

# 2023/24 REVENUE AND CAPITAL BUDGET APPROVAL

## AGENDA ITEM NO. 10

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**MEETING: POLICY AND RESOURCES**

**DATE: 18<sup>TH</sup> JANUARY 2023**

**REPORT BY: FINANCE MANAGER**

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### **1.0 Purpose of the Report**

- 1.1 The purpose of this report is to seek approval from Members for the setting of the Council's 2023/24 Revenue and Capital Budget.
- 1.2 The approval of the 2023/24 Revenue and Capital Budget at this meeting will enable the 2023/24 Precept and Town Council Tax to be set at the Council meeting next week in line with the Durham County Council deadline.

### **2.0 Background to the Report**

- 2.1 Members considered the initial draft Revenue and Capital Budget at the meetings of the Recreation and Environment Committees on 19<sup>th</sup> October 2022 and the Policy and Resources Committee on 26<sup>th</sup> October 2022. Various savings options were considered at these meetings with a number of the options being approved.
- 2.2 These reports provided the background to and the detail behind the initial development of the 2023/24 Revenue and Capital Budget and it is not intended to repeat any of this information in this report.
- 2.3 A Budget Update Report was considered at the meeting of Policy and Resources on 7<sup>th</sup> December when the various options in relation to the Precept and council tax were considered.
- 2.4 A Council Tax increase of 7.5% was approved at this meeting.
- 2.5 A brief reminder of the key issues from the consideration and approval of the draft 2023/24 Revenue and Capital Budget is set out in the following section of the report for Members' information.

### **3.0 2023/24 Draft Revenue and Capital Budget**

- 3.1 The draft 2023/24 Revenue Budget was prepared on the basis of 'business as usual', for the next financial year, and on the principle of continuing to provide all Council services, facilities and events and maintaining current standards of service.

- 3.2 The draft 2023/24 Revenue Budget also reflected the established principle of safeguarding and replenishing the Council's balances and reserves and therefore continued to include surplus resources via a contingency sum and contribution to capital reserves.
- 3.3 The initial draft 2023/24 Revenue Budget was considered on the basis of an indicative 10.85% increase in the Town Council Tax.
- 3.4 However, after incorporating the approval of a number of savings proposals put forward by service managers and additional increases in fees and charges for services, the draft increase in Town Council Tax was reduced to 6.88%.
- 3.5 At the meeting of Policy and Resources on the 7<sup>th</sup> December 2022, Members considered various options in relation to the setting of the Precept, including the option of putting in place a more prudent level of contingency sum and contribution to capital reserves.
- 3.6 It was agreed at this meeting to approve the Precept on the basis of a 7.5% increase in Town Council Tax, which would enable the Revenue Contingency Sum to be increased to £15,000.
- 3.7 This would increase the Town Council Tax at Valuation Band A by £12.75 per year from £170.04 to £182.79; £1.06 per month.
- 3.8 With regards to the draft 2023/24 Capital Programme Budget, it was agreed that capital investment would continue to be closely scrutinised and controlled to protect the Council's balances and reserves moving forward, and as such only essential capital investment mainly linked to the delivery of the Council's Asset Management Plan was included.
- 3.9 An initial draft 2023/24 Capital Programme Budget totalling £238,750 was reported. However, following an officer and member review of the projects included, a reduced 2023/24 Capital Programme Budget of £116,500 was subsequently agreed.
- 3.10 Members will recall that it was stressed at the time the draft budget was approved, that the budget proposals were subject to change in relation to a number of **ongoing issues** and possible future developments including:-
- **the final notification of the Council Tax Support Grant and Council Tax Base figures;**
  - **the impact of ongoing cost-of-living crisis;**
  - **the ongoing volatility in relation to utility costs;**
  - **increasing inflationary pressures.**
- 3.11 It was highlighted that the Council would need to respond to the latest situation in relation to these issues, as well as any other unforeseen developments, prior to the final budgets being approved and the Precept being set in January.
- 3.12 The following sections of this report will therefore concentrate upon the latest situation in relation to any outstanding budget issues and new developments since the draft budgets were approved and highlight how these have impacted upon the final 2023/24 Revenue and Capital Budget and the proposed 7.5% increase in the Town Council Tax.

