



1. **Purpose of Item:** To **NOTE** the issues surrounding setting a budget for the financial year 2021/22 prior to the January 2021 meeting of Full Council where the Budget and Precept can be discussed and approved. If there are still issues arising from this meeting, the budget can be further discussed at the December F&HR Committee who will make a recommendation to the January meeting of Full Council.
2. **Budget Working Group:**
 - a) This was held on Weds 11th November 2020, 7.30 pm. All Councillors were invited to the meeting and given a copy of the supporting papers.
 - b) Present: Cllrs Adams, Bendig-Ceesay, Brett, Cherrill, Gifford & Lynne Compton, RFO
 - c) Purpose of Budget Working Group: The group exists to scrutinise the draft budget prepared by the RFO¹ and ensure that the Council can answer YES to AGS assertion 1 (extract below):

Annual governance statement

AGS assertion 1: Financial management and preparation of accounting statements

Budgeting

- 5.7. The preparation of an annual budget is one of the key statutory tasks to be undertaken by an authority, irrespective of its size. The budget has three main purposes:
- it results in the authority setting the precept for the year (or rates and special levies for IDBs);
 - subject to the authority's Financial Regulations, it gives the clerk and other officers overall authority to make spending commitments in accordance with the plans approved by members; and
 - it provides a basis for monitoring progress during the year by comparing actual spending against planned spending.
- 5.8. It is essential that authority members understand how the budget is put together and how it should be used in the running of the authority. Reviewing the budget against actual expenditure regularly gives members early warning about the likelihood of a shortfall (or surplus) and helps them to decide what responsive action to take.
- 5.9. The key stages in the budgeting process are:
- decide the form and level of detail of the budget;
 - review the current year budget and spending;
 - determine the cost of spending plans;
 - assess levels of income;
 - bring together spending and income plans;
 - provide for contingencies and consider the need for reserves;
 - approve the budget;
 - confirm the precept or rates and special levies; and
 - review progress against the budget regularly throughout the year.

- d) Income and Expenditure Forecast position as at 31st March 2021: It was **NOTED** that (as previously reported at the October F&HR Committee meeting), due to more income, less expenditure and the anticipated call on Reserves (due to the 5-7 Church Street Project not having started) not being used, the General Reserve was likely to increase by approximately £40,000.
- e) Draft Budget 2021/22 v2: The following was **NOTED**
 - i) 1080 – 5-7 Church Street income (£6,000) is based on receiving all the tenancy fees from the Library in 2021/22. This may need to be reduced due to closure of the Library for the building works.
 - ii) 1090 – Miscellaneous Receipts (£150,000): This was estimated to be 2/3 of the PWLB loan (1/3 in the 2020/21 Financial year and was equal to Budget Line 4351 5-7 Church Street Improvements, therefore fiscally neutral i.e. if the project didn't go ahead, the loan would not be drawn down.
 - iii) 4350 – 5-7 Church Street (£50,197): The estimated figure includes the c£9,000 PWLB loan repayments (which will go on a separate line when drawn down) plus £3,000 for essential lift repairs and increases to utilities bills.

