

**Committee: FULL COUNCIL**

**Date: 21 December 2021**

**Title: Preliminary Budget Setting and Precept Report**

**Purpose of Report**

To allow members to consider budget proposals for the financial year 2022 – 2023 including consideration of a precept

**Recommendation:**

Members propose additions and deletions to the submitted draft report for inclusion in the final budget proposal to be presented to Full Council on the 25 January 2022.

**Background:**

1. Annually the council must prepare a budget that will allow for the setting of the following financial year's precept. This report provides figures that were used at the budget day that members attended at the end of October 2021.
2. The intention is to endeavour to provide as accurate an assessment of the financial outturn for the Financial year 2021-22 as possible taking into account the projects currently being undertaken and the likely financial commitments through to 31 March 2022. The budget for 2022/2023 being put before members looks at identified projects that arose from the 30 October and also from the Community Consultation sessions that were conducted following that day, **Appendix 10A – Project Listing**.
3. Members can add or subtract from the project list. Members will see that there are two budget projections provided. One that does not take into account any inflationary aspects and a second one that does. The Office for National Statistics gave a Consumer Price Index increase of **4.2%** for the 12 month period ending October 2021, up from **3.1%** in September 2021. It is worth noting that at the same time the Retail Price Increase rose from **4.9%** to **6.0%**. **Appendix 10B**
4. In order to calculate the precept level, South Somerset District set 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.

5. In the financial year **2021/22** the tax base set was **2,044.16** properties meaning that the precept received per property in Tax D was **£164.00**, with an overall precept of **£335,245**.
6. For the financial year **2022/23** we have been notified that the tax base will be **2,036.53**. The reason for the fall in the figure is because SSDC has reduced the projected figure for collection rate from the properties from **99%** to **97%**. This means that whilst in reality there has been an increase in the number of Band D properties in Ilminster the Tax Base used for calculating the precept has fallen to **2036.53**.
7. Whilst this may not appear a highly significant figure it should be noted that even if the council does not alter the precept from this years figure, the amount paid per Band D property would increase from **£164.00** per year to **£164.62** representing a **0.37%** increase.
8. A precept comparison has been provided for members to consider. (**Appendix 10C**). This sheet shows some of the town council precepts that have been levied in the South Somerset are. Those shown all have a Tax Base of greater than 1,000 Band D properties.

### **Report**

9. The prepared budget figures (**Appendix 10D**) have been set as indicative of what this council could choose to adopt. 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, would they please contact the Clerk a reasonable amount of time ahead of the meeting.
10. It is not intended to comment on each of the various budget headings provided, only those where there may be a significant change.

### **Income**

11. Where possible the income identified reflects known income and not speculative income other than for the Market where previous years income has been included. With the country still in the throes of the Covid pandemic this income should be considered to be at risk.
12. Members may also wish to adopt a different approach towards the market in coming months in light of encouraging business into the town. The recent Vegan Market has indicated that the community would appreciate the opportunity to frequent different types of specialist markets during the course of the year.

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13. The council has benefited over the past two years from a substantial bequest from a member of the community. The final part of this was recently received and this has been noted in this year's income figures. This amount whilst not shown in any Ear Marked Reserves (**EMR**) is ring fenced as part of the bequests for projects related to the Recreation Grounds.
14. There will not be any income from the Cemetery Lodge from January 2022 and this is reflected in the budget for next year.
15. The income from the Football Club and for the Cricket Club is currently being reviewed for both this year and the forthcoming years and these figures will be considered at the January Full Council meeting when it is anticipated that a report will be brought for members to consider all Council Charges.
16. Because of the current concerns over Covid, it is prudent to consider that only one visit of the Funfair may take place in the forthcoming year.
17. In total the budget proposal is anticipating that a total of **£364,482** will be received in the financial year 2022/2023. The reality is that we will be able to apply for additional funding throughout the financial year however this should not be seen as guaranteed funding and should not be included in any budget projections.
18. Whilst the income figure would appear to be a significant drop in comparison with the figure provided for November 2021 it must be remembered that the bequest has been included in this year's income figures.