## **4.0 Final 2023/24 Revenue Budget Proposals**

- 4.1 The draft 2023/24 Revenue Budget proposals, as reported to the October cycle of Committee meetings, included detailed commentary on the key budget changes relating to each individual service revenue budget, and it is not intended to repeat any of this information.
- 4.2 This report will concentrate instead on the outcome of the various outstanding issues, as well as any new developments since the draft budget was approved, and the changes that have subsequently needed to be made to the draft Revenue Budget.
- 4.3 The final 2023/24 Revenue Budget has been updated to take into account the financial impact of the following issues:-
- Final notification of the Council Tax Support Grant figure for 2023/24 from Durham County Council;
  - Final notification of the 2023/24 Council Tax Base figure from Durham County Council;
  - Any new information in relation to the 2023/24 local government pay award;
  - Changes to staffing budgets to incorporate any staffing changes or recent recruitment exercises;
  - Further general inflationary pressures as a result of the **increase** in the consumer price index to **10.7%**;
  - Any approved changes agreed by the Council following the consideration of the draft budgets at the previous meetings;
  - Consideration and incorporation of any feedback received from individual Members following those meetings;
  - Consideration of feedback from the local community in response to the online budget survey;
  - Adjustments to the budget figures to take account of the latest income and expenditure projections for the current financial year;
  - Adjustments to budget figures to take account of any other new developments.
- 4.4 The outcome and final financial impact of each of the above issues is provided in the following section of the report.

### **Council Tax Support Grant and Council Tax Base**

- 4.5 A letter was received from Durham County Council on 22<sup>nd</sup> November 2022 confirming the Council Tax Support Grant figure and Council Tax Base for 2023/24.
- 4.6 The Council's Council Tax Support Grant payment for 2023/24 will be £204,911, which is an increase of £13,230 on 2022/23, and around £14,500 higher than originally indicated at the time the draft budgets were set.
- 4.7 The Council Tax Base (the number of properties on which the Council Tax is set) for 2023/24 is 6,896, which is an increase of 47 properties on 2022/23. This is broadly in line with the tax base figure originally indicated when the draft budgets were set.

## 2023/24 Local Government Pay Award

- 4.8 The Council's draft 2023/24 Revenue Budget provided for a pay increase of 5% for all staff.
- 4.9 There has been no further updates in relation to the pay award for 2023/24.
- 4.10 If a **higher pay award** was subsequently agreed for 2023/24, this would need to be funded via use of the contingency sum and potentially balances.

## Other Revenue Budget Changes

- 4.11 The savings proposals agreed by Members during the October cycle of meetings have all now been incorporated into the final budget.
- 4.12 All increases in relation to the agreed fees and charges for 2023/24 have also been included into the final budget.
- 4.13 There has been an increase to the staffing budget following the announcement in the Chancellor's Autumn Budget of the **freeze in National Insurance threshold for employers**, which will result in a small increase in the Council's employer's national insurance contributions.
- 4.14 There has been an increase in investment income due to the recent increases in interest rates.
- 4.15 As Members are aware there is an **ongoing crisis in relation to energy costs**. Officers have worked closely with Durham County Council in relation to the gas and electricity contracts, however due to the volatility in the utility market it is still unknown what the costs of gas and electricity will be in 2023/24. The increases reported to the October cycle of meetings therefore remain unchanged. Officers will continue to work with Durham County Council and report any updates to the Council moving forward. The Revenue Budget Contingency Sum provides some protection against further increases in costs.
- 4.16 There have been no other approved Committee decisions affecting the 2023/24 Revenue Budget, apart from those identified in 4.11 and 4.12, and there have been no proposed amendments from Members of the Council following their consideration of the draft revenue budgets in October.
- 4.17 In relation to the budget survey and the specific questions relating to the 2023/24 budget setting within it, a number of comments and suggestions have been received, whilst there is also some useful feedback on priorities for investment and disinvestment which Members may wish to take into account in considering the final 2023/24 Revenue and Capital Budget proposals. Further details are set out in Section 8 of the report.
- 4.18 Finally, there have been a number of minor amendments required to the 2023/24 Revenue Budget to take account of the latest income and expenditure projections for the current financial year, as reported in the 2022/23 Expected Outturn Report, and some additional inflationary pressures.

