

Committee: FULL COUNCIL

Date: 17 January 2023

Title: Budget report 2023/24

Purpose of Report

For members to consider changes to the budget following the members days discussion and the Full Council Meeting on 15 November 2022.

Recommendation:

- a. **Members are asked to Resolve that a Precept of £379,231 be approved for the Financial Year 2023-24 in accord with the Spreadsheet Appendix 11A submitted to the meeting. The figures being agreed in the Column “Proposed Budget 2023-24”.**
- b. **Members are asked to resolve estimated Earmarked reserves totalling £317,552.**

Background:

1. Annually the council must prepare a budget that will allow for the setting of the following financial year’s precept, in this instance 2023-24. This report provides figures that were used at the “Members Day” at the end of October 2022 with amendments added following discussions emanating from this day and from the pre-budget report brought to members on the 15 November 2022
2. Officers have endeavoured to provide as accurate an assessment of the financial outturn for the Financial year 2022-23 as possible, taking into account the projects currently being undertaken and the likely financial commitments through to 31 March 2023. This budget is appended to this report as **Appendix 11A – Ilminster Town Council Budget Proposal 2023-24.**
3. The budget for 2023-24 being put before members also includes identified projects that have been raised in past years, that arose from the members day and were considered at the meeting on the 15 November 2022.
 - S106 revenue funds for maintenance of Wharf Lane play park
 - Recreation Ground Path/Gym

- Tuckshop/Toilet refurb
 - Herne Hill improvements
 - CCTV and low-level lighting on the recreation ground
 - Refurbish the tennis courts
 - Tractor replacement provision
 - Website Replacement
 - Canal Maintenance
 - Refurbish West Crescent Play area surface
 - Skate park refurbishment/maintenance
4. The projects have been listed separately with any Ear Marked Reserves (EMR) listed from this year as well as proposed amounts being suggested for the year 2023-24 and can be found on page 7 of the proposed budget.
5. Members were asked during the November meeting to inform officers of any projects that they wished to add or subtract from the project list. This was so that the impact on the proposed November budget could be assessed and alternative budgets brought to members in January 2023. No alterations have been requested or put forward.
6. As a reminder The Office for National Statistics gave a [Consumer Price Index increase](#) of **10.1%** for the 12 month period ending 30 September 2022, compared with **9.9%** for the previous month and a **4.2%** increase in September 2021. It is worth noting that the Retail Price Index at the end of September 2022 was **12.6%**. This figure tends to be used in contractual arrangements.

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7. In order to calculate the precept level, South Somerset District sets a Tax Base level based upon the number of Band D properties there are in an area. They then look at the collection rates for these premises and set the actual Tax Base for a Year. With the cessation of SSSDC at the end of March 2023 it will be the new unitary authority Somerset Council that will take over the responsibility for managing the precept.

8. In the financial year **2022/23** the tax base set was **2,036.53** properties meaning that the precept received per property in Tax D was **£176.61**, with an overall precept of **£361,231**.
9. We have now been notified that the tax base for Ilminster for **2023-24** has been set at **2,090.86 properties**. This is an increase of **54.33 (2.67%)**. If there was to be zero increase in the precept of **£361,231** then there would be a decrease in the amount collected per Band D property of **£4.61 (-2.6%)** with the total per property falling to **£172.77**.
10. We have been notified that the intention is to pay the precept in one lump sum by the end of April 2023. we will be paid the precept in one payment at the end of April 2023.
11. The prepared budget figures (**Appendix 11A**) have been set as indicative of what this council could choose to adopt. At the November meeting members were provided with a comparative 5% column. In order that a clear view of the proposed budget is shown this has been deleted from this version.
12. It is not intended to comment on each of the various budget headings provided in this report, only those where there may be a significant change. Any budget lines that are in red are reflect changes that have been made as a result of discussions that took place at the members day and following the November Full council meeting.

Income

13. Where possible the income identified reflects known income and not speculative income other than for the Market where previous year's income has been included.
14. Members resolved to adopt a different approach towards the market in coming months in light of encouraging business into the town. The Vegan Market and other stalls have indicated that the community would appreciate the opportunity to frequent different types of specialist markets during the course of the year and it is hoped that these types of events will continue throughout future years.
15. The council has benefited over the past two years from a substantial bequest from a member of the community. This amount has now been moved into Ear Marked Reserves and is primarily ring fenced for projects related to the Recreation Grounds and other recreational activities.
16. The income from the Football Club and for the Cricket Club is currently being reviewed and these figures will be considered at a future Full Council meeting when it is anticipated that a report will be brought for members to consider all Council Charges.

17. The Human Circus has not visited now for several years having cancelled shortly before they were due to come this year. As a result it was felt sensible not to factor this in the budget for 2023-24.
18. In total the budget proposal is anticipating that if the precept was left unchanged, a total of **£385,240** will be received in the financial year 2023/2024. The reality is that we will be able to apply for additional funding throughout the financial year although this should not be seen as guaranteed funding and as such should not be included in any budget projections.
19. Likewise it is prudent that no figures relating to the reclaiming of VAT are included in the budget.
20. Whilst the income figure is not dissimilar to that forecast last year, even though the actual figure for 2022-23 is currently anticipated to be around **£50,000** higher than budgeted.

Expenditure

21. The expenditure section of the budget is split into Committee related sections with the Neighbourhood Plan falling under the Full Council's area of responsibility. There is also a column that indicates where we anticipate that there may be an underspend and whether any of this should be allocated to EMR for this budget heading.
22. At present it is hoped that the Neighbourhood Plan will go to Referendum and that this will require funding. It is now being anticipated that the cost for the referendum will be covered by SSDC/SCC applying for grants established for the purpose of carrying out a referendum. Members should be aware that funds may need to be transferred from General Reserves to cover this eventuality and other additional costs that may occur.
23. The staffing budgets have been increased as a result of the realignment of staffing throughout 2022-23. More detailed information on staffing has been brought to the November meeting.
24. It is worth noting that the statutory pay increases have been agreed for 2022/23 and these have been incorporated into the budget not just for this year's figures but also for next year.
25. Following on from the desire to instigate a Youth Support program in Ilminster a further **£5,000** has been allocated to those funds already earmarked for this project.

