



LEIGHTON-LINSLADE TOWN COUNCIL

Policy and Finance Committee

Date: 24 January 2022

Title: Budget Setting Process

Purpose of the Report: To seek Council endorsement in respects of the proposed budget for the Financial Year 2022-23.

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 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 2022-23 as attached (total expenditure £2,691,916 less anticipated income £267,662).
- 1.3 Subject to 1.2 above, to consider recommending to Council how the income requirement for 2022-23 (expenditure £2,691,916 less income £267,662) should be met, i.e. through the precept and/or any other means (see paragraph 2.12).

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 has been made aware that this information will not be forthcoming until 1st February 2022 at the very earliest).
- 2.2 Since its endorsement by the Policy and Finance Committee at its meeting held 22nd November 2021, the draft budget has been presented to the following committees with budgetary responsibility:-
- Partnership Committee presented with its draft budget on Thursday 2nd December 2021.
 - Cultural and Economic Services Committee presented with its draft budget on Monday 6th December 2021.
 - Grounds and Environmental Services Committee presented with its draft budget on Monday 13th December 2021.
 - Community Safety Sub-Committee will be presented with its current financial standing at its meeting to be held Monday 17th January 2022.
- 2.3 All of the above (the exception being Community Safety) have recommended approval of the draft revenue budget as attached to the Policy and Finance Committee.
- 2.4 Throughout this process, Members have been actively encouraged to approach Officers should they seek clarification on any budgetary matters.

Precepting:-

- 2.5 On 4th November 2021, the Town Council received details of the tax base for the forthcoming financial year. The tax base has increased from 14,607 dwellings to 14,759 (a net increase of 152 dwellings). The increase is representative of the planned housing growth within the parish. In this case, it is likely that the Roman Gate development will have made the most significant contribution in the increase in housing numbers.

Year	15/16	16/17	17/18	18/19	19/20	20/21
Tax Base and increase in dwellings	13,438	13,826 (+388)	14,141 (+315)	14,270 (+129)	14,456 (+186)	14,572 (+116)
	21/22	22/23				
	14,607 (+35)	14,759 (+152)				

- 2.6 The average council tax base increase over the period 2016 – 2022 is 188 units. Whilst the increase of 152 dwellings is welcomed, it remains below the period average of 188 units. Chamberlains Barn (part of the land east development) is likely to represent the final large scale development site within the parish boundary that will influence the council tax base. Windfall brownfield sites will inevitably come forward. However, their timing and reliance thereof is uncertain.

The Draft Budget

- 2.7 The draft budget comprises the operational costs (fixed and variable) of running the Town Council's services (91% of expenditure budget) and includes within it an annual contribution of £200,000 toward its capital projects programme (9% of expenditure budget). The detail of the projects together with their spend profile can be found within the dedicated 5 Year Plan.

- 2.8 In accordance with the Council resolution declaring a climate emergency (27th September 2021), the draft budget includes a revenue contribution of £30,000 towards the creation of an earmarked reserve (301/4373). Presently, there is no appreciation of the true costs of becoming net carbon neutral by 2030. It is the intention to appoint a consultant to audit council operations in due course. The outcomes from the audit will thereafter influence future budgets with greater certainty.

2.9 Draft Budget Headlines

- RPI of 4.9% as at September 2021.
- A 3% increase in business rates anticipated across all town council operations.
- The creation of budget line 20/4378 – “council meetings audio” for the provision of sound equipment (microphones and speakers) at Astral Park for the total of 5 meetings of Council.
- In accordance with the recommendation made by Personnel Sub-Committee at its meeting held 11th October 2021, the creation of a growth item to the value of £15,000 to support town council corporate administrative/governance functions.
- A 4.9% increase to budget line 102 to support grant funding to Citizens Advice, Guaranteed Grants and Leighton-Linslade Music Centre.
- Subject to the 5-year review (10-year lease), the rent payable for the depot increased from £20,000 per annum to £27,500 per annum (37.5% increase).
- Creation of budget line 301/4373 – “climate change emergency” for £30,000. Its purpose to create reserves to help meet the recommendations to come from the climate change audit.
- Budget line 101/4003 – “salaries -events” reintroduced this year to the sum of £1,154.
- Budget line 101/4515 – “canal festival” reintroduced this year to the sum of £20,902.

- Budget line 101/4520 – “movies for the more mature” reintroduced this year to the sum of £4,500.
- Budget line 412/4130 – “market security” increased to £11,500 due to the uncertainty around pedestrianisation of the High Street or otherwise.
- Budget line 412/4100 – “repairs and maintenance” to market equipment increased from £2,500 to £5,714.

Responding to Budgetary Pressures

- Pavilion rent receivable increased from £17,200 per annum to £45,612 per annum based on room hire take up to date post lockdown.
- Rent receivable from the hire of parks for business events such as the circus and amusements increasing from £150 to £600.
- Street market income targets increased to pre-covid levels (2020/21) meaning Tuesday market increased to £35,000 and Saturday market increased to £40,000 per annum.

Council Tax Calculation

2.10 The following model assumes a 0% increase in council tax.

Council Tax (Assumes a 0% increase in Council Tax)	Council Tax Base	Precepting Amount= £ 155.50 (Council Tax) multiplied by 14,759 (Council Tax Base)	£2,691,916 (Budget Requirement - see page 19 of the First Draft Budget) less £2,295,025 (Precepting Amount)	£396,891(difference) less £267,662(income – see page 19 of the Draft Budget)
£155.50	14,759	£2,295,025	£396,891(difference)	£129,229 (shortfall)

Meeting the Budget Deficit

2.11 The draft budget finds itself in a deficit scenario with a projected shortfall of £129,229. For information, graph 1: “5 year financial plan” (indicative trajectory) illustrates the potential impact a 0% increase in council tax will have upon town council reserves over a 5 year period. Assuming a year on year 1% increase in the tax base, the potential shortfall (should the precept and income targets remain unchanged) in 2025 will be in the region of £162,148. How the Town Council meets the shortfall is a matter for Members to decide upon.

2.12 To support any recommendation that the Policy and Finance Committee may wish to make to Council, the following offers up various options (not exhaustive) in realising this:

- Reducing the commitment to the capital spend programme: Presently, an annual contribution of £200,000 is made to the capital spend programme

which underpins the 5 Year Financial Plan and the projects set out therein. For this year, the commitment to the capital spend programme could be reduced from £200,000 to £70,771 (£200,000 - £129,229).

- Reducing the commitment to the capital spend programme by a lesser amount with the residual being met by another means. For example, reducing the commitment to the capital spend programme by £50,000 would mean that a £79,229 deficit would have to be met in another way.
- To draw down from reserves (consideration would need to be given to the Council's adopted Reserves Policy).
- By increasing council tax by £8.76 per year (5.6%) on a Band D dwelling would address the projected shortfall.

3.0 CONCLUSIONS

- 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. Whilst a 0% increase in council tax can be achieved, the gap between future budget requirements and the precept will continue to widen (see graph 1) which is not sustainable in the medium to longer term.

End.