

16 JANUARY 2019

BUDGET AND PRECEPT 2019/20

REPORT OF THE TOWN CLERK

1.0 Purpose of the Report

- 1.1 To present the draft budget estimates for 2019/20 for consideration, leading to this Committee making a recommendation to the full council for the approval of the budget and level of precept for the next financial year.

2.0 Background

- 2.1 The Town Council is required each year to agree an annual revenue budget – known as annual estimates – showing estimated expenditure for the following financial year and income to meet that expenditure. The Town Council always sets a “balanced budget” i.e. estimated income meets estimated expenditure.
- 2.2 Local councils, including the Town Council, raise most of the money to meet expenditure with a precept, which is the amount that the Town Council will ask the District Council, as the billing authority, to raise through the Council Tax. This is the “parish” element of the Council Tax, which also includes the County Council, District Council, Fire and Police precepts that they require to fund their services.
- 2.3 This report recommends an annual revenue budget for 2019/20 and also the precept figure to meet most of the costs of the budget (the Council also has other sources of income – market fees, leases, charges for services etc.). The report is broken down into the following sections:
- Section 3.0 Position of the current year 2018/19 revenue budget estimates
 - Section 4.0 Position on the Town Council’s finances held in reserves and proposed Capital Budget
 - Section 5.0 Recommended revenue budget estimates for next year (2019/20) with commentary on recommended significant variations from this year
 - Section 6.0 Recommended fees and charges for 2019/20
 - Section 7.0 Comments of the Budget Working Group
 - Section 8.0 Medium Term Financial Forecasts
 - Section 9.0 Summary of Budget Considerations
 - Section 10.0 Options on the level of precept to fund the budget for 2019/20
- 2.4 This report follows regular monitoring of the approved estimates during the year, meetings of the Budget Working Group and discussions at the Best Value and Scrutiny Sub Committee meeting on 4 December 2018.

3.0 Estimated Budget Outcome for the Current Year 2018/19

- 3.1 In the previous report on this agenda, members have a copy of the latest estimates for the current year's budget, 2018/19.
- 3.2 The current budget has enabled the Town Council to deliver its services and projects, which has included:
- securing the future of the Tourist Information Centre
 - continuing to provide funding for the Youth and Community Centre
 - supporting community planning through the Bridport Local Area Partnership
 - undertaking highway verge cutting under an agreement with the County Council
 - providing a round-Bridport bus service
 - supporting town events
 - providing grant funding for key community organisations
 - deliver Town Plan projects
 - continue to support the Neighbourhood Plan
 - supported the Coastal Community Team

4.0 Reserves/ Capital Budget

- 4.1 The Town Council's level of reserves (not part of the annual revenue budget), as reported as part of the Annual Accounts for 2017/18, was £1,015,757. This included two separately earmarked amounts of £121,371 and £147,569 (the remainder of the £200,000 Town Plan project delivery approved at F&GP on 20 January 2016) and a capital receipt of £216,121 (which can only be spent on capital work) to leave the commuted sum of £120,000 in respect of the Tourist Information Centre and un-earmarked expenditure of £410,696.
- 4.2 The governance and accountability guidance for local councils, produced by a panel chaired by the Audit Commission, states that there should be an explanation of the make up of the reserves and that earmarked reserves, which are set aside for specific purposes and for savings for future projects, should be realistic and approved by the Council.
- 4.3 In terms of the future use of reserves, it is recommended that the Town Council agree and earmark funding for further projects, in a planned capital budget. The costs of which can be met from reserves and other funding, including community infrastructure levy receipts, Section 106 contributions and grants. This is considered to be a prudent use of reserves, although there will remain a sum in the revenue budget for project delivery.
- 4.4 Attached at Appendix D is the recommended capital budget for 2019/20 and subsequent years. This includes projects from the Town Plan and other asset improvements. This totals £375,000 which would then be taken from reserves.
- 4.5 Members are reminded that including an item or project in the Capital Programme does not mean that it has been approved to be delivered. The Council would just be making provision within its reserves for these schemes. There would be a separate report before any funding is committed.

5.0 Recommended Revenue Budget 2019/20

5.1 In terms of the revenue budget, there are a number of factors that need to be considered in setting next year's budget, as set out below:

- Continued support for the additional services taken on or supported by the Town Council, including the TIC, Youth and Community Centre etc.
- Continued support for the new community bus service.
- Continued funding to protect discretionary services that could be at risk from the establishment of unitary authorities.
- Increased responsibility for assets and services.
- Costs arising from the Job Evaluation exercise.
- Cost-of-living increases in salaries, and incremental salary increases where appropriate.
- Maternity cover for one member of staff, to be combined with the recruitment of an apprentice.

5.2 The budget has been amended to reflect these factors.

5.3 The net result is an overall increase in net budgeted expenditure of £77,798 in the estimates for 2019/20 (compared with the current budget). Significant changes are highlighted for members as below:

Administration

Pay costs increase as a result of consolidation of costs from other areas of the budget, and job evaluation/pay award. This is partially offset by an expected increase in earnings from investments.

