£126.51 compared to £61.25). Within Mid Sussex, comparisons to either Hassocks or Hurstpierpoint & Sayers Common Parish Councils may have been more beneficial as both are of more similar size to WPC and the proposed split into two councils.

The petitioners have presented budgets for WPC, an amended budget for WPC excluding projects, and then projected budgets for CDVC and for CPC. These are used to demonstrate the projected increased costs of splitting the council.

This methodology is sound, and my calculations are based on a similar exercise, considering the normal revenue expenditure of WPC. The information provided by the petitioners has been considered in the drawing up of the draft budgets, although there are changes to the figures to reflect what, in my opinion, are more realistic estimates of the likely costs for the two proposed councils.

The job evaluation sheet shows two different values for contracted hours for the Clerk – 25 per week in step 5 of the calculation and 28 per week in the job spinal points summary. It is unclear which is the intended correct number of hours for the Clerk. A consistent figure of 30 hours per week has been applied to the Copthorne Clerk evaluation.

### D. STAFFING

Both WPC and the petitioners have used an industry specific calculator to assess the correct scale point for the appointment of the Clerk to each of the newly created councils. The outcome of these calculations differ, but not significantly, with WPC assessing both roles at scale point 34, and the petitioners assessing CDVC at scale point 33 and CPC at scale point 35.

The largest unknown element with the staff is which staff will work where, and what TUPE arrangements will be in place. My understanding is that there is currently no clear plan as to who will work for which council. It will be a matter for each council, if a split occurs, to determine its own staffing structure, and assumptions made by both WPC and the petitioners are conjecture at this time.

The petitioners have costed proposals for different scenarios regarding TUPE but have marked these as confidential and I have therefore refrained from including specific figures for these in my report.

Salary amounts are based on the current spinal point values. There is no indication as yet for any increase in the salary scales to be backdated to 1 April 2022 or for future scale point increases.

## E. COSTS FOR SPLITTING THE COUNCIL

One of the biggest differences between the WPC and petitioners' projections relates to the costs associated with splitting the council. All costs are speculative, and differing advice has been received by the two parties leading to the vastly different projections.

As mentioned above, the staffing costs remain a significant unknown, dependant on the outcome of any TUPE arrangements, confirmation of the staffing structures of both councils, and the wishes of the staff members. There is also a lack of clarity over which, if any, of the costs may be borne by MSDC during the process.

Having independently discussed the matter with two local authority solicitors, they liken the arrangement to a divorce, and that the legal costs associated with the split will depend on how readily agreement is reached on matters such as the split of assets, including reserves held by WPC.

The petitioners estimate the one-off costs of the split at £32,016, while WPC estimate £90,830. The primary difference between these estimates relates to costs included by WPC (but not by the petitioners) of two public mail shots costing £13,330 and a £25,000 difference in the estimated cost of a locum role to establish CDVC. WPC have also included an additional £10,000 for legal fees, with the petitioners only including legal fees within the £10,000 quoted by MSDC.

As with much of this exercise, an absolute figure cannot be determined, but my estimate would fall somewhere between the two figures proposed, with a sum of between £50,000 and £60,000 not unreasonable.

## F. HISTORIC PRECEPT INFORMATION FOR WORTH PC

The question 'how much the precept should be?' is one that all councils juggle annually. The amount will vary from council to council, dependant on several factors including size, staff structure, number of functions managed, etc.

For information, the table below shows the precept data from the last five years showing how WPC compares to the national average for England. The data shows a 15.7% increase in the band D equivalent for WPC over the five-year period, compared to a 16.8% increase in the national average.

In 2018/19, WPC charged 84.9% of the national average Band D compared to 84.1% in 2022/23. This shows that WPC has kept in line with the trends shown across the country over this period, suggesting a sound basis for budget and precept setting has been established and information presented by WPC can be considered a fair reflection.

Year	Precept	Tax Base	Band D	England Ave.
2018/19	£251,000	4,618.2	£54.35	£64.04
2019/20	£275,000	4,617.6	£59.55	£67.18
2020/21	£280,000	4,654.8	£60.15	£69.89
2021/22	£286,000	4,669.1	£61.25	£71.86
2022/23	£300,000	4,770.3	£62.89	£74.81

Data source: Gov.uk website [Council Tax Statistics for 2022/23](#)