- 4.19 These budget changes include inflationary increases to a number of budgets including service contracts, telephones, subscriptions, fireworks, driving range balls, play area equipment, and water in line with increased actual spending this year and further projected inflationary increases for next year.
- 4.20 However, it should be noted that most general inflationary pressures have been absorbed within the Revenue Budget.

### **Revenue Budget Contingency Sum**

- 4.21 Following approval of the 7.5% council tax increase at the Policy and Resources Committee Meeting on 7<sup>th</sup> December 2022, an additional £10,800 has been added to the contingency sum.
- 4.22 There is now a total of £15,000 set aside in the contingency sum, which will provide limited surplus resources to offset any unforeseen costs in 2023/24 including a higher-than-expected pay award or any further costs related to the cost-of-living crisis and increased inflation.

### **Council Tax Referendum Limit**

- 4.23 The Government has announced that it does not propose to set 'referendum principles' to higher spending parish and town councils in 2023/24.
- 4.24 This decision continues to be conditional upon *"the sector taking all available steps to mitigate the need for council tax increases"* and the Government *"seeing clear evidence of restraint in the increases set by the sector"*.

### **Overall Summary of the 2023/24 Revenue Budget**

- 4.25 A full copy of the final 2023/24 Revenue Budget broken down by each committee, and showing the individual budgets for each service area, is attached at Appendix 1.
- 4.26 In addition, a detailed breakdown and explanation of the changes made to the Revenue Budget, since the consideration and approval of the draft budgets in October, is attached at Appendix 2. Those items already reported and approved relating to agreed savings options and fees and charges increases are highlighted in grey.
- 4.27 The final 2023/24 Revenue Budget set out in this report and the attached appendices is largely based on the previously approved draft 2023/24 Revenue Budget and the agreement, in principle, of a 7.5% increase in the Town Council Tax, as updated to take into account the various changes referred to in previous sections of this report.

4.28 A summary of the overall 2023/24 Revenue Budget is set out below:-

### Overall Summary of the 2023/24 Revenue Budget

Budget 2022/23 £	Budget Description	Inflation and Committed Growth £	Investment in Services £	Savings and Increased Income £	Budget 2023/24 £
791,650	Policy and Resources	257,900	-	(135,000)	914,550
900,150	Recreation	199,550	-	(162,550)	937,150
184,800	Environment	9,450	-	(15,300)	178,950
11,950	Contingency Sum	3,050	-	-	15,000
50,000	Contribution to Reserves	-	-	-	50,000
(191,681)	Less Council Tax Grant	-	-	(13,230)	(204,911)
<b>1,746,869</b>	<b>Council Precept</b>	<b>469,950</b>	-	<b>(326,080)</b>	<b>1,890,739</b>
<b>6,848.9</b>	<b>Council Tax Base</b>	-	-	-	<b>6,895.7</b>
<b>255.06</b>	<b>Band D Council Tax</b>	-	-	-	<b>274.19</b>
<b>170.04</b>	<b>Band A Council Tax</b>	-	-	-	<b>182.79</b>
<b>1.99%</b>	<b>% Increase / (Decrease)</b>	-	-	-	<b>7.5%</b>

4.29 In overall terms, agreement of the final 2023/24 Revenue Budget as set out above and attached in detail at Appendix 1, would result in a 2023/24 Council Precept of £1,890,739, which is an increase of £143,870 or 8.2% on the 2022/23 Precept.

