



Policy and Finance Committee

Date: 23 January 2023

Title: Budget Setting Process

Purpose of the Report: To seek Council endorsement in respects of the proposed budget for the Financial Year 2023-24.

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 and the budgetary recommendations made by the other committees with budgetary responsibilities;
- 1.2 To consider recommending to Council approval of the proposed revenue budget for 2023-24 as attached (total expenditure £2,874,353 less anticipated income £271,365).
- 1.3 Subject to 1.2 above, to consider recommending to Council how the budget requirement for 2023-24 of £2,602,988 (total expenditure £2,874,353 less income £271,365) should be met, i.e. through the precept and/or any other means (various options as set out below).

2.0 BACKGROUND

- 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 has been made aware that this information will not be forthcoming until 31st January 2023 at the very earliest).
- Since its endorsement by the Policy and Finance Committee at its meeting held 14th November 2022, the draft budget has been presented to the following committees with budgetary responsibility:
 - Grounds and Environmental Services Committee presented with its draft budget on Monday 5th December 2022.
 - Partnership Committee presented with its draft budget on Thursday 8th December 2022.
 - Cultural and Economic Services Committee presented with its draft budget on Monday 12th December 2022.
- Except for the Community Safety Sub-Committee (16th January 2023 meeting) all other committees with budgetary responsibility have recommended approval of the draft revenue budget.
- Throughout this process, Members have been actively encouraged to approach Officers should they seek clarification on any budgetary matters.

Precepting:-

- On 27th October 2022, the Town Council received details of the tax base for the forthcoming financial year. The tax base has increased from 14,759 dwellings to 14,969 (a net increase of 210 dwellings). The increase is representative of the housing growth within the parish. In this case, it is likely that the Roman Gate development as well as early phases of the Chamberlains Barn development will have made a significant contribution toward the tax base increase.

Year	15/16	16/17	17/18	18/19	19/20	20/21
Tax Base and % 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)
	21/22	22/23	23/24			
	14,607 (+0.24% = 35)	14,759 (+1.0% = 152)	14,969 (+1.4% = 210)			

- The average council tax base increase over the period 2016 – 2023 is 191 units. This year we welcome an above average increase of 210 units when compared to the rolling average.

The Draft Budget and changes made

- The Communities Project Cost centre (101) has been reprofiled to split out events for greater transparency purposes. Consequently, several previously populated lines are now showing as zero within this year and next year's budget. The events budget lines for this and next year can be found within cost centre 103.
- 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 capital projects programme This is an arbitrary amount which at the time of creating the 5-year financial plan was what "could be afforded" and representative of the projects at the time. Of this £90,000 is presently ringfenced for the servicing of a loan repayment for Parson's Close Play Area - £38,000 per annum for 10 years (which commenced on 30/11/2022) as well as an annual commitment to play equipment and safety surfacing replacement (£52,000 per annum). As revenue commitments, a decision has been taken to reprofile the budgets with both now found within the revenue budget. This means that the commitment to capital projects pot has been reduced to £110,000 to fairly reflect the change. The £90,000 is now found within revenue budget lines (14/4390 – Loan Repayment £38,000 and 230/4909 – Play Area/Safety Resurfacing £52,000).
- Members will recall at its meeting held 20th June 2022, that the Policy and Finance Committee recommended to Council that £26,958 be transferred to (and thereby top up) the existing precept support fund earmarked reserve to the total value of £101,389. Its purpose to meet the anticipated shortfall caused by rising costs and inflationary pressures. Should Members decide otherwise, the precept support fund would be returned to general reserves if not used.
- RPI of 12.6% as at September 2022 has been added across various budget lines (in accordance with committee resolution to do so) for budget lines 102/4350 Citizens Advice, 102/4351 Guaranteed Grants, 102/4352 Leighton Linlade Inspiring Music Centre and for the Event budget lines detailed in cost centre 103.
- The creation of budget line 101/4533 for the May Fayre contribution (£7,000) as agreed by Policy and Finance Committee at its meeting held 26th September 2022.
- The creation of a one off budget line 101/4527 to meet anticipated costs in celebrating the Kings' Coronation of £15,000.

