

OFFICER: Rochelle Halliday, Executive Officer
DATE: 21st December 2023
MEETING: Council - 3rd January 2024
SUBJECT: Item 7a – Council Budget and Precept for 2024/25 Financial Year

1. Introduction

Purpose

The purpose of this report is to present the draft budget and precept to the Council for the financial year ending 31st March 2025.

The agenda papers include the following documents:

- Full draft budget and precept spreadsheet, also showing current year projections.
- A summary of net income over expenditure for each cost centre.

Background Information

The draft budget has been reviewed by the Budget Working Group and all Members throughout the preparation process. At the Council meeting on 6th December 2023, the Council reviewed a summary draft budget, supporting the headline figures and draft precept to take forward to the final approval meeting.

The draft budget has been prepared by:

- reviewing projections for the current financial year
- analysing routine spend over a three year period and matching this to budget requirements next year, resulting in various reductions and increases in certain areas to meet service needs
- taking account of any contractual savings made through renegotiation.

The draft budget as presented will allow the Council to:

- Financially plan for future redevelopments that enhance the quality of life in the town and align with the Council's strategic vision
- Continue providing a range of high quality of facilities, supporting local events and supporting the town centre environment, within the constraints of ongoing high inflation
- Continue providing financial assistance to not-for-profit local organisations through the general grants scheme and specific funding for targeted community initiatives.

2. Budget Assumptions

A balanced budget has been drafted, in line with best practice. The main assumptions and features of the draft budget are outlined below.

Operational Income (excluding Precept)

- Bank interest – a conservative estimate has been made for bank interest income, based on interest rates falling at some point during the financial year. It is assumed that the precept collected for The Harlington Development will be partly utilised for the project next year and so the core investment balances will not be added to.
- Harlington events – all event income, including hall hire at Ancells Farm Community Centre, is budgeted to increase by around 12%. This is based on an increased number of both event tickets and ancillary sales. It is assumed that the current gross profit margin at the Harlington Events will be maintained. Pricing will be increased to account for inflationary pressures.

- Other income – income from the Gurkha Square market is included, although Hart District Council has waived the charge for the use of the car park in recent years. The recharge of shared services for the Library has been reduced, and is likely to be an underestimate, due to the uncertainty of energy costs and the way the calculation formula is now applied. All income from open spaces remains largely the same as for the current financial year, with the exception of at Fleet Cemetery which is more aligned to the current year end projection. Income is difficult to predict and is it generally prudent not to overestimate self-generated income.
- Alternative funding – officers will seek grant funding for capital projects, where possible. The Council may wish to make use of funding from the Public Works Loan Board, for larger capital projects.

Operational Expenditure

- Staffing costs – to keep salaries in line with inflation and to comply with National Living Wage obligations (which sees a 9.8% increase from April 2024), the draft salary budget has been increased by between 6.7% (September CPI inflation rate) and 9.8%. Due to some positions changing, after last year's budget was set, the overall budget increase for all staffing costs across all cost centres is 4.6%. It is assumed that the current staffing administration will remain in place next financial year for permanent staff.
- Harlington events – cost of sales is assumed to increase in line with higher ticket sales, mainly driven by performance costs and bar consumables. As The Harlington makes use of casual staff on show days, staffing costs will increase in line with number of tickets sold for larger events.
- Harlington building – gas and electricity costs were underbudgeted in the current financial year. Although business energy costs are reportedly falling, next year's budget is based on a small increase to the current year's projections (also applies to utilities in other cost centres). Due to the age and condition of the building, it is assumed that more funds will be needed for next year for maintenance and safety compliance. General building running costs (maintenance, rates, cleaning, compliance and wi-fi) have increased by 16% to cover all eventualities. Major maintenance will not be undertaken, unless the issue poses a safety risk, due to the future redevelopment work.
- Grounds maintenance – assumed that the main grounds maintenance contract will be increased by 8.5%, based on RPI inflation. Playground maintenance has been increased by £13.7k across all parks, to allow for maintaining the equipment in good order and quickly dealing with any high risk repairs to reduce down time. Tree surgery has also increased by £14k, which is due to having insufficient budget in the current year and an analysis of the previous three years of actual spend on tree works.
- Insurance – a 10% increase to premiums has been assumed. This is based on the indexing of the cover amount. £4k has been added to the budget for insuring the Harlington building, once the lease has been signed. Contents insurance is already included.
- Other expenditure – to reduce the amount of printed paperwork produced for Council meetings, basic Chromebooks for all Councillors are allowed for in next year's budget (an overall £1k increase to the Equipment budget).
- Cost savings – the savings made through reviewing various service contracts have been included in the draft budget. These include health and safety, refuse collection and training. Officers will strive to make further contractual savings next year by reviewing key contracts to ensure they provide best value, and this will benefit future budgets.
- Capital improvements and projects – £60k has been allocated for the renovation of the two Edenbrook (subject to approval), funded fully from the Edenbrook commuted sum held in an