4.30 Based on the final Council Tax Base figure, as notified by Durham County Council of 6,895.7, which represents a year-on-year increase of 46.8 properties, this level of Precept would result in a 7.5% increase in the Town Council Tax, in line with that agreed in December.

4.31 The final 2023/24 Revenue Budget continues to include a contribution to capital reserves of £50,000 which will help to replenish the Council's earmarked capital reserves each year.

4.32 As highlighted earlier, the contingency sum has been increased to £15,000. The contingency sum provides limited surplus resources which could be used next year to fund any unforeseen budget issues such as a higher than budgeted pay award or further inflationary increases or income losses.

4.33 In overall terms, whilst the setting of the proposed 2023/24 Revenue Budget has been very challenging, it does make provision for the various cost increases and enables the Council to maintain all services, facilities and events.

4.34 However, a large number of savings have been incorporated into the Revenue Budget, **with most budgets now stripped down to the bare minimum.**

- 4.35 **This will leave very little scope to absorb further increases in costs if inflation remains high, utilities costs increase further, incomes falls due to the worsening of the cost-of-living crisis, or if there are any further unforeseen budget pressures.**
- 4.36 **It is considered unlikely, in the current financial circumstances, that any savings will be achieved in the Revenue Budget next year, beyond the resources set aside in the contingency sum and contribution to capital reserves, and this will make the full replenishment of the Council's balances and reserves moving forward very difficult.**
- 4.37 In light of the medium-term challenges faced in relation to inflationary pressures, the National Living Wage and local government pay, possible Council Tax Support Grant cuts and the need replenish council balances and reserves, no additional budget has been put in place for further investment in existing services or for the development of any new services.
- 4.38 Any additional investment, if this was agreed by the Council, would need to be funded from the contingency sum, reducing the contribution to capital reserves, the implementation of a higher council tax increase, or by identifying savings in existing budgets.
- 4.39 The update of the Council's Medium Term Financial Plan later in the year will be crucial in forecasting the longer-term impact on the Council's finances of the current economic difficulties, and will seek to shape the Council's financial strategy for the coming years.

## **5.0 2023/24 Town Council Tax**

- 5.1 The Town Council Tax is calculated using the 'Tax Base' figure for the Great Aycliffe Parish.
- 5.2 The Tax Base is calculated by Durham County Council, as the Council Tax Billing Authority, for every Parish in the County.
- 5.3 The Tax Base is a calculation of the number of 'chargeable' properties in the Great Aycliffe Parish for council tax calculation purposes.
- 5.4 The total number of properties in the Parish is adjusted to take account of the numbers of households in receipt of council tax support, discounts, and exemptions, as well as empty properties, and the council tax collection rate.
- 5.5 The Town Council Tax is calculated by dividing the Council Precept by the Tax Base figure. This provides the Band D Council Tax figure.
- 5.6 The Council's 2022/23 Tax Base figure was 6,848.9 properties.
- 5.7 The final Council Tax Base figure for 2023/24 has been notified by Durham County Council at 6,895.7.
- 5.8 This is an increase of 46.8 properties and has been driven by reduced claims for council tax support, and new housing development in the Parish.

