



Policy and Finance Committee

Date: 14 November 2022

Title: Budget Setting Process

Purpose of the Report: To help inform Members of the work to date in respects of the budget setting process

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	√	
Human Resources	√	
Operational/Service delivery	√	
Procedural/Legal	√	
Risk/Health & Safety		

1.0 RECOMMENDATIONS

Should the Policy and Finance Committee be minded:-

1.1 To note the report

1.2 That each standing committee with budgetary responsibility be presented with its own draft budget for consideration and thereafter, for the draft budget to be returned to this committee on 23rd January 2023 for its further consideration.

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 31st January 2023 at the very earliest).

2.2 The following provides a timeline for those committees with budgetary responsibility: -

- Partnership Committee to be presented with its draft budget on Thursday 8th December 2022.
- Grounds and Environmental Services Committee to be presented with its draft budget on Monday 5th December 2022.
- Cultural and Economic Services Committee to be presented with its draft budget on Monday 12th December 2022.
- Community Safety Sub-Committee to be presented with its draft budget on Monday 16th January 2023.

2.3 Thereafter, the draft budget will be returned to this committee for its consideration on Monday 23rd January 2023. Subject to committee approval, the budget will then be taken to Full Council for its ratification. Throughout this process, Members are actively encouraged to approach Officers should they seek clarification on any budgetary matters.

Precepting:-

2.4 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	22/23			
	14,607 (+0.24% = 35)	14,759 (+1.0% = 152)	14,969 (+1.4% = 210)			

2.5 The average council tax base increase over the period 2016 – 23 is 191 units. This year we welcome an above average increase of 210 units when compared to the rolling average.

The Draft Budget

2.6 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.

- 2.7 The draft budget comprises the operational costs of running the Town Council's services (95.83% of expenditure budget) 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 (Parson's Close - £38,000 per annum for 10 years) 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).
- 2.8 As set out at paragraph 2.2, each committee with budgetary responsibilities will be presented with their respective budget over the coming months. Based on current draft 1 budget, the budgetary shortfall is £33,792 (see below for calculations). That is, the income we generate together with the precept we receive (based on tax base), we have a shortfall of £135,181.
- 2.9 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 anticipated rising costs and inflationary pressures. As the table below illustrates, its employment in this way has made an important and significant contribution in meeting what is a substantial shortfall.

Council Tax Calculation

- 2.10 The following model assumes a 0% increase in council tax; that is, council tax to remain unchanged at £164.26.

Council Tax (Assumes a 0% increase in Council Tax)	Council Tax Base	Precepting Amount £164.26 (Council Tax) multiplied by 14,969 (Council Tax Base)	£2,865,353 (Budget Requirement - see page 19 of the First Draft Budget) less £2,458,807 (Precepting Amount)	£406,546 (difference) less £271,365 (income – see page 17 of the First Draft Budget)	£135,181 (shortfall) less £101,389 Precept Support Fund held in an Earmarked Reserve
£164.26	14,969	£2,458,807	£406,546 (difference)	£135,181 (shortfall)	£33,792 (Deficit)

2.11 Draft Budget Headlines

Budgetary Pressures

- RPI of 12.6% as at September 2022 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 Linslade 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 budget line 101/4527 to meet anticipated costs in celebrating the Kings' Coronation of £15,000.
- A 10% increase has been added across the salary budgets due to the anticipated pay increase.

Responding to Budgetary Pressures

- 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.

3.0 Conclusions

3.1 At this stage, the purpose of the report is to awareness raise. The budget remains fluid and subject to on-going iteration. As set out in the recommendations, each committee with budgetary responsibility will receive its budget for consideration. Thereafter, the draft budget will be returned to this committee in January 2023 for its ratification or otherwise.

3.2 Whilst the deficit is manageable and there are ways in addressing this, increasing financial pressures are inevitable. Beyond rising costs, the formal commitment to the climate change emergency together with a responsibility for the management of its freehold buildings will also need careful future consideration. Both will have a substantial impact on future budgets for which little consideration has thus far been given.

3.3 Looking forward, unless the tax base can keep up with rising costs, other ways in meeting the financial deficit will need to be considered.

End.