### Expenditure

19. 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.
20. 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.
21. The staffing budgets have been increased as a result of the realignment of staffing throughout 2021/22 and includes the recruitment of a Kickstart employee. Members also agreed to the extension of the Kickstart employee from the basic 25 hours per week to 37 hours. There has also been provision made for the possibility that the council may wish to take over the employment of the Kickstart employee once their initial period comes to an end.

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22. It is worth noting that the statutory pay increases have yet to be agreed for 2021/22 and these will need to be incorporated into the budget not just for this year's figures but also for next years.
23. As a result of the various changes to the external works team, it is planned to allocate **£2,000** that has not been spent from this year's training allocation and add a further **£3,000**. Because of the potential implications of the council being asked to take on additional responsibilities under the new Somerset Council it is prudent that funding be allocated ready for this. There will also be a need to provide further training to staff for tasks that they are already involved in.
24. Members will see that under the grants heading **£10,000** has been budgeted for. It is anticipated that the grants budget for this current year will be fully allocated, however anything not allocated will be put into EMR ready for allocation next year.
25. With the council's purchase of the Old Magistrates Court and plans to move into it by 1 April 2022 now underway there has been a need to allocate funds in the budget for the various services required to operate the building. This has been covered under heading **358**.
26. Provision has been made for the replacement of the office photocopier through an EMR amount of **£4,000** to which a further **£2,000** has been allocated next year. This should be sufficient to allow for a suitable Photocopier to be purchased to replace the existing machine.
27. As a result of the May 2022 Town Elections now being set to coincide with the elections for the new unitary authority, a further **£1,000** has been budgeted for to go with the **£1,000** already identified. Indications have already been provided that the council will be required to contribute to the elections and it is anticipated that **£2,000** should be an adequate amount.
28. In order to provide training for both new and returning members **£1,500** has been budgeted for to go with a planned EMR of **£500**. It is hoped that training will be able to be provided in a collaborative exercise with Chard and Crewkerne Town Council's post the election.
29. 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.
30. Following the recent Budget Setting day the Covid19/Foodbank heading will be renamed "Resilience Funding". This is to allow various contingencies to be catered for. Members also indicated that they wanted the budget to be increased to **£10,000**. This would allow for additional resilience equipment to

be purchased, although it is anticipated that matched funding will be made available for various equipment related to this.

31. It is also likely that the type of resilience stores and their locations will be altered in the coming year and this may see a change in the amount spent on renting garages in the future.
32. Under the auspices of the Open Spaces Committee the majority of the budget headings have not changed by very much. There have been some adjustments made where unspent amounts have been committed to EMR in order to be able to adjust the allocated amounts in the budget. This will leave the amounts available similar to previous years.
33. As reported elsewhere at this meeting we are looking to bring the cemetery maintenance back in house. This will result in an approximate saving of **£4,500** per annum if successful.
34. Overall the expenditure of the council is budgeted to be **£385,520** if no allowance for inflation is made and **£390,468** if a **4%** allowance is made.
35. In the following paragraphs figures in brackets will show the 4% inflation based figures. This means that if the current level of precept of **£335,245** is maintained then there will be a budget deficit of **£21,038 (£25,986)**. This will require the precept to increase to **£356,283 (£361,231)**. This represents an increase of **£10.94 (£13.37) per annum**. In percentage terms this reflects an overall increase in the Town Council precept contribution of **6.67% (8.16%)**.

### **End of Year accounts**

36. It is anticipated that at the end of the year there will be approximately **£460,000** in the councils reserves. This includes the money that is currently in the investment accounts and the bequest that has been given to the council.
37. 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.
38. This means that the council will have available to it in earmarked reserves and for projects a total of approximately **£310,000**.

### **Project Budgeting**

39. As has been shown above there is an identified requirement for **EMR** in the proposed budget of **£66,569**. There is also a need for the **£139,000** from the bequest to be spent on projects that relate to the recreation ground.

40. 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.
41. 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.
42. At a time when many householders face an uncertain future due to the implications of Covid members will need to think very carefully about how it plans for the next five years.
43. 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.
44. 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)
45. Members will see that the suggested purchase of North Street has 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.
46. 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**  
**December 2021**