

**TAVISTOCK TOWN COUNCIL
BUDGET & POLICY COMMITTEE
21st JANUARY 2025**

BUDGET PREPARATION AND PRECEPT SETTING 2025-26

a. PURPOSE OF REPORT

To provide the Committee with an opportunity to consider and agree, for recommendation to Council, the Budget and Precept for the 2025/26 Financial Year prepared pursuant to the Committee and Council's previous deliberations as at Autumn 2024, and prior in year reporting.

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. All elements of the Strategic Plan are potentially engaged, alongside prospective consequential 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 2025/26 are as set out in previous reports. It is recognised that, in particular, there are continuing revenue pressures and significant challenges in commercial income accompanied by consequential impacts upon the funding position of the General Reserve.

On the basis of the information available the provisional Budget as developed over the past four months by this Committee and Council (see most recent prior report) represents an acceptable and proportionate approach to the mitigation of that financial risk in difficult circumstances in the near term.

However, for the reasons outlined, it does carry a higher level of uncertainty/risk with less capacity to address the unexpected or unforeseen than the Council would normally seek and may require action of a more structural and/or substantial nature in future.

d. **RESOURCE ISSUES**

The resource issues associated with this report are as set out in the attachments and in previous reports.

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 this Committee and Council.

g. **RECOMMENDATIONS**

The Budget and Policy Committee and Council consider, endorse and approve the draft appended Budget for Tavistock Town Council 2025/26 incorporating the savings, assumptions and projections as previously submitted to/endorsed in principle by Council.

1. BACKGROUND

1.1 The Council considered and adopted, in principle, the accompanying draft Budget and Precept 2025-26 at its November Meeting. The enclosed documents reflect that decision and include an update on VAT, fees and charges and Council Tax base. They have also been amended to show the treatment of the Rolling Capital Programme (RCP). This report should be read in conjunction with that prior report and, for more detailed information, the budget papers otherwise submitted at that Meeting continue to be current.

1.2 Amongst the factors with most impact in budget preparation for 2025-26 there have been:

- Government measures to increase National Insurance on employers (which alone equate to an equivalent increase in the Precept of a little under 2.5%), accompanied by
- adjustment of projections for commercial income (used to cross subsidise services to the community), increased costs and related matters. Arising from these there has been a material adverse consequential impact on the General Reserve position. To address those challenges a range of previously outlined measures have been adopted which, provided in-year projections prove reliable, support the proposed Budget.

2. UPDATE

- 2.1 As indicated above this has been a more challenging Budget setting round than (pandemic apart) is normally the case. In addition to material costs imposed by Government that is also partly due to the legacy of historic irrecoverable loss of commercial revenue (pandemic), changed market conditions, level of available reserves (previously committed to Town Centre Regeneration Schemes and emergency works - now complete), alongside various and continuing increases in revenue costs – energy, insurance, professional fees etc. Moreover, and looking ahead there are uncertainties around projected income in general, alongside more specific factors such as the position with debtors.
- 2.2 Consequently the Council finds itself in a very different position from most public sector comparators - be they principal authorities (allocated an additional £1.3bn by Government + SEND reliefs), and/or those in its own sector (who are almost exclusively less reliant on commercial income). In addition growth in the Council Tax Base locally presently remains modest – equating (including the second home charge) in total to only 71.99 band D equivalents.
- 2.3 By way of context the position at the start of the budget setting round was that a 'standstill' budget would (for the reasons outlined above) require a precept increase of something in the order of 21%. With significant adjustments to both cost base and accounting assumptions that has been reduced to 4.82% this year. However, it is important to bear in mind that measures implemented, such as reducing the General Reserve, are not repeatable on an ongoing basis without either replenishment and/or increasing financial risk.
- 2.4 Consequently looking further ahead to 2026-27, and to future years, an assessment is likely to need to be made regarding the structural basis, and balance, of income/expenditure streams, associated service arrangements and viability of projects. Not least reflecting that previous remediation measures - cuts, savings, deferred spend, efficiencies, increasing income where possible etc to address budget challenges have already been applied. Notwithstanding these the impact of macro factors outside of organisational control means that to achieve a balanced Budget in 2025-26 there are now no available unallocated/RCP reserves and the General Reserve has been diminished.
- 2.5 Enclosed are:
- a) Copy Budget Summary Report setting out the proposed Budget and Precept (Appendix 1);

- b) An oral update regarding whether to Opt to Tax the Town Hall and/or Guildhall (listed separately on the accompanying Agenda);
- c) Copy Town Hall Schedule of Fees and Charges (listed separately on the accompanying Agenda).

3. CONCLUSION

- 3.1 As with many public and private sector enterprises pressure on cost base, revenue, capital spend and the availability of reserves is continuing and may yet increase. The adjustments made to achieve the submitted level of budget/precept, within guidelines acceptable to the Council, has only been achieved by measures, for reasons outlined above, unlikely to be replicable. Reserves can by definition only be deployed once unless replenished, cuts to budgets applied without consequential cuts to services (or equivalent mitigations) are not sustainable on an ongoing basis.
- 3.2 The Committee will also be mindful of anticipated projects/ contracts that the Council will need to undertake in the course of the next financial year, some of which are as yet uncertain as to cost and for which the Council