**STOURPORT-ON-SEVERN TOWN COUNCIL**

**FINANCE COMMITTEE**

**MEETING 29TH JANUARY 2024**

**REPORT OF THE TREASURER ON THE BUDGET 2024/25**

**1. INTRODUCTION**

The Committee needs to recommend a budget and a precept for 2024/25 to the Council.

Members may recall that 12 months ago the Council approved an increase in the precept from £43.70 to £47.60. In my report to this Committee in November I explained that there was likely to be a significant overspend of the 2023/24 budget. This was due in part to a significant drop in income from burial fees. The report indicated that if this continued, and it has, it may necessitate a difficult budget for 2024/25 and a significant Council Tax increase.

The appendices attached to this report provide:

* Revised estimates for the current year;
* A draft budget for 2024/25; and
* A projection for 2025/26.

**2. ACTUAL INCOME AND EXPENDITURE TO 31st DECEMBER 2023**

Accepted good accounting practice requires that budgetary control be carried out during each financial year. This has been happening as usual at officer level but also by this Committee in November when it considered a report on budgetary control at the halfway stage of the financial year.

These papers do include a column showing ‘Actual Apr-Dec’ and this is taken into account in the next column i.e. Revised Estimate for 2023/24.

**3. REVISED ESTIMATE 2023/24**

Total net expenditure per the Revised Estimate for 2023/24 is £428,271 compared with the Original Estimate of £370,320 so an overspend of nearly £58,000 is now forecast. This compares with a forecast overspend of £17,000 reported to the Committee in November. The £58,000 includes the paddling pool resurfacing costing an estimated £35,000 which was approved by Finance Committee in November. Nearly all of the other main variations are the same items (though not necessarily the same amounts) as were reported to Finance Committee in November indicating that effective budgetary control is in place.

|  |  |  |
| --- | --- | --- |
|  | £ | £ |
| **Adverse variations** |  |  |
| Burial fee income less than budgeted  Paddling pool resurfacing\*  Community Centre – 3 new doors  Civic Group rent – only £4,500 not the budgeted £10,000  Parks equipment\*  Sink hole behind Civic Hall  Bandstand safety repairs  Civic Hall – RAAC (concrete) survey | 44,000  35,000  7,200  5,500  4,700  4,500  3,600  1,800 |  |
|  |  |  |
|  |  | 106,300 |
| **Less:-** |  |  |
| **Benign variations** |  |  |
| Community Centre – unbudgeted income less spending  Salaries  Election – less costly than budgeted  Bank interest higher than budgeted  Christmas lights/3Kings-less costly due to receipt of grants | 11,600  7,000  6,800  6,700  6,000 |  |
| Grave-digging – reduced demand | 5,000 |  |
| Insurance claim re vandalism in park  Other minor variations | 4,800  400 |  |
|  |  | -48,300 |
| **Net total variations** |  | 58,000 |

\*Costs will be met from funds and reserves.

Further explanation of some of these variations is provided below.