earmarked reserve. It is assumed, for budget purposes, that no other capital improvements or renovations will take place next year. Should any urgent equipment replacement works be required at the parks, the Council can utilise the playground renovation ear marked reserve, which will have a balance of £58k at the start of next financial year (subject to budget approval). Members are keen that alternative sources of funding are investigated for capital projects. A full capital maintenance review and plan should be completed in 2024, to inform future budget plans.

Harlington Development

- The Council's most significant capital project, The Harlington development, is expected to commence next financial year, starting with determining the project scope and architectural plans. This will be subject to finalising the lease for the building.
- Since 2016/17, the amount requested for The Harlington development has not increased in line with inflation. High inflation has affected the real value of the amount collected.
- The draft budget proposes a 6.7% increase to the Harlington development precept, which is based on the CPI inflation rate in September 2023. This results in a £27.6k increase to the amount being requested.

3. Summary Draft Budget for the Year Ending 31st March 2025

Table 1 provides an overview of the draft budget for the 2024/25 financial year. Please see the full financial budget report attached for more detail.

Table 1	Current Budget £	Draft Budget £	Variance £
	2023/24	2024/25	
Income			
Central Administration - Interest	14,000	69,000	55,000
Events / Town Centre / Climate	7,800	7,800	0
Harlington Events			
Room Hire	124,946	118,946	(6,000)
Event Income	337,500	405,750	68,250
Building (Harlington)	16,000	13,500	(2,500)
Ancells Farm Community Centre	26,000	27,500	1,500
Parks & Pavilions	28,257	31,800	3,543
Cemetery	64,550	70,700	6,150
Lengthsman Scheme	3,300	3,300	0
Income Sub Total	622,353	748,296	125,943
Precept – Operational	846,115	903,236	57,121
Precept – Harlington Development	412,017	439,622	27,905
Precept Total	1,258,132	1,342,858	85,026
Total Income	£1,880,485	£2,091,154	£210,669
Expenditure			
Harlington Development	412,017	439,622	27,605
Central Administration			
Staffing Costs	187,485	194,315	6,830
IT & Equipment	32,450	30,960	(1,490)
Professional Services	27,775	20,870	(6,905)
All Other Costs	15,372	10,600	(4,772)
Civic & Democratic			

