

Committee: FULL COUNCIL

Date: 15 November 2022

Title: Draft budget 2023/2024

Purpose of Report

For members to consider changes to the budget following the member's day discussions

Recommendation:

Members to note the draft budget and to provide amendment suggestions to officers by the 10 December 2022 ready for approval at the January Full Council meeting once the tax base information has been provided.

Report:

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 budget day that members attended at the end of October 2022 with amendments added following discussions emanating from this day.
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**
3. The budget for 2023/2024 being put before members also includes identified projects that have been raised in past years and that also arose from the members day.
 - 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.
 5. Members can add or subtract from the project list and any variations can then be factored into a proposed final budget that will be brought to members in January 2023.
 6. 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.
 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 SSDC 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. As members are aware we will not be told what the Tax Base for the year 2023-24 will be until early December. This means that the finalised budget cannot be resolved until such time as we are notified. Clearly with the move to a unitary authority there are going to be some fundamental changes in the way the new higher tier authority manages the Precept. Chief among these is that we will be paid the precept in one payment at the end of April 2023.

Report

10. The prepared budget figures (**Appendix 11A**) have been set as indicative of what this council could choose to adopt. These suggested figures are listed as Proposed officers Budget (POB). A comparative budget increase of 5% has been positioned alongside the POB in order for members to see how a 5% increase over last year would appear and allow comparison with what officers are currently proposing.
11. Members are free to suggest alternative amounts for various budget headings. It is worth noting that it may not be possible at the meeting to provide an immediate impact assessment for changes to the figures. **If members have a desire to understand what the impact would be of any proposed changes on the precept, would they please contact the Clerk a reasonable amount of time ahead of the meeting.**
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.

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 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. There may be grants available for this but members should be aware that funds may need to be transferred from General Reserves to cover this eventuality as well as for any 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 meeting under a separate report.
24. It is worth noting that the statutory pay increases have been agreed for 2022/23 and these will need to be 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.
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.
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 was 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 increase of **5.38%**.
41. Based upon the current Tax Base rate this would equate to an increase per band D household of around **80p per month**. This is a speculative figure as the unitary authority is currently undergoing a realignment process that will see all 5 district areas being reset.
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.

End of Year accounts

43. It is anticipated that at the end of the year there will be approximately **£450,000** in the council's reserves. This includes the money that is currently in the investment accounts and the bequest that has been given to the council.
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 **£150,000** in order to satisfy its legal financial requirements.
45. This means that the council will have available to it in earmarked reserves and for projects a total of approximately **£310,000**.

Project Budgeting

46. As has been shown above there is an identified requirement for **EMR** in the proposed budget of **£81,751**. There is also a need for the **£139,000** from the bequest to be spent on projects that relate to the recreation ground.
47. Taking these amounts into account this will allow the council an approximate total of **£100,000** to spend on other projects without increasing the precept any further than has already been identified.
48. As can be seen from the budget proposal there are a wide range of projects that have been proposed. It is clear that for many of these some form of increase in the Precept is required.
49. At a time when many householders face an uncertain future due to the implications of the cost-of-living crisis members will need to think very carefully about how it plans for the next five years.
50. The introduction of a Unitary authority will bring with it additional responsibilities that this council may be faced with having to fund. To do this may require further increases in the precept in the coming years. Whilst there is currently no Precept-Cap in place for Town and Parish councils, this can be implemented at any time as the legislation exists for it to happen virtually overnight.
51. In the projects budgeting sheet there are a number of projects that have been identified as requiring funding over a number of years. These are:
 - a. Refurbishment of the tennis courts (four years)
 - b. Tractor/grass cutter replacement (three to four years)
 - c. Website (two years)
 - d. Canal Maintenance (four years)
52. 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.
53. It is for members to decide which of the projects they wish to see move forward over the coming months and years. This can then be adapted into a revised budget that will allow for members to agree at the January Full Council meeting.

Mark Tredwin
Town clerk
November 2022