* **Income from burial fees** – this has been much lower than budgeted so far this year and much lower than last year and previous years. In the latest quarter (Oct-Dec) the income in 2023 was £7,650 compared with the £19,485 for the same quarter in 2022 so the outlook for this income looks even lower than it was when I reported the issue to your November meeting. The budget was £84,000 and the latest forecast is £40,000. This is a particularly difficult budget to forecast and difficult, of course, to do anything to affect the amount of income received. A shortfall in income is, of course, as much of a problem as unbudgeted spending. The shortfall arises from fewer burials. In particular, there have been fewer ‘outside Stourport’ burials for which the Council’s charge is doubled. This does, of course, give the Council an ongoing budgetary issue.
* **Paddling Pool** – replacement of surface – cost of £35,000 approved at Finance Committee in November.
* **Community Centre** – at budget time it was not at all clear how the balance between spending and income would work out. Largely as a result of hard work by the Town Clerk the Community Centre now looks much better, is more secure and attractive to hirers and is generating significant income. A surplus for the year of £2,500 is now forecast compared with the budgeted deficit of £2,100 so a turnaround of £4,600. In addition an amount of at least £7,000 is expected from the UK Prosperity Fund (via Wyre Forest District Council) to meet costs incurred in 2022/23 related to the new kitchen and shutters at the centre.
* **Community Centre – 3 new doors** - not budgeted for but spending of £7,248 approved by Finance Committee in March;
* **Salaries** – an underspend of around £7,000 is forecast. A saving arose during the gap between when Andy Longville left before the start of the financial year and when his successor, Kevin Terry, started. Another saving arose from a reduction this year in the percentage of salaries that the Council is required to pay into the pension fund;
* **Interest received** – the Town Council has substantial investment with Wyre Forest District Council and with interest rates having risen considerably the forecast of income has increased by £6,700 to £8,000;
* **Civic Hall rent** – in December 2022 the Council approved an increase in the rent to £10,000 but, following further discussions later, the rent was not increased and currently still stands at £4,500. A shortfall of £5,500 is, therefore, forecast.
* **Grave-digging** – arising from the ‘fewer burials’ point above the cost of grave-digging is forecast to be £5,000 compared with a budget of £10,000;
* **Sink hole behind Civic Hall** – the work to investigate and fill in the hole in the drive cost the Council £4,460 and was not covered by the insurance policy;
* **Bandstand repairs in Memorial Park** – the cost was £3,591, a little less than the amount that was discussed at Parks Committee, after which the spending was approved by email by members of Finance Committee in August;
* **Civic Hall – RAAC (concrete) survey** – following the national ‘crisis’ about RAAC a survey of the Civic Hall (owned by the Town Council) was carried out at a cost of £1,750.

**4. DRAFT BUDGET 2024/25 & BUDGET PROJECTION 2025/26**

The summary page of the draft budget shows Total Net Expenditure for 2024/25 of £393,499 and £415,078 for 2025/26. By far the biggest figure in our budget is Salaries and this figure has been calculated on a person-by-person basis and takes account of pay awards (a 6% increase in the paybill has been assumed), increments where relevant and includes provision for National Insurance and employer pension contributions. Prices have increased in the last 12 months or so and allowance is made for this where it appears to be required. In relation to income the recommendations of the Parks Committee are:

* **cemetery fees** – no change in fees for full burials but an increase from £370 to £400 in the charge for burial of cremated remains; and
* **allotment rents** – an increase this time, from £50 to £54 (large plots) and from £25 to £27 (small plots).

The issues arising in preparing the draft budget for 2024/25 include:

* + Reduced income from burial fees;
  + Savings – where possible, the Council need to find these so as to keep precept increases as low as they reasonably can be;
  + Mayoral allowances – proposal to replace allowances by reimbursement of expenses;
  + Non-recurring costs – new items included this time are (1) D-Day- 80 years remembrance event (£500); and (2) Christmas lights – online training for working at heights and manual handling (£1,000);
  + Need for working balances (might be called contingency) – see paragraph 6(b) below; and
  + Size and use of earmarked funds and reserves – see paragraph 5 below.

Please note that the Budget projection for the financial year 2025/26 has been provided to assist with developing budget strategy.

**5. FUNDS AND RESERVES**

Council policy is to maintain a number of funds to avoid ‘spikes’ in expenditure that distort the pattern of expenditure between financial years. The programme attached shows the usual 3 funds, the annual contributions to them from the budget and the forecasts of spending from those funds. The forecast use this year of these funds includes using £35,000 to meet the cost of resurfacing the paddling pool (£6,000 from the elections fund and £29,000 from the Civic Centre fund). The programme attached also shows a new ‘localism renewals’ fund to build up funds to, in due course, be able to meet significant replacement/renewal costs at the paddling pool, the riverside toilets and the Community Centre.