Tourist Information Centre

Costs increase due to maternity leave cover, recruitment of an apprentice, job evaluation/pay award, revised estimated ticket/services expenditure/income based on learning from actual costs to date, and a planned programme of reducing support from the commuted capital sum paid by WDDC when the service transferred to the Town Council.

Cemetery/Markets

Reduction in costs due to expenditure moved to the Administration salaries budget.

Amenity Areas and Playing Fields

Increased commitments for grounds maintenance, consolidation of Bucky Doo Square maintenance costs, consolidation of costs previously shown elsewhere, costs of job evaluation/pay award. Partly offset set by an increase in revenue from Plottingham Car Park. This income will contribute towards the cost of resurfacing and ongoing maintenance.

Other

An allocation has been included for the first time for elections, for which the Town Council is now responsible. A contingency budget has been removed, as good practice is to fund unexpected items from savings elsewhere or from reserves.

The amendments above are included in the revenue budget estimates for 2019/20 (see the attached Appendix A) for members' consideration.

6.0 Fees and Charges 2019/20

- 6.1 Members are asked to consider the fees and charges for Town Council services next year, as set out in Appendix B. The objective is to ensure some element of cost recovery and also that there are small increases each year, thereby avoiding the need for any large increases in any one year.
- 6.2 The income from fees and charges need to be reviewed in the coming year, as part of ensuring that all income streams are looked at to supplement the budget and in the light of the additional responsibilities being assumed by the Council.

7.0 Budget Working Group

- 7.1 The Budget Review Working Group has been meeting regularly to review the Town Council's budget and the comments and suggestions made by the Group have been included with the recommended budget. This includes the options shown in the report.

8.0 Medium Term Financial Planning

- 8.1 Alongside next year's budget, forecasts are also included in Appendix C for the main budget heads for the following 3 years. These seek to forecast future income and expenditure, based on what is known about future spending commitments. There is a lot of uncertainty regarding future years' budgets, particularly bearing in mind the potential costs of additional services that could be taken on by the Town Council, as part of local government reorganisation. We do know that grant support for areas such as community planning is due to be reviewed in the next year, following an aborted proposal to withdraw support in 2019/20. Furthermore, whilst the Council expects a significant increase in investment returns in the coming year, in the medium term there remains uncertainty in investment markets regarding the outcome of Brexit, and this could have an adverse impact on returns.

9.0 Issues and Considerations

- 9.1 In summary, the budget presented to members seeks to:
- present a balanced budget.
 - maintain appropriate levels of reserves and continue to earmark reserves to support project delivery through a capital budget.
 - make provision for salary increases in line with the national pay award. There is also provision within the budget to meet the costs of job evaluation.
 - make provision to continue to deliver Town Plan projects, including the revenue costs of community bus and the public wifi.
 - continued support for town events.
 - maintain grant funding for community projects and support of key organisations through service level agreements – Arts Centre, Museum, Leisure Centre, CAB and Youth & Community Centre.
 - through the delegated services budget, seek to make ongoing revenue provision to meet some of the costs of discretionary services that are likely not to be delivered by the new unitary council and that the Town Council may need to manage e.g. public toilets.

9.2 The tax base for 2019/20 has been confirmed as 3,006.8, which is a helpful increase of almost 2.7% on 2018/19, which was 2,928.2.

10.0 Precept Options

10.1 Taking account of the changes highlighted above, the major source of income for the Town Council remains the precept. The Council is able to agree the level of precept that it wishes to set, to cover costs and service delivery for the coming year.

10.2 The current precept is on page one of the draft budget (Appendix A) and, if the precept was unchanged, the deficit to be funded from these estimates is £77,798.

10.3 It is open to members to decide the precept. Three options are put forward after discussion with members at the Budget Working Group. However, members are not limited to these and others can be considered.

Option 1: increase the precept by £67,798. In total, this would raise £674,179 and provide a deficit budget of £10,000.

Option 2: increase the precept by £77,798. In total, this would raise £684,179 and provide a balanced budget.

Option 3: increase the precept by £87,798. In total, this would raise £694,179 and provide a cushion of an additional £10,000 towards future delegated services.

10.4 The current Band 'D' Town Council Charge is £207.08. The three options listed result in the following increases in Council Tax for a Band 'D' Council Tax Payer:-

	<u>Annual</u>	<u>Weekly</u>	<u>Band 'D'</u>
Option 1	£17.13	£0.33	8.27%
Option 2	£20.46	£0.39	9.88%
Option 3	£23.79	£0.46	11.49%

10.5 Members are reminded that the Town Council's element is only one part of the overall Council Tax bill, which includes elements from other precepting authorities.

11.0 Recommendation

The Committee is asked to recommend Council to:

- (a) approve the draft estimates for 2019/20, as attached in Appendix A.
- (b) approve the proposed fees and charges as set out in Appendix B, with a fundamental review of all charges in 2019/20.
- (c) agree the draft capital budget and proposed use of reserves for 2019/20 and future years, as set out in section 4 of the report.
- (d) approve the Medium Term Financial Plan as a guide for future years as in Appendix C, noting that each year's budget will be subject to separate approval.
- (e) set a precept for 2019/20, taking into account the options set out in section 10 of this report.

9 January 2019

Will Austin
Town Clerk