## G. BUDGET PROPOSALS FOR SPLIT OF WPC

Budget estimates	Worth PC	Crawley Down VC	Copthorne PC	Combined	Difference
	<u>2022/23</u>	<u>2023/23</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>
Precept	£300,000	£166,750	£185,000	£351,750	£51,750
Interest received	£200	£100	£100	£200	£0
Allotment rents	£3,400	£2,000	£0	£2,000	-£1,400
MSDC grounds management	£1,030	£1,030	£0	£1,030	£0
South Room hire receipts	£7,000	£0	£7,000	£7,000	£0
Pavilion lease	£4,200	£0	£4,200	£4,200	£0
<b>Total income</b>	<b>£315,830</b>	<b>£169,880</b>	<b>£196,300</b>	<b>£366,180</b>	<b>£50,350</b>
Clerk, Assistant & RFO	£100,000	£50,000	£65,000	£115,000	£15,000
Groundspersons	£45,000	£25,000	£20,000	£45,000	£0
Grants given	£8,000	£4,000	£4,000	£8,000	£0
Churchyard maintenance	£1,000	£500	£500	£1,000	£0
Office supplies	£1,500	£500	£1,250	£1,750	£250
Bank charges	£200	£200	£200	£400	£200
Postage	£0	£100	£0	£100	£100
Utilities - electric/gas	£1,250	£1,000	£1,000	£2,000	£750
Telephone	£100	£500	£100	£600	£500
IT support	£6,000	£4,000	£4,000	£8,000	£2,000
Chairman's allowance	£1,000	£200	£500	£700	-£300
Councillors' allowances	£8,500	£4,500	£4,000	£8,500	£0
Travelling	£500	£200	£300	£500	£0
Office expenses, eg cleaning	£1,000	£1,000	£1,000	£2,000	£1,000
Website costs	£1,500	£1,500	£1,500	£3,000	£1,500
Software support - RBS, payroll	£1,500	£1,000	£1,000	£2,000	£500
Member training	£1,000	£1,000	£1,000	£2,000	£1,000
HR support	£3,000	£2,000	£2,000	£4,000	£1,000
Staff training	£0	£1,500	£1,500	£3,000	£3,000
Publicity	£1,200	£1,000	£600	£1,600	£400
Audit fees	£1,500	£1,500	£1,500	£3,000	£1,500
Legal fees	£3,000	£3,000	£3,000	£6,000	£3,000
Insurances	£5,250	£3,000	£3,000	£6,000	£750
Hire of halls	£250	£2,000	£250	£2,250	£2,000
Rent South Room - 1st floor	£7,500	£0	£7,500	£7,500	£0
Meetings, conferences, etc	£800	£500	£400	£900	£100
Election expenses	£8,000	£8,000	£8,000	£16,000	£8,000
Subscriptions/memberships	£450	£0	£225	£225	-£225
WSALC & NALC	£2,395	£1,500	£1,200	£2,700	£305
Fuel	£3,000	£1,750	£1,750	£3,500	£500
Motor repairs & expenses	£2,000	£1,000	£1,000	£2,000	£0
Equipment & supplies	£500	£1,000	£250	£1,250	£750
Capital purchases	£1,500	£2,000	£1,500	£3,500	£2,000
Maintenance - various	£10,974	£3,000	£9,500	£12,500	£1,526
Land management	£1,000	£2,500	£500	£3,000	£2,000
Ground management	£6,000	£0	£6,000	£6,000	£0
Allotment water	£216	£216	£0	£216	£0
Loan repayment new parish office	£9,726	£0	£9,726	£9,726	£0
Energy - street lights	£35,000	£17,500	£17,500	£35,000	£0
Repairs street lights/lamps	£15,000	£7,500	£7,500	£15,000	£0
Maint. Burleigh Way car park	£1,030	£0	£1,030	£1,030	£0
Maint. Memorial car park	£1,000	£1,000	£0	£1,000	£0
Litter & dog bin emptying	£4,000	£5,000	£2,000	£7,000	£3,000
Replace litter/salt bins	£800	£500	£400	£900	£100
N/h Plan Crawley Down	£6,000	£2,500		£2,500	-£3,500
N/h Plan Copthorne	£1,000		£1,000	£1,000	£0
Environmental - Copthorne	£20,000		£20,000	£20,000	£0
Environmental - Crawley Down	£20,000	£15,000		£15,000	-£5,000
Youth support	£15,000		£7,500	£7,500	-£7,500
Handyperson vehicle lease	£0	£3,000	£0	£3,000	£3,000
Parish Online	£0	£500	£0	£500	£500
Photocopying	£0	£1,250	£0	£1,250	£1,250
New bench seating	£0	£500	£0	£500	£500
Office rent	£0	£10,000	£0	£10,000	£10,000
<b>Total expenditure</b>	<b>£365,141</b>	<b>£194,916</b>	<b>£221,681</b>	<b>£416,597</b>	<b>£51,456</b>
<b>Net income over expenditure</b>	<b>-£49,311</b>	<b>-£25,036</b>	<b>-£25,381</b>	<b>-£50,417</b>	<b>-£1,106</b>

The above proposals are based on information provided by WPC and the petitioners, an analysis of the 2022/23 agreed budget for WPC and knowledge and experience of income and expenditure within the local authority sector.

Amounts are estimates, as absolute figures are unavailable until such time as the split has happened, staffing structures have been agreed, assets have been split and reserves held by WPC are divided up.

My estimates conclude that in 2023/24 the two councils combined would have a revenue budget of £51,456 more than WPC (not allowing for any inflationary increase from 2022/23), subject to confirmation of the matters highlighted above.

## **H. CONCLUSION**

This information has been prepared in good faith, based on information provided by WPC and the petitioners, and applying industry specific knowledge and experience to rationalise the figures.

I do not anticipate that either WPC or the petitioners will wholly agree with the outcomes, as each has made their own detailed assessments based on information acquired during the CRG process.

## **About the author**

This review was conducted by Andy Beams of Mulberry & Co. Andy has over 30 years' experience in the financial sector, specialising in the local government sector since 2010. During this time, Andy has worked as a Clerk/RFO at councils of various sizes, and now works as an internal auditor, local authority consultant and trainer of local authority officers and councillors, as well as providing locum Clerk/RFO services and mentoring and support for new Clerks across the south-east of England.