**6. DETERMINATION OF THE PRECEPT FOR 2024/25**

1. **COUNCIL TAX BASE**

The Town Council’s Council Tax base has been set by the District Council at 7,093 compared with 7,056 in 2023/24. This means that:

* with no increase in the current charge of £47.60 the precept income to the Town Council would increase from £335,866 to £337,627; and
* a £1 increase to the Council Tax from the current charge of £47.60 to £48.60 would increase the Council’s precept income by a further £7,093.

The amount of increase this time in the tax base is felt to be disappointingly low in light of all the new development in the town. I have been seeking the full story behind this from the district council and will update the committee on the latest position at the meeting.

1. **WORKING BALANCE**

Council policy was for some years to maintain a minimum balance of £50,000 but it was agreed three years ago to increase this to £70,000. It was agreed 12 months ago that around £10,500 of these balances would be used to support the 2023/24 budget. The forecast overspend for 2023/24 means that balances are expected to fall to £64,000 by 31st March 2024.

The Council does also hold a number of earmarked reserves and the balances on these are forecast as follows:

|  |  |  |
| --- | --- | --- |
|  | At 31st March  2024  £ | At 31st March  2025  £ |
| Vehicles, mowers, equipment, computing etc. | 5,889 | 8,989 |
| Elections | 785 | 7,785 |
| Civic Hall maintenance | 9,110 | 15,110 |
| Localism renewals | 0 | 4,000 |

1. **PRECEPT FOR 2024/25**

Members will, as always, have to strike a balance between protecting the Council’s services, both now and for the foreseeable future, and minimising the Council Tax. It is recognised that different members may strike this balance differently but the Council has to come to a decision.

The draft budget for 2024/25 attached is based on an increase of £9.00 (from £47.60 to £56.60) – an increase of 18.9%. This would, amongst other things, enable balances to be replenished a little leaving forecast balances at 31st March 2025 at £72,000.

The projection provided for 2025/26 is based on a precept increase of 5% and, it is estimated, this would leave balances at 31st March 2026 at around £78,000. Of course, much can change in the next 12 months.

Members may be interested to see how the Stourport precept in 2022-23 and 2023-24 compared with that of other sizable town and parish councils in Worcestershire.

|  |  |  |  |
| --- | --- | --- | --- |
| **Local Authority** | **Parish Name** | **2022-23**  **Band D council tax (£)** | **2023-24**  **Band D council tax (£)** |
| Wyre Forest | Kidderminster Town Council | 47.50 | 49.75 |
| Wyre Forest | Bewdley | 56.67 | 75.46 |
| Malvern Hills | Malvern | 105.82 | 113.31 |
| Wychavon | Evesham | 63.39 | 75.56 |
| Wychavon | Droitwich Spa | 46.30 | 46.56 |
| Wychavon | Pershore | 76.65 | 78.54 |
| **Wyre Forest** | **Stourport-on-Severn** | **43.70** | **47.60** |
| Bromsgrove | Wythall | 29.34 | 33.07 |
| Bromsgrove | Hagley | 64.76 | 67.99 |
| Bromsgrove | Catshill and North Marlbrook | 22.22 | 21.64 |
| Bromsgrove | Alvechurch | 80.82 | 86.85 |

Members are, of course, very welcome to discuss all these issues and the draft budget figures can be amended as appropriate.

**7. *RECOMMENDATIONS***

***It is RECOMMENDED that the Committee Recommends to Council:***

1. ***A decision in relation to burial fees and allotment rents;***
2. ***Approval of the Revised Estimates for 2023/24;***
3. ***Approval of a draft Budget for 2024/25 and the******Funds and Reserves schedule.***
4. ***An appropriate level of precept after taking into account the draft Budget, any further budget ‘bids’ and the remainder of this report.***

I will be pleased to respond to any questions arising and help the Committee to decide on its recommendations.

Graham Shaw, January 2024