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26. Members will see that under the grants heading **£10,000** has been budgeted for groups to apply for. It is anticipated that the grants budget for this current year will be fully allocated.
27. With the council's move to the Old Magistrates Court **£25,000** of general reserves were made available for various activities related to moving into the building. It is anticipated that there is likely to be a balance of around **£17,000** of this transfer left at the end of the year. It is proposed that **£7,000** of this is moved back to general reserves with the balance staying in EMR for the running costs of the building. This has been covered under heading **361/1**. These EMR's can then be used to assist where costs make increase dramatically without the need for General Reserves to be affected.
28. As a result of the new unitary authority, **£1,000** was budgeted to be added to the **£1,000** that had been already identified. At present no invoice has been presented for the election expenses and as no election for the Town Council took place it is not expected that there will be one. It is proposed that **£2,000** should be kept in EMR for any by elections that might be required in the coming years.
29. In order to provide training for both new and returning members **£1,200** has been budgeted for to go with a planned EMR of **£365**. It is hoped that training will be able to be provided in a collaborative exercise Crewkerne Town Council's as closer links are developed.
30. Whilst over the last two years no Civic Evenings have taken place, **£3,000** has once again been allocated should the council find itself in the position to be able to hold one.
31. It is proposed that budget heading **370/1 Legal Fees** should have an EMR of **£5,000** brought forward from this year. Whilst additional funds were transferred as a precaution should legal advice be required in respect of the Judicial Review, there will be legal costs for the council in respect of a new lease with the IEF land at the Recreation Ground.
32. The Community Resilience funding is now covered under Heading **382**. It is proposed that any funds left unallocated this year are moved across to assist with the setting up on the Resilience Stores that are being planned and the ongoing support for the Food Bank.
33. It is also likely that the type of resilience stores and their locations will be confirmed in the coming year and this may see a change in the amount spent on renting garages in the future.

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34. With the Kings Coronation date now having been confirmed as the 6 May 2023, **£5,000** has been added to the budget for any events that the council may wish to celebrate. Further information on this is covered elsewhere on the agenda.
35. Under the auspices of the Open Spaces Committee the majority of the budget headings have not changed by very much. At the end of last year adjustments were made to budget headings made where unspent amounts were committed to EMR. It is planned that this is done again this year. This will leave the amounts available similar to previous years.
36. Some unspent funds will be left in specific heading EMR whilst others will be moved to General Reserves.
37. Two accumulated headings for EMR have been created, **560** band **561**. This allows for funds to be moved from either of these headings to cover an overspend in any of the sub-headings. It also allows for minimal changes in the individual amounts allocated to be implemented as a result of EMR being able to be vired to where they are most needed. Members will still be able to see where and how budgets are affected.
38. At the request of the external team a **£2,000** dedicated budget has been allocated for Green Flag preparations. This has been done by reducing the EMR in budget heading **561** from **£9,500** to **£7,500**. This is in line with what was suggested at the Members Day.
39. Overall the expenditure of the council is budgeted to be **£403,240**. This compares with a figure of **£409,991** if a blanket 5% increase had been applied.
40. This means that if the current level of precept of **£361,231** is maintained then there will be a budget deficit of **£18,000**. This will require the precept to increase to **£379,231**. This represents an overall increase of **4.98%**.
41. Based upon the new Tax Base rate this would equate to an increase per band D household of around **33.3p per month (£4.00 per annum)** in the Ilminster Town Council levy. This represents a **2.26%** increase for all Bands.
42. What it does not consider is the **£38,000** that is required if members wish to allocate funds into the future projects that have been identified. If members chose to fund these through an increase in the precept, then there would be increase in the precept to **£417, 531 (15.59%)**. For a Band D property this would be an increase of **£1.86** per month or **43p** per Week.

End of Year accounts

43. It is anticipated that at the end of the year there will be approximately **£576,000** in the council's reserves. There will be **£317,552** that has been put into Ear

Marked Reserves. This includes the money that is currently in the investment accounts and the bequest that has been given to the council. These figures differ slightly from the spreadsheet as the Deputy Clerk has been able to provide more current figures prior to this report.

44. As has been reported to members we should maintain a reserve level of funding that amounts to 4-6 months of the council's monthly expenditure. This currently runs at around **£30,000 per month**. The council should therefore hold on deposit a sum of **£180,000** in order to satisfy its legal financial requirements.
45. This means that the once EMR and the required running costs are allocated there will be **£79,000** left unallocated. As members will see on page 7 of the budget spreadsheet, **£38,300** has been identified for projects and members have indicated that they would like to see this come from General Reserves rather than increase the precept further.
46. This would leave unallocated reserves after additional project funding at **£40,700**.
47. Members will see that the suggested purchase of North Street has not been allocated as an item for inclusion within the precepting column. This is because the possible purchase would erode the level of reserves sufficiently as to prevent other projects from occurring. However that does not prevent the work continuing into investigating how to progress the matter further.
48. **Members are asked to Resolve that a Precept of £379,231 be approved for the Financial Year 2023-24 in accord with the Spreadsheet Appendix 11A submitted to the meeting. The figures being agreed in the Column "Proposed Budget 2023-24".**
49. **Members are asked to resolve Earmarked reserves totalling £317,552.**

Mark Tredwin
Town clerk
January 2023