Democratic Support	5,890	5,130	(760)
Elections	6,250	5,000	(1,250)
Pension Liability	10,000	10,000	0
Grants			
General Community Support	10,904	5,200	(5,704)
Targeted Community Support	50,139	51,749	1,610
Projects	33,500	38,000	4,500
Events / Town Centre / Climate			
Town Centre Support	50,917	47,800	(3,117)
Community Events	5,905	5,900	(5)
Climate Change	5,000	2,000	(3,000)
Harlington Events			
Staffing Costs	246,258	251,539	5,281
Event Costs	248,050	292,150	44,100
Harlington Building			
Staffing Costs	73,857	86,324	12,467
Utilities & Rates	86,500	118,600	32,100
General Maintenance & Compliance	83,450	90,350	6,900
All Other Costs	6,900	7,050	150
Ancells Farm Community Centre			
Staffing Costs	30,245	26,869	(3,376)
Utilities	4,545	6,300	1,755
General maintenance & Compliance	24,600	23,550	(1,050)
General Open Spaces			
Staffing Costs	18,664	23,671	5,007
Grounds Maintenance inc. Tree Work	20,938	23,350	2,412
All Other Costs	3,990	2,550	(1,440)
Parks & Pavilions			
Grounds Maintenance inc. Playgrounds and Tree Work	165,761	199,380	33,619
General Maintenance and Compliance	20,062	14,480	(5,582)
Playground replacement (Edenbrook)	0	60,000	60,000
All Other Costs inc. Utilities	21,073	26,560	5,487
Cemetery			
Staffing Costs	8,442	7,010	(1,432)
Grounds Maintenance inc. Tree Work	23,782	22,345	(1,437)
General Maintenance and Compliance	3,592	2,100	(1,492)
All Other Costs	6,010	6,060	50
Lengthsman Scheme	3,300	3,300	0
Total Expenditure	£1,953,623	£2,160,684	£207,061
Use of Reserves	0	69,530	
Movement to/from General Fund			
Income <i>minus</i> expenditure <i>plus</i> use of reserves	- £73,138	£0	

4. Draft Precept Impact on Council Tax Band

The impact of the proposed budget on the precept element of the Council Tax bands is shown in Table 2 and compared to the current financial year.

Table 2

	2023/24 Financial Year			Draft 2024/25 Financial Year (new tax base)			Difference Per Year £
	Annual £	Monthly £	Weekly £	Annual £	Monthly £	Weekly £	
BAND A (6/9)	77.99	6.50	1.50	82.61	6.88	1.59	4.63
BAND B (7/9)	90.98	7.58	1.75	96.38	8.03	1.85	5.40
BAND C (8/9)	103.98	8.67	2.00	110.15	9.18	2.12	6.17
BAND D (9/9)	116.98	9.75	2.25	123.92	10.33	2.38	6.94
BAND E (11/9)	142.98	11.91	2.75	151.46	12.62	2.91	8.48
BAND F (13/9)	168.97	14.08	3.25	179.00	14.92	3.44	10.02
BAND G (15/9)	194.97	16.25	3.75	206.53	17.21	3.97	11.57
BAND H (18/9)	233.96	19.50	4.50	247.84	20.65	4.77	13.88

It is to be noted that the Council collects the precept based on the Band D value only multiplied by the tax base.

5. Impact on Reserves

General Fund

The Council's policy is to retain approximately three months of operating expenditure in the General Fund, plus a £50k contingency for The Harlington events. This would mean for next year's budget (excluding the Harlington Development expenditure) the General Fund would need to be around £480k, which is less than currently predicted.

The balanced budget proposed ensures that the General Fund balance will not be reduced any further to support expenditure in the year.

The year end position for the 2023/24 financial year predicts a surplus balance. This results in a projected general fund balance at the 2023/24 year end of £310k, after the Edenbrook transfer to an ear marked reserve has been accounted for.

The impact of next year's budget on the general fund balance is minimal due to a balanced budget being set, all other things being equal.

Reserves Movements

The following reserves movements are proposed in the draft budget, excluding The Harlington Development Fund:

Reserve	Transfer to Reserves	Transfer from Reserves
Pension Obligation	£10,000	
Cemetery Memorial Testing	£1,325	
Tennis Court Sinking Fund	£7,000	
Elections	£5,000	
Edenbrook Commuted Sum		£65,530
Cemetery Works (Badgers)		£4,000
Play Equipment	£38,000	

The transfer from reserves is to support the planned expenditure in the year from those reserves.

The transfer to reserves is to support future projects.

The Harlington Development Reserve

The following Harlington Development reserve movement is proposed in the draft budget:

	2023/24 Balance	Proposed Amount To be Added	Proposed 2024/25 Balance
Harlington Development Fund	£2,791,231	£425,722	£3,216,953

6. RECOMMENDATIONS

The following recommendations are proposed:

- a) To approve the Council's budget for the 2024/25 financial year.
- b) To approve the precept request of £1,342,858 for the 2024/25 financial year.