- 5.9 The Council's 2023/24 Precept, as based on the 2023/24 Revenue Budget attached at Appendix 1, would need to be set at £1,890,739.
- 5.10 Based on the final 2023/24 Tax Base figure of 6,895.7 properties, setting the Council Precept at £1,890,739 would result in a Band D Town Council Tax of £274.19.
- 5.11 This is an increase of £19.13 per year, which equates to £1.59 per month or 37p per week.
- 5.12 This represents a 7.5% increase in the Town Council Tax.
- 5.13 The Town Council Tax at Valuation Band A, which is the valuation band within which nearly 60% of the properties in the Parish are currently valued, would be at £182.79. This represents an increase of £12.75 per year or £1.06p per month or 25p per week.
- 5.14 Even though the 2023/24 Revenue Budget includes a number of cost increases and falls in income as a result of the economic situation and very high inflation, it is important to stress that the Revenue Budget will still enable the Council to maintain all services, facilities and events next year, whilst retaining a £15,000 contingency sum and a £50,000 contribution to capital reserves.
- 5.15 This will assist the Council in partially replenishing its earmarked capital reserves at a time when they are likely to be depleted financing capital investment over the medium term, whilst also ensuring that some surplus resources are available to fund any additional or unforeseen budget commitments.
- 5.16 For information, if the Council chose to freeze the Town Council Tax next year in recognition of the cost-of-living crisis being faced by local taxpayers, a total of £131,950 in additional savings would need to be found in the 2023/24 Revenue Budget.
- 5.17 Ultimately, the Council needs to try and achieve a balance between its own financial needs, both now and in the future, and those of its local taxpayers.
- 5.18 All things considered, bearing in mind the ongoing worsening economic situation, very high inflation, and uncertainty around future staffing pay awards and the future of the Council Tax Support Grant, it is recommended that the previously agreed 7.5% increase to the Town Council Tax is implemented.
- 5.19 It is therefore requested that Members approve the 2023/24 Precept at £1,890,639 and the 7.5% increase in the Town Council Tax.
- 5.20 This will enable the Precept and Council Tax to be formally set at the Council Meeting next week.



## 6.0 Final 2023/24 Capital Programme Budget

- 6.1 As highlighted earlier, in line with the recommendations made in the Council's Medium-Term Financial Plan, planned capital investment will continue to be closely scrutinised and controlled in order to help protect and sustain the Council's balances and reserves moving forward.
- 6.2 As such, the 2023/24 Capital Programme Budget has been prepared on the basis of essential investment only, mainly linked to the delivery of the Council's Asset Management Plan.
- 6.3 To be clear, it is *not* being recommended that *all* capital investment is restricted, more that investment should be focussed on those projects that contribute towards delivery of the Asset Management Plan, such as essential building works, replacement of vehicles and machinery at the end of their useful life, information technology, essential footpath and play area safety surface repairs and Ash tree dieback disease works.
- 6.4 The draft 2023/24 Capital Programme Budget was initially approved at a total of £238,750.
- 6.5 However, following an officer and member review of the projects included, a reduced 2023/24 Capital Programme Budget of £116,500 was subsequently agreed.
- 6.6 The 2023/24 Capital Programme Budget includes provision for the following projects:-
- Automatic door motor at the Council Offices;
  - Depot alarms upgrade;
  - Replacement of fairways mower cylinders;
  - Ongoing purchase of electrical works machinery;
  - Essential computer replacements and website development;
  - Upgrade of the sports and golf complex till and booking system;
  - The ongoing programme of replacement festive lighting;
  - The ongoing programme of play area surfacing replacement;
  - Provision for ongoing repairs to the golf course irrigation system;
  - Various works to the sports complex building including roofing and drainage repairs, external redecoration, public address system and electrical vehicle charging points (subject to external funding);
  - Replacement public seating;
  - Bus shelter repairs; and
  - Ongoing programme of footpath repairs
- 6.7 Detailed information on each of above projects included within the draft 2023/24 Capital Programme Budget was set out in the Committee Budget Reports and has not therefore been repeated in this report.
- 6.8 The only amendments to the 2023/24 Capital Programme Budget are removal of the non-essential projects which were agreed at the October cycle of meetings.
- 6.9 The final proposed 2022/23 Capital Programme Budget now totals £116,500, and a full breakdown is attached at Appendix 3.

