



Meeting	Full Council
Date	10 January 2024
Report Title	Budget 2024/25
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## **1.0 PURPOSE OF REPORT**

1.1. To present Councillors with draft Income and Expenditure (I&E) and Capital / Ear Marked Funds (C/EMF) budgets for 2024/25, with the recommendation from the Strategy & Resources (S&R) Committee that these budgets are approved by Full Council.

## **2.0 INTRODUCTION AND BACKGROUND INFORMATION**

2.1 A draft I&E budget is attached to this report by Cost Centre [**APPENDIX A**] and by Income/Expenditure line [**APPENDIX B**]. A draft C/EMF expenditure budget is attached [**APPENDIX C**], together with an updated 5-year Medium Term Financial Plan (MTFP) for C/EMFs [**APPENDIX D**].

2.2 All Council Committees and Sub-Committees have met to consider their budgets and their recommendations are included within the budgets contained in this report. The Finance Sub Committee has met 3 times this year to consider the budget and the S&R Committee, at its meeting on 6 December 2023, recommended to Full Council that the draft Income & Expenditure budget for 2024/25 and associated increase in Precept to £4,151,782, together with the draft Capital Ear Marked Fund expenditure budget for 2024/25 of £479k, with the use of £439k of CIL Income to finance it, be included in the Council's budget for 2024/25.

## **3.0 DRAFT INCOME & EXPENDITURE BUDGET 2024/25**

3.1 The impact of the draft I&E budget on the Precept for 2024/25 is shown in the table below:

	Precept Income	No. of Band D Properties Paying Precept	Cost per Band D Household
Draft Proposal 2024/25	£4,151,782	13404.17	£309.74 p/annum £25.81 p/month
This Year 2023/24	£3,968,965	13,290.16	£298.64 p/annum £24.89 p/month

Percentage Increase	4.6%	0.9%	3.7%
£ increase to Band D Household v 2023/24			£11.10 p/annum £0.92 p/month

3.2 The draft I&E budget assumes that income equals expenditure, and a break-even outturn is achieved. The main assumptions are:

#### Income

- Precept
  - A Precept increase of £183k (4.6%) is required to set a breakeven budget, largely to meet the additional payroll cost of the national pay awards. Heads of Service have carefully reviewed their budgets in order to mitigate the impact of the national pay awards through increasing income generated by the Council and minimising increases to non-payroll costs.
  - The impact on the percentage increase to the typical Band D Council Tax payer is affected by the number of houses paying the Precept (the Tax Base). In recent years, there has been growth in the Tax Base through increased development, meaning that the percentage Precept increase to the typical Band D tax payer is lower than the overall percentage that the Council raises.
  - Wiltshire Council have consulted on changes to their Council Tax Reduction (CTR) Scheme, however due to the amount of feedback received they have decided more time was required to analyse the results thoroughly and, therefore, for 2024/2025 no changes have been made to the scheme.
  - Growth in the Taxbase in recent years has been c 2%, however growth from development has slowed this year. The Tax Base for Band D properties (the number of households paying the precept) has been confirmed by Wiltshire Council as 13,404.17 an increase of 0.9% on this year. This means that the typical Band D Council Tax payer would pay an additional £0.92 per month (a 3.7% increase).
- Non-Precept Income - projected to increase by £97k (16%), with the following main assumptions:
  - Sports income up £44k (25%)  
*(including increased income from major contracts)*
  - Rent received up £22k (30%)  
*(including rental of Unit 9 Town Hall)*
  - Bank interest up £6k (50%)

Note: a 4.9% increase in Fees and Charges as recommended by ACL is included within non-precept income, together with various volume related increases in fee income.

## Expenditure

- Staff Costs - the HR Committee at its meeting on 2 November 2023 recommended that the staffing budget for 2024/25 is set at £2,866,000. This represents an increase of £257k (9.8%) over this year's staffing budget, as follows:

Payroll budget for this year 2023/24	£2,609k
Annual Pay Award for 2023/24 higher than budget	£60k
Annual Pay Award for 2024/25	£162k
Other (including increments)	£35k
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Draft Payroll budget for next year 2024/25	£2,866k