¹ Appointed in accordance with LGA 1972 s151

- f) Working Group Recommendations:
- i) Budget Expenditure lines; 4000 Salaries, 4001 Employers NI etc and 4045 Training to be discussed by HR Sub-Committee (Panel) on Tuesday 8th December 2020, 2 pm and report back to the December Finance and HR Committee.
 - ii) Income: Retain (no increase) to income streams
 - 1040 Farmers Market Income
 - 1045 Allotment Rents - Wolverton Rd
 - 1046 Allotment Rents - London Rd
 - 1047 Allotment Rents - Boundary Crescent
 - iii) Expenditure: It was **NOTED** that the majority of Council's expenditure are on fixed costs.
 - a) Taking aside the Employment costs, the following non-fixed budgetary expenditure could be further reviewed:
 - 4055 Office Equipment (£1545): based on replacement of laptops & TC harddrive. **Action: TC to look into further.**
 - 4160 Elected Members Allowances (£5841) – based on the assumption of a fully elected Council in the May 2021 elections: for decision by Full Council
 - 4253 Landscape Contract (see pink paper – Members only): Estimated cost as due to go out to tender. Specification could be reduced. For consideration by Full Council.
 - 4255 Litter Picking (£1,632): To be discussed by December Finance and HR Committee
 - 4415 Floral Features (notional estimate of £5000 due to reduced scheme, drought resistance plants and additional work from SiB providing plants). Previous budget £8,400): May need to increase depending on quotation from suppliers. Quotation will go forward to December Finance and HR Committee.
 - 4460 Civic Initiatives (£2250): Estimate is for SSTC share of Community Infrastructure Funded project to refurbish the verge on the corner of Egmont Ave and doesn't include funding for Foamstream/streetsweeper. For discussion at December F&HR Committee.
 - b) The following should be retained at existing levels
 - 4033 Election Costs (0) – As previously, any costs associated with the May 2021 Elections to come from General Reserve (GR)
 - 4067 Computer, Software and Licenses (£3060)– this includes maintenance, current providers doing an excellent job. Revisit costs in future.
 - 4401 Junior Youth (£6936)
 - 4402 Senior Youth Club (£4488)
 - 4428 Play Sessions (£6427)
 - 4450 Grants (£7,100)
 - iv) New Projects: The **WG AGREED** to **RECOMMEND** the Budget
 - a) For inclusion in the 2021/22 Budget (as they are likely to be achieved without increasing the precept)
 - Design Brief for High Street: c£4,000
 - Civic Initiatives: Wildflower Beds (2 sites already identified) & Potholes in Mill Lane Car Park: c£2,000
 - Total: c£6,000**
 - b) For further work to be done on the following with a view to perhaps deferring until 2022/23 or a future budget:
 - Wolverton Road Allotment Fencing and repairs to Boundary Cres fence (c£50,000): Is wholesale replacement necessary this year? Could repairs be done instead (as for Boundary Crescent). The WG **NOTED** TC suggestion to charge an additional subscription to Allotment holders for additional maintenance. **Action: TC to discuss with DTC**
 - Parking Enforcement (c£10,000): **Action: TC to report back when the results of the survey of local councils has been received.**
 - v) A meeting of the NHP Initiatives Group to be held early in the New Year. **Action: TC to organise**
 - vi) To balance the budget with a minimal/zero increase to the precept for 2021/22 if possible.

Meeting Closed: 8.37 pm

3. **2021/22 Tax Base:** MKC have now provided (16/11) details of the Council Tax Base (CTB) for 2021/22 (based on the number of dwellings paying full Council Tax) - The **provisional** Tax Base for this Council's area is 2512.53 Band D equivalent properties. This figure, takes into account, MKC best estimates at this time on; • Increases for housing growth • Reductions for discounts • Impact of Local Council Tax Reduction Scheme (LCTRS) • Losses on collection. The figure may change. The 2020/21 CTB (which 21/22 illustrations were based on) was 2552.56. The 2021/22 figure represents a reduction of just over 1.5% (39.03 dwellings).
4. **Local Council Tax Reduction Scheme (LCTRS):** MKC indicated in 2019 that SSTC should use the figure of £7,000 for the purposes of forecasting. The provisional figure received today from MKC is £7069. This will be confirmed after the Cabinet meeting on 15th December.
5. **Balancing the budget in 2021/22:** The Council is asked to consider how best to balance the budget. The options are to either look to generating additional income/reducing expenditure/increasing the precept/using reserves or a combination. Historically, the Town Council has justified increases in the precept with specific changes to its activities. In 2021/22, the main new activity is:
 - Refurbishment of 5-7 Church Street: Council made the following decision at the Extraordinary Meeting of Full Council in June 2020 '**20/096 2021/22 INCREASE TO PRECEPT FOR THE PURPOSE OF THE LOAN REPAYMENTS ON 5-7 CHURCH STREET: The Council intends to increase in the Council Tax precept for the purpose of the loan repayment of 4.25% which is the equivalent of an additional £3.72 (per household) a year**'.
The loan repayment (c£9,480) has been built into the budgetary illustrations and due to the increase to income and reductions in expenditure, it is possible that the planned for increase in the precept may not be necessary.
6. **Five Year Forecast** – A draft forecast was prepared for the PWLB loan application and will be amended for the January 2021 meeting.
7. **General Reserve:** Based on advice in the 2020 Practitioners Guide (minimum of three months Net Revenue Expenditure), the RFO recommendation is for a minimum of £70,000 General Reserve in case of unforeseen issues e.g. 5-7 Church Street or Silver St toilets buildings.
8. **Next Steps:** Following the November Full Council meeting, the TC will produce further illustrations for the December F&HR Committee including any decisions made e.g. on the Landscape Contract.

Council is asked to **NOTE** the report

Lynne Compton, PSLCC, Cert HE,
Clerk and Responsible Financial Officer (RFO) to the Council

16/11/2020