- 6.10 As highlighted in the 2022/23 Revenue and Capital Budget Expected Outturn Report, it is likely that that a number of delayed capital projects from the current financial year, totalling up to £217,250 will need to be carried forward to 2023/24.
- 6.11 The proposed 2023/24 Capital Programme will ensure the continued delivery of the Council's Asset Management Plan and will keep all major building works and replacements of vehicles, machinery, office equipment, street equipment and play equipment on schedule.
- 6.12 The budget will be funded from the Council's Earmarked Capital Reserves which have been built up and set aside for this purpose.
- 6.13 The Council will continue to seek opportunities to secure external capital grants or contributions such as Section 106 Agreement monies, Durham County Council Members Initiative Fund contributions and funding from the Great Aycliffe and Middridge Area Action Partnership (GAMP), and any external funding that is secured would provide resources over and above those set aside in the draft 2023/24 Capital Programme Budget.
- 6.14 The Council does not currently need to consider any further borrowing in light of the Earmarked Capital Reserves currently available, although the option of leasing capital assets will be considered where relevant.
- 6.15 In accordance with the Council's Standing Orders for Contracts and Procurement, all capital projects identified in the 2023/24 Capital Programme over the value of £5,500, will be subject to the obtaining of competitive quotes, and approval by the appropriate spending Committee and Council, before going ahead.

## **7.0 Council Balances and Earmarked Reserves**

- 7.1 The Council's Balances and Earmarked Reserves are expected to stand at around £1.312 million at the end of March 2023.
- 7.2 This level of balances is better than anticipated in the Medium-Term Financial Plan this is because of lower than expected outturn on the 2022/23 Capital Programme Budget following the Council review of capital projects and deferring and removal of a number of non-essential projects and offset by a projected overspend on the 2022/23 Revenue Budget.
- 7.3 After accounting for the funding of the 2023/24 Capital Programme Budget of £295,996, as well as the ongoing capital projects expected to be carried forward from 2022/23 totalling £217,250 from the Council's Earmarked Reserves, the £50,000 top up of balances via the contribution to capital reserves, and assuming no use of Revenue Budget contingency sum next year, and assumed no savings apart from the Budget Contingency Sum on the 2023/24 Revenue Budget, Council Balances and Earmarked Reserves would fall to around £1.043 million by the end of the 2023/24 financial year.

- 7.4 Whilst this represents a fall in the Council's balances and reserves over the coming year, this is still considered to be a relatively healthy level of balances.
- 7.5 This is very welcome as it comes at a time when the Medium-Term Financial Plan continues to forecast significant capital investment commitments and diminishing balances and reserves over the medium to long-term.
- 7.6 This healthy level of balances is a significant achievement in these unprecedented times and a positive endorsement of the prudent management and planning of the Council's finances over a long period of time, including the actions taken to set aside contingency resources in the Revenue Budget, restrict capital expenditure, and build up the Council's balances and reserves.
- 7.7 These balances would be higher if additional savings are achieved on the Revenue Budget next year, although it must be borne in mind that a large number of savings have been incorporated into the Revenue Budget, with most budgets now stripped down to the bare minimum.
- 7.8 It is therefore considered unlikely, in the current financial circumstances, that any savings will be achieved in the Revenue Budget next year, beyond the resources set aside in the contingency sum and contribution to capital reserves.
- 7.9 This will make the full replenishment of the Council's balances and reserves moving forward very difficult.
- 7.10 The forecast level of balances and reserves over the longer term remains a key financial issue for the Council and will be assessed and reviewed in the forthcoming update of the Medium-Term Financial Plan.
- 7.11 A full analysis of the likely movement on the Council's Balances and Reserves as a result of the proposed 2023/24 Revenue and Capital Budget is attached at Appendix 4.