- Salary budgets increased in line with nationally negotiated and agreed pay award (£1,925 pro rata increase for all pay scales).
 - Growth item of £9,000 101/4521 included for the purposes of the Older People Projects programme.
 - Pavilion rent receivable reflective of current bookings and set at £60,000.
 - Street market income targets representative of current takings with Saturday income target to reduce to £35,000 and Tuesday market income reduced to £32,000 per annum.
 - Budget line 412/4130 – “market security” reduced from £11,500 to £6,000 given the future of pedestrianisation unknown.
 - Budget Line 301/4373 - Climate Emergency remains unchanged at £30,000 per annum.
- To support members in their deliberation, various options have been created to demonstrate how the predicted annual budget requirement for 2023-24 can be met. **The order in which the options are found is random and is not based on preference.**

Please note that where necessary certain figures have been rounded up.

Option A – Council Tax to remain unchanged at £164.26 which means precept support fund and general reserves and/or capital projects programme budget utilised.

Budget requirement (£2,874,353) less Budgeted Income (£271,365)	Less precept support fund (£2,602,988) – (£101,389)	Current Band D (£164.26) multiplied by Tax Base (14,969)	Shortfall (£2,501,599 - £2,458,807)	Shortfall (£42,792) to be met from general reserves and/or capital projects programme budget
£2,602,988	£2,501,599	£2,458,807	£42,792	£0

Option B – Hybrid option which includes a Council Tax increase from £164.26 to £165.09 (£0.83 or 0.5%) and using 100% of the precept support fund and £30,367 from general reserves and/or capital projects programme budget.

Budget requirement (£2,874,353) less Budgeted Income (£271,365)	Net budget requirement (£2,602,988) less precept support fund (£101,389)	Current Band D increased from £164.26 to £165.09 multiplied by Tax Base (14,969)	Shortfall (£2,501,599) less £2,471,232)	Shortfall (£30,367) to be met from general reserves and/or capital projects programme budget
£2,602,988	£2,501,599	£2,471,232	£30,367	£0

Option C – Hybrid option which includes a Council Tax increase from £164.26 to £165.90 (£1.64 or 1%) and using 100% of the precept support fund and £18,203 from general reserves and/or capital projects programme budget.

Budget requirement (£2,874,353) less Budgeted Income (£271,365)	Net budget requirement (£2,602,988) less precept support fund (£101,389)	Current Band D increased from £164.26 to £165.90 multiplied by Tax Base (14,969)	Shortfall (£2,501,599) less £2,483,357)	Shortfall (£18,242) to be met from general reserves and/or capital projects programme budget
£2,602,988	£2,501,599	£2,483,357	£18,242	£0

Option D – Hybrid option which includes a Council Tax increase from £164.26 to £167.12 (£2.86 or 1.7%) and using 100% of the precept support fund.

Budget requirement (£2,874,353) less Budgeted Income (£271,365)	Net budget requirement (£2,602,988) less precept support fund (£101,389)	Current Band D increased from £164.26 to £167.12 multiplied by Tax Base (14,969)	No reserves required
£2,602,988	£2,501,599	£2,501,619	£0

Option E – Expenditure to be met entirely from Council Tax Increase – Council Tax to go up from £164.26 to £173.89 representing a 5.9% (£9.63) increase.

Budget requirement (£2,874,353) less Budgeted Income (£271,365)	Current Band D (£164.26) multiplied by Tax Base (14,969)	Anticipated shortfall (£2,602,988 - £2,458,807)	A 5.9% increase in current band D from £164.26 to £173.89 representing a £9.63 increase	Potential band D £173.89 multiplied by the Tax Base 14,969	No subsidy from town council funds required
£2,602,988	£2,458,807	£144,181	£173.89	£2,602,988	£0

3.0 Status of Earmarked Reserves

3.1 This Council is not alone in facing considerable budgetary pressures caused by factors over which it has little in the way of control. These are extraordinary times that have resulted in incomes being compromised and substantial increases in costs. The options as presented above demonstrate how the budgetary requirement for 2023/24 can possibly be met.

3.2 For your information, Town Council Earmarked Reserves and summary (as at 31 December 2022) are appended to this report (appendices a and b). At 1st April 2022 the earmarked reserves stood at £1,308,354.

End.