



LEIGHTON-LINSLADE TOWN COUNCIL

Policy and Finance Committee

Date: 18 January 2021

Title: Budget Setting Process

Purpose of the Report: i) To help inform Members of the work to date in respects of the budget setting process;
ii) To receive and consider recommending to Council the approval of the proposed budget for the Financial Year 2021-22.

Contact Officers: Mark Saccoccio - Town Clerk
Clare Cummins – Finance Officer

Corporate Objective/s		Aim 1: To consolidate processes and procedures, ensuring operational efficiency and a structure which will underpin future service delivery by the Town Council.
Implications:		
Financial	√	Yes – Agreeing budget and the amount the Town Council will be precepting
Human Resources		
Operational/Service delivery	√	Yes – The agreed budget will determine the ability to deliver on-going services and capital projects
Procedural/Legal	√	Yes – The responsibility to provide the Principal Authority with the amount it will be precepting for
Risk/Health & Safety		

1.0 RECOMMENDATIONS

Should the Policy and Finance Committee be minded:-

1.1 To note the report;

1.2 In accordance with the recommendation made at its meeting held 16th November 2020, that the anticipated budgetary shortfall of £72,931 for the financial period 2021-22 be met from

i) the Covid-19 Earmarked Reserve which presently stands at £128,010 OR

- ii) **to recommend to Council an alternative solution be found in meeting the anticipated budgetary shortfall of £72,931 for the Financial Year 2021-22;**
- 1.3 **That unless determined otherwise, to recommend to Council that the Council Tax remain unchanged at £155.50 (Band D equivalent) for the Financial Year 2021-22;**
- 1.4 **Subject to the Band D equivalent of £155.50 remaining unchanged, to recommend to Council the approval of the precepting amount of £2,271,388 which Central Bedfordshire Council will collect on behalf of the Town Council for the Financial Year 2021-22;**
- 1.5 **To recognise and endorse that in accordance with paragraph 2.10 that certain budget lines be omitted from next year's budget and returned the following financial year 2022-23.**

2.0 BACKGROUND

- 2.1 In accordance with established practice, the Town Council will be expected to have set a precept and notified the billing authority (Central Bedfordshire Council) of that amount by mid-January (albeit the principal authority will be made aware that this information will not be forthcoming until 26th January 2021 at the very earliest).
- 2.2 This budget has been prepared at a time when uncertainty prevails and little assurance as to when the return to "normality" is anticipated. For the purposes of budget setting, normality is defined as when income generating opportunities return to pre-pandemic levels; that is unfettered room hire, events and market incomes for example.
- 2.3 Given the current on-going restrictions, it remains unlikely that income will come anywhere near that of a typical year. Based on current business activity, income forecasts for next year will be reduced by 75% to 25% of a typical year. The exception being cemetery income which is likely to remain constant.
- 2.4 At its meeting held 27 July 2020, Council was presented with a report regarding the financial impact of the pandemic and endorsed the creation of a Covid-19 earmarked reserve in the amount of £128,010.

Progress thus far:

- 2.5 As Members are minded, since its endorsement by this committee on 16th November 2020, the draft budget has been presented to the following committees with budgetary responsibility:-
- Partnership Committee presented with its draft budget on Thursday 10th December 2020.
 - Cultural and Economic Services Committee presented with its draft budget on Monday 7th December 2020.

- Grounds and Environmental Services Committee presented with its draft budget on Monday 14th December 2020.
- Planning and Transport Committee presented with its current financial standing at its meeting held on Wednesday 6th January 2021.
- Community Safety Sub-Committee presented with its current financial standing at its meeting held on Monday 11th January 2021.

2.6 Throughout this process, Members have been actively encouraged to approach Officers should they seek clarification on any budgetary matters.

2.7 Subject to Policy and Finance Committee approval, the draft budget will then be taken to Full Council for its ratification on 25th January 2021.