## **8.0 2023/24 Budget Consultation Survey**

- 8.1 Consultation on the Council's draft 2023/24 budget proposals was undertaken this year via an online Budget Survey which was widely publicised on the Council website, in the local press, and on the Council's social media channels. Hard copies of the survey were also placed in a number of community locations including the library and community centres.
- 8.2 A total of 14 responses were received, which is significantly down on the 67 responses received last year.
- 8.3 The responses to the survey questions along with any specific comments and suggestions received are set out in detail in Appendix 5. Please note that not all respondents answered every question.

8.4 A summary of the key feedback is set out below:-

1. Does the Town Council Tax provide value for money?

<b>Yes</b>	<b>12</b>	<b>85.7%</b>
No	2	14.3%

2. Looking ahead to next year, all things considered, are you in support of the proposed increase in the Town Council Tax (equating to £12.74 per year or £1.06 per month at Council Tax Band A)?

<b>Yes</b>	<b>11</b>	<b>78.6%</b>
No	3	21.4%

3. Which Council's services are most important to you i.e. where budget cuts should not be made and where any future investment should be targeted?

**Top 10 Most Important Services in Priority Order**

<b>Service Area</b>
Environment, Nature Parks and Open Space
Parks and Play Areas
Allotments
Park Patrol Service
Fun in the Parks
Litter and Dog Bins
Flower Beds
Santa Tours
Cemeteries
Oakleaf Golf Course and Driving Range

4. Which Council services are least important to you i.e. where budget cuts, if they are required in the future, should be targeted?

**Top 10 Least Important Services in Priority Order**

<b>Service Area</b>
Senior Citizens' Trips
Civic Events and the Office of Mayor
Councillors
Oakleaf Sports Complex
Oakleaf Golf Course and Driving Range
Large Community Events such as the Big Brash Bash
Flower Beds
Firework Display
Corporate Management and Admin
Moore Lane Environment Centre and Environment Events

- 8.5 In overall terms, a majority of survey respondents (78.6%) were in support of the draft budget proposals and proposed increase in the Town Council Tax next year. A total of 85.7% of respondents felt that the Council is delivering value for money.
- 8.6 The feedback received in relation to priorities for investment and disinvestment will be useful moving forward, as the Council deals with increasing financial pressures and the possible need to review and prioritise the services that it provides to the community.
- 8.7 Finally a number of specific comments were received in relation to the Council's budget plans, areas where the Council could make investment and suggestions for areas in which the Council could save money.
- 8.8 It is requested that Members consider the feedback received in the budget survey and consider what, if any, changes the Council should make to its 2023/24 Revenue and Capital Budget, or future budget setting exercises in response to the comments received.

## **9.0 Policy Implications**

- 9.1 Conforms to Aim 2 of the Council's Strategic Aims and Targets – *"To manage the Council's finances and assets in a responsible manner"*.

## **10.0 Staffing Implications**

- 10.1 All Revenue and Capital Budgets have been agreed by the relevant Service Managers and the Performance Management Group.

## **11.0 Financial Implications**

- 11.1 The financial implications for the Council in terms of the setting of the 2023/24 Revenue and Capital Budget are fully set out in the report.

## **12.0 Crime and Disorder Implications**

- 12.1 None.

## **13.0 Equal Opportunities Implications**

- 13.1 None.

## **14.0 Environmental and Climate Change Implications**

- 14.1 None.