- The national pay award for this year 2023/24, beginning 1st April 2023 has been agreed, being £1,925 per member of staff (pro rata for part time staff) for staff up to and including SCP 43 and 3.88% for staff above this pay scale. This results in an unbudgeted cost of £60k this year compared to the 4% pay increase budgeted, which needs to be reflected in next year's budget.
- On the basis that the employers' offer for the last 2 years has been £1,925 per person, a similar increase is included for next year's budget i.e. £1,925 per member of staff up to and including SCP 43 and 3.88% for staff above this pay scale.
- Provision is included in the budget for employer NI and pension contributions, overtime, holiday pay and various allowances.
- Non-Payroll Costs - projected to increase by £23k (1%), with the following main expenditure movements:
  - Rates and water rates up £8k (8%)
  - Electricity & gas down £17k (-9%) *(w'sale prices & Solar/ASHP)*
  - Supplies & services up £4k (3%)
  - Telephone down £8k (-32%) *(move to MS Teams)*
  - Insurance up £4k (6%)
  - Professional fees up £12k (67%) *(investment advice)*
  - M'tce contracts / equipment up £7k (4%)
  - Petrol/diesel down £2k (-4%)
  - Vehicle servicing up £11k (50%) *(as last year's cost)*
  - Trade refuse (litter) down £3k (5%)
  - Trade waste (road sweeping) down £7k (-24%)

## Impact on Reserves

- General Reserves - the Council's financial regulations require that 25% of Precept is maintained in a General Reserve. Therefore, an increase in Precept of £183k next year would require an increase of £46k in General Reserves. A breakeven outturn budget would not add to General Reserves, however funds could be transferred from C/EMF reserves.

## **4.0 DRAFT CAPITAL / EAR MARKED FUND BUDGET 2024/25**

4.1 The assumptions for C/EMFs for 2024/25 are:

- As there are several estimations in the draft budget (e.g. the amount of CIL income received, the cost of Major Capital projects and a possible need to transfer from C/EMFs to General Reserves to maintain 25% of Precept in a General Reserve), it is recommended that the Council continues to make decisions on expenditure for the year ahead based on the financial position at the time and with reference to a 5 year MTFP, so that it can be confident that it is able to complete the Council's future key strategic projects.
- The Council has been spending significantly more from C/EMF reserves than it receives in income in the last several years and this is not sustainable. Therefore it is recommended that the Council spends within its means next year, i.e. expenditure broadly in line with income.
- Full Council is always able to approved further C/EMF expenditure during the next financial year if the financial position at the end of this financial year turns out better than anticipated.
- The draft budget assumes that CIL income next year will be the same as last year (£314k) and £115k is budgeted to transfer from I&E. Total income would be £429k and a C/EMF expenditure budget of £479k is recommended (using £439k of CIL income to finance it). Including the C/EMF expenditure approved for this year, this would give a closing C/EMF balance at the end of 2024/25 of £992k.

Note: the Council's General Reserves balance is currently £900k.

- The updated MTFP for C/EMF shows a balance of c£1m for the remainder of the 5-Year period on the assumption that CIL income remains at last year's level, increasing in 2025/26 by a factor of 25/15 once the Neighbourhood Plan is adopted. However, CIL income is currently only £97k after 8 months of this year, and potentially, if there were delays in the Neighbourhood Plan being adopted and the underlying CIL income rate were £200k (not £314k), this would knock £900k off C/EMF balances by year 5 of the MTFP. Therefore, Councillors need to consider the risks associated with future income streams and individual capital project cost overruns when determining next year's budget.

## **5.0 CONTRIBUTION TO CORPORATE PLAN PRIORITIES**

5.1 Corporate Priority - Maintain effective and efficient governance and management of resources.

## **6.0 STAFFING IMPLICATIONS**

6.1 There are no staffing implications.

## **7.0 FINANCIAL IMPLICATIONS**

7.1 For Councillors to note the I&E and C/EMF expenditure budget assumptions and the financial implications of a break-even I&E budget on the Precept and reserves as contained within this report.

## **8.0 LEGAL IMPLICATIONS**

8.1 There are no legal implications.

## **9.0 CLIMATE AND ECOLOGICAL IMPLICATIONS**

9.1 This report is administrative and does not have any known direct Climate and Ecological impact.

## **10.0 RECOMMENDATIONS**

10.1 It is recommended that Councillors approve:

a) The draft Income & Expenditure for 2024/25 and associated increase in Precept to £4,151,782

and

b) The draft Capital Ear Marked Fund expenditure budget for 2024/25 of £479k, with the use of £439k of CIL Income to finance it.