

OFFICER: Rochelle Halliday
DATE: 23rd December 2022
MEETING: Council – 4th January 2023
SUBJECT: Item 7a – Draft Budget 2023/24 Update Report

Background Information

The draft budget has been set in a difficult climate, whilst the Council is still recovering from the impact of COVID and is now facing escalating costs due to inflation, the consequent of which has increasing the cost of staffing, grounds maintenance and energy.

The Budget Working Group met on 1st November to review the budget. Subsequent versions were shared with the Working Group and the staffing budget was reviewed by the Establishment Committee on 30th November. The various recommendations made during this process have been included in the draft budget.

The budget, as presented to the Council, was reviewed again by the Budget Working Group on 21st December, to which all Members were invited – the comments and recommendation from this meeting are shown below.

Draft Budget

A full breakdown of each budget line is shown in the attached Draft Budget spreadsheet along with various options for the precept.

Table 1 shows a summary of the operational budget figures for the current year and drafted next year, based on the current year precept value, by way of comparing the budget movements. Please note that the New Harlington amount of £412,017 is excluded from the figures in the table.

Table 1: Summary Budget Comparisons – Operational Excluding New Harlington Fund

	Projected Budget 22/23 £	Current Budget 22/23 £	Draft Budget 23/24 £	Difference Between Current & Draft Budget £
Expenditure	£1,369,032	£1,377,301	£1,541,605	£164,304
Income excluding precept	£567,206	£561,926	£622,353	£60,427
Net Budget Surplus / (Deficit)	(£801,826)	(£815,375)	(£919,252)	£103,877
Operational Precept	£733,824	£733,823	£733,823	£0
In Year Transfer from Reserves	£29,130	Nil	Nil	Nil
Net Surplus / (Deficit)	(£38,872)	(£81,552)	(£185,429)	£103,877

Variance between Current Year Budget 22/23 and Draft Budget 23/24

A full review of all budget lines was undertaken, comparing the current year budget to year to date and the last three complete financial years. Amendments were made where required and in line with input from other Officers. The main drivers behind the increase in next year's cost base are shown in table 2.

Table 2: Main Changes in Cost Base

Budget Line	Current Budget 22/23	Draft Budget 23/24	Difference	Reason
Payroll costs (all staff)	£510k	£566k	£56k	£8.7k increase for NLW & casual staff. Includes £22k new Comms Officer and vacant Finance Asst.
Grounds maintenance	£145k	£165k	£20k	CPI increase on contract – assumed 10%.
Playground maintenance reserve	Nil	£20k	£20k	To set up a reserve for future playground replacements.
Gas & electricity	£60.3k	£74.2k	£13.9k	Allowed for a 20% increase in energy costs.
Pension liability	Nil	£10k	£10k	To cover future liability payment.
Web development	Nil	£10k	£10k	New websites.
Phone system	Nil	£3.5k	£3.5k	Set up and new equipment costs to replace ISDN line.
Insurance	£9.2k	£10.5k	£1.3k	Allowed for 15% increase based on broker advice.

Budget Papers

The other papers in the budget pack

- Draft Budget Summary by Net Income over Expenditure – shows a summary of the net position for each cost centre and the total net deficit against each of the illustrative precept options. Option 5 shows a balanced position.
- Projected Movements on Reserves by Precept Options – based on the projected current year end, this document shows the impact on the March 2024 closing general fund balance for various precept options. Where the budget deficit is not fully recovered by the precept, the budget is balanced from the general fund. The document also shows the movement to and from earmarked reserves in the year.
- Precept Options by Month / Week – tabulates each precept option as a cost per week, month and year for all council tax bands, to help identify the monetary impact on households for each option.

Recommendation of the Budget Working Group

At the last Budget working Group meeting, Members considered the budget papers, and a detailed discussion took place. The following points were recorded:

- The Council has relied on the use of reserves to balance the budget in past years, and this has depleted the Council's reserves position.
- Establishing the right level of precept to continue with current services, plan for future developments and mitigating past and projected deficits will be challenging.
- The wider cost of living crisis was acknowledged, although the precepting options drafted do not represent a significant monetary increase – the balanced budget option will cost an additional £16.45 per year for a Band D property. The majority of properties in the parish are in Band D or above.
- Opting for any budget deficit to be balanced from reserves may result in financial problems for the future.

The Budget Working Group voted in favour of recommending to Council that a balanced budget is set for 2023/24, equating to a precept request of £1,331,269 (Band D rate of £123.78 per year). Table 3 shows the recommended increase in the precept by Council tax band.

Table 3: Recommended increase in precept by Council Tax Band

	Annual £	Month £	Week £
Band A	10.97	0.91	0.21
Band B	12.79	1.07	0.25
Band C	14.62	1.22	0.28
Band D	16.45	1.37	0.32
Band E	20.11	1.68	0.39
Band F	23.76	1.98	0.46
Band G	27.42	2.28	0.53
Band H	32.90	2.74	0.63

Questions

If Members have any questions about the budget or precept, please could these be submitted in advance so that the response can be fully prepared for the meeting.

RECOMMENDATIONS

- a) To approve the budget for the 2023/24 financial year.
- b) To set the precept request for the 2023/24 financial year.
- c) To agree that any budget deficit is balanced from General Reserves.