## 15.0 Risk Assessment

- 15.1 The 2023/24 Revenue Budget has been prepared in accordance with the key financial principle of prudence.
- 15.2 The 2023/24 Revenue Budget includes a small £15,000 contingency sum and £50,000 contribution to reserves, while the 2023/24 Capital Programme Budget has been restricted to essential expenditure only to help preserve Council Balances and Reserves.
- 15.3 Whilst the 2023/24 Revenue Budget makes provision for the various cost increases and falls in income faced next year and will still enable the Council to maintain all services, facilities, and events in line with the key principles from the MTFP, a large number of savings have already been identified and incorporated with many budgets stripped down to the bare minimum, and with a small contingency sum now available.
- 15.4 This will leave very little scope to absorb further increases in costs if inflation remains high, utilities costs increase further, incomes falls due to the worsening of the cost-of-living crisis, or if there are any further unforeseen budget pressures.
- 15.5 There is therefore a risk that some of the assumptions made, and the budget provision subsequently put in place may not be sufficient.
- 15.6 There is also a risk of a serious deterioration in the level of Council balances and reserves over the medium term as capital commitments are funded, and this will need to be considered in future updates of the MTFP to ensure that a strategy is put in place to replenish balances.
- 15.7 A risk assessment has been undertaken in relation to the setting of the 2023/24 Revenue Budget, and this has identified a number of potential risks that could result in actual costs or income being materially different to those budgeted. These risks are as follows:-
- The ongoing cost-of-living crisis causing further revenue losses and additional costs into the 2023/24 financial year;
  - The current economic difficulties causing further budget pressures e.g. significantly increasing inflation, availability of goods etc;
  - The continuing impact of the energy crisis and increased gas and electricity costs;
  - A higher than budgeted local government pay award;
  - Non-take up of places and falls in attendance levels adversely affecting pre-school funding income;
  - Increased pressures on pre-school staffing as a result of further increases in the number of special educational needs children;
  - Poor weather conditions adversely affecting usage of the golf complex; and
  - Any other unforeseen budget pressures adding to the running costs or reducing the income of Council services.
  - Reduced replenishment of reserves and balances due to revenue budgets being reduced to the bare minimum.
- 15.8 The budget includes provision for a 5% 2023/24 local government pay award, and also makes provision for inflationary increases in running costs and possible falls in income.

- 15.9 The Revenue Budget includes a contingency sum of £15,000 to protect against any unforeseen spending commitments, such as a higher pay award, and a £50,000 contribution to capital reserves, which provides added protection, as well as a means of partially replenishing the Council's balances and reserves.
- 15.10 Council Balances and Reserves are projected to stand at £1.312 million at the end of this financial year, and the proposed 2023/24 Revenue and Capital Budget would result in estimated balances of £1.043 million being available at the end of 2023/24.
- 15.11 This is considered a satisfactory level of reserves to support future capital investment, as set out in the Council's Asset Management Plan, at least over the medium term, as well as providing some protection against any unforeseen revenue budget pressures, particularly bearing in mind the £50,000 'top up' to reserves that is built into the Revenue Budget.
- 15.12 However it must be noted that it is considered unlikely, in the current financial circumstances, that any savings will be achieved in the Revenue Budget next year, beyond the resources set aside in the contingency sum and contribution to capital reserves, and this will make the full replenishment of the Council's balances and reserves moving forward very difficult.
- 15.13 There also remains a risk that the Council Tax Support Grant will be cut or withdrawn in its entirety. This risk is identified within the Medium-Term Financial Plan and Risk Register and arrangements have been made to continue the Council's programme of service reviews, with a view to identifying possible savings, in the event of this funding being lost in the future.
- 15.14 The update of the Council's Medium Term Financial Plan later in the year will be crucial in forecasting the longer-term impact of these risks on the Council's finances of the current economic difficulties, and will seek to shape the Council's financial strategy for the coming years.

## **16.0 General Data Protection Regulations (GDPR)**

- 16.1 There is no personal or sensitive data required for this proposal which may have any implications for GDPR.

## **17.0 Recommendations**

- 17.1 It is recommended that Members:-
- a) Receive the final 2023/24 Revenue and Capital Budget proposals and note the changes made to the draft budget;
  - b) Receive the feedback from the 2023/24 Budget Survey;
  - c) Approve the Council's 2023/24 Revenue and Capital Budget as set out in the report and the attached appendices;
  - d) Approve the 2023/24 Precept at £1,890,739 and agree the proposed increase of 7.5% to the Town Council Tax.