Precepting:-

2.8 On 20th October 2020, the Town Council received details of the tax base for the forthcoming financial year. The tax base has increased by 0.24% from 14,572 dwellings to 14,607 (a net increase of 35 dwellings).

Year	15/16	16/17	17/18	18/19	19/20	20/21	21/22
Tax Base and year on year % increase in dwellings	13,438	13,826 (+2.8% = 388)	14,141 (+2.3% = 315)	14,270 (+0.9% = 129)	14,456 (+1.29% = 186)	14,572 (+0.8% = 116)	14,607 (+0.24% = 35)

2.9 As set out above, the increase in the tax base is modest (+35 dwellings) albeit representative of current circumstance. Anecdotally, of the 79 parishes in Central Bedfordshire, 40% have seen a reduction in their tax base.

The Draft Budget

2.10 The draft budget comprises the operational costs of running the Town Council's services and includes within it an annual contribution of £200,000 toward its capital projects programme. The detail of the projects together with their spend profile can be found within the dedicated 5 Year Plan. It is the intention to present committee with a revised version at its February meeting.

2.11 Draft Budget headlines

- Expenditure has been reduced by £59,027 (£2,580,871 - £2,521,844 = £59,027)

- 1) Salary budgets have all been increased by 2% to allow for any future pay increase and Employers pension rate increased by 1% and annual increments (where applicable) have been allowed for.
 - 2) Canal Festival - £19,925, Living History Day - £9,700, Movies for the More Mature - £4,500, Event Salaries - £13,000. **To help address the anticipated shortfall in income for the financial year 2021/22, these budget lines have not been included in next year's budget. The costs are to be met from the current financial year that will roll forward into an Earmarked Reserve (as agreed by the Cultural and Economic Committee on 7 December 2020). These budget lines are to be returned to the 2022/23 budget – recommendation 1.5 of this report.**
 - 3) Rates – 3% increase has been added across the board.
 - 4) Telephones – Astral Park budget reduced due to new contract.
 - 5) Market Promotion – new budget line made up of existing Publicity and Themed Markets.
 - 6) Market Bank Charges – new budget line, made up of existing Bank charges and Market IT support to allow for cashless payments to be made.
 - 7) Internal audit reduced as only 4 visits per year.
 - 8) Remembrance – new budget line created as per Council resolution of 24th August 2020.
 - 9) Bus shelters budget line deleted.
 - 10) Dog bins line deleted as these costs can be met from the Benches and Bins budget line.
- To reflect the pandemic situation, the income target has been revised down from £314,925 to £177,525. This is not a typical budget and is representative of current circumstance only.
 - 1) Market income reduced by 75%
 - 2) Pavilion hire income reduced by 75%
 - 3) Sport pitch hire income reduced by 33%
 - 4) Café in the Park fee reduced by 50%
 - 5) TACTIC hire and income activity reduced by 75%
 - 6) Cemetery and allotment income remain unchanged

Meeting the Budget Deficit

Council Tax Calculation

- 2.12 The following model assumes a 0% increase in council tax albeit this decision rests with Members to endorse or otherwise.

Council Tax	Council Tax Base	Precepting Amount £155.50 x 14,607	£2,521,844 (expenditure) minus £177,525 (income)	£2,271,388 (precepting amount based on a 0% increase in council tax) minus £2,344,319 (net expenditure)
£155.50	14,607	£2,271,388	£2,344,319	(£72,931)

- 2.13 The draft budget finds itself in a deficit scenario with spending exceeding revenue by £72,931. To meet the anticipated budgetary deficit, this could be achieved by utilising the Covid-19 Earmarked Reserve as set out at recommendation 1.2 which presently stands at £128,010.

3.0 CONCLUSIONS

- 3.1 These are extraordinary times that call for a positive response at a time of uncertainty. The budget that is presented recognises the likely impact the pandemic will continue having on revenue and expenditure well into the next financial year. Despite the challenges, the contribution to capital projects of £200,000 remains thereby allowing the Town Council to continue with meeting its objectives as set out within its 5 Year Plan.

End.