

**TAVISTOCK TOWN COUNCIL
BUDGET & POLICY COMMITTEE**

4th January 2022

BUDGET PREPARATION AND PRECEPT SETTING 2022/23

a. PURPOSE OF REPORT

To provide the Committee with an opportunity to consider and agree, for recommendation to Council, the Budget for the 2022/23 Financial Year prepared pursuant to the Committee's previous deliberations as at September/November 2021, and the prior "Council Finances" report.

b. CORPORATE POLICY CONSIDERATIONS

The effective management of resources and appropriate forward planning underpin the delivery of the Council's Strategic Plan and support its commitment to value for money, the promotion of best value and continuous organisational improvement. In view of the particular and continuing (pandemic related) circumstances affecting the finances of the Council, all elements of the Strategic Plan are potentially engaged, alongside impacts on future capacity.

c. LEGAL & RISK MANAGEMENT ISSUES

The Council is under an obligation to consider, approve and adopt a Budget, including where appropriate, necessary authority for the issue of a Precept upon the relevant Authority. More generally the legal and risk management issues associated with the Budget preparation and Precept setting for 2022/23 are as set out in previous reports (see in particular the report of 16th November 2021). It is recognised that whilst the level of organisational risk arising from the pandemic has reduced following the unprecedented circumstances of 2020, the organisation still continues to carry a substantial level of residual risk pending the restoration of more normal financial and other operating arrangements.

d. RESOURCE ISSUES

The resource issues associated with this report are as set out in the attachments and in previous reports (in particular the report dated 16 November, 2021 refers).

e. ENVIRONMENTAL ISSUES

There are no environmental issues directly arising in connection with this Report. However, all areas of spend are subject to review and recommendation at the time of resource allocation through the corporate reporting framework.

f. **COMMUNICATIONS ISSUES**

The content of this report has been developed in association with the Council's Management Team and Accountant, and is consistent with the recent deliberations of the Committee and Council.

g. **RECOMMENDATIONS**

The Budget and Policy Committee and Council consider, endorse and approve:

- i. The appended Schedule of Fees and Charges 2022/23; and;
- ii. Subject to the endorsement of (i) above the draft appended Budget for Tavistock Town Council 2022/23 incorporating the savings, assumptions and projections as previously submitted to/endorsed by Council and set out in Appendix 2;

In addition,

- iii. the Committee review the budget proposed by the Neighbourhood Development Plan Steering Group for the remainder of the current financial year, and indicative as proposed for the next (note an estimated whole project budget will come forward at financial year end).

1. BACKGROUND

- 1.1 Historically Tavistock Town Council has each year made extensive use of its commercial income to subsidise services to the community. Because of the effect of Coronavirus on those income streams the Budget Preparation process 2021/22 was substantially affected and significant continuing/residual impacts continue in this Budget round. These include factors such as continuing uncertainty over the progress of the Coronavirus pandemic, the uncertainty of certain commercial income streams, high and growing levels of inflation and the challenges associated with remobilisation.
- 1.2 It therefore continues to be the case that the residual, current and projected impacts of Coronavirus (both direct and indirect), mean that the level of confidence with which future projections can be made is diminished from what would typically be expected. In response the Council has undertaken (and in many cases continues to progress) a wide range of mitigations to support its financial position from active deployment of the General Reserve through to wide ranging savings including operation on a substantially impacted establishment.
- 1.3 The foregoing represents the context in which this report has been prepared alongside the aspiration, in the last Budget setting round,

to set a Precept at not more than the prevailing rate of inflation (and furthermore, by this Committee, of a target figure of less than 3%).

2. FEES AND CHARGES

- 2.1 A schedule of proposed fees and charges for next year, and relating to each department is enclosed (Appendix 1 refers). Whilst in general the proposals are self-explanatory, there is one area to which attention is drawn in particular – namely the Pannier Market.
- 2.2 Although a range of other fees and charges have increased by in the order of 3% in the schedule it is recognised that, for the reasons set out in paragraph 3.10 of the prior report, the market tolls have not increased for several (7/8 years). Over that time the retail price index has increased by over 22% and, with the effect of compounding and increasing inflation rates, is likely to exceed 25% by the beginning of the new financial year.
- 2.3 In the circumstances the review of the current £9 toll levied per pitch is now timely. As such it is the view of your Officers, having mooted the matter with trader representatives, that it would be appropriate to seek to increase market tolls by £1.00 from £9.00 to £10.00 per pitch in the 2022/23 Financial Year. There will also be a consequential increase from £360.00 per month to £400.00 per month for “lock up” units (however, it should be recognised that lock ups are on two year leases and the increased rate will only come into force as each lease falls due).
- 2.4 The foregoing proposals are considered to be an equitable approach, which balances the needs of traders with those of the market provider. It is recognised that in future, now that major renovations/repair works have concluded, fees/tolls will again be subject to annual review in the normal way.
- 2.5 Regarding markets there is also the continuing uncertainty associated with a lack of clarity in the interpretation applied by HMRC to guidance in relation to them and the option to tax (VAT). This is a widespread sectoral issue but it is recognised that, in the worst case scenario, a fundamental reconsideration of market operating and charging policy could be required. If/as matters become clearer reports will be made. In the interests of completeness there remains a (hopefully remote) risk that a future full ‘lockdown’ could again materially impact on this income stream.

3. NEXT STEPS

- 3.1 In addition to the Schedule of Fees and Charges the Budget documents comprising copy Budget Summary together with Budget Summary (detail gross income) and (detail gross revenue expenditure) (Appendix 2) and the Rolling Capital Programme (Appendix 3 – to follow) are attached. For more detailed information the budget papers otherwise submitted at your November Meeting continue to be current subject to amendments made to reflect:
- an increase in Pannier Market income, as set out above projected at an additional £39,968;
 - equipment purchase – as previously agreed, in principle, an increase for one year only from £10,000 to £20,000 in order to accommodate play equipment repair in The Meadows
- 3.2 Also appended are draft budgets prepared by the Neighbourhood Development Plan Steering Group (NDPSG) for the remainder of the current financial year and 2022-23 (Appendix 4). These are intended to provide clarity to the Council over expenditure requested by the Steering Group, and conformity against Council spending targets. The budget head from which any net Council spend (ie over and above grant drawdown from 'Locality') will be met is Localism, (which will also serve any Platinum Jubilee spend). Please note that (for 22/23) the NDPSG request is to approve the overall indicative budget amount and does not necessarily represent, if agreed, approval of individual budget lines listed. Consequently, related individual spend areas (such as project management resource or housing needs survey) will remain subject to consideration/authorisation by the Council in due course.
- 3.3 At, or close to the end of the financial year when the NDP community survey has been undertaken, and the project plan revised (a copy of the indicative/preliminary project plan is appended – Appendix 5), a 'whole project' revised budget will be brought to the Council for consideration alongside the then more detailed project/delivery plan. Turning to the tax base for the next financial year, this is as set out in the appendices and according with Council policy, the balancing figure has been allocated to reserves to help meet the costs of the unbudgeted overspend on the Guildhall.
- 3.4 Looking forward, and after factoring in the changed income outlined above, the projected Precept increase for 2022/23 is therefore 2.92% (equating to iro ten pence per week for a Band D property). This accords with the previous indications that the Council would seek to keep the Precept below the rate of inflation (in November 2021 the RPI was 7.1% and CPI 5.1% -

both of which are projected by the Bank of England to increase as we move toward the new financial year).

- 3.5 It is recognised that there are some emergency works that the Council will need to undertake in the course of the next financial year which are as yet uncertain as to cost. However, the Precept as recommended above, plus emergency reallocation of three budget heads within the Rolling Capital Programme together with modest contribution to improving emergency reserves, the temporarily increased (arising from a carry forward from the last financial year) property maintenance and grounds maintenance budgets do provide some buffer. Moreover, the agreement of the final account in connection with the Guildhall Project suggests that increased (over budget) costs are unlikely to greatly exceed £36,000 which provides certainty on this major project and which have been substantially factored into the RCP above.

4. RECOMMENDATION

- 4.1 Over the past eighteen months the Council has addressed an unprecedented level of pressure upon its financial position. Whilst, because of the pandemic, it may be too soon to say that risk has passed it remains the case that completion of the capital works to the Guildhall Gateway Centre this year, finalisation of the THI in the last financial year, and the savings made and still in hand have provided considerable support for the organisation alongside beginning to rebuild essential reserves. There do though remain uncertainties going forward, not least the cost associated with emergency works, also the costs of various public/partner services alongside capacity to deliver.
- 4.2 The Budget and the Precept being placed before the Committee and Council reflects the extensive work undertaken by the Council in this regard and respects both its needs, and those of the rate payer. It will almost certainly represent an increase of a lesser figure than those levied by other authorities such as the County Council and Police.
- 4.3 As outlined previously, future financial administration will require both rigour and discipline to rebuild essential reserves and capacity to deliver new initiatives. The submitted Budget as set out, derived from the thorough and ongoing deliberations of the Council, represents a material step in that direction, minimises the Council Tax increase next year and potentially returns the Council to a more "normal" financial position toward 2023/24.
- 4.4 The instructions of the Committee and Council are sought.

**CARL HEARN
TOWN CLERK
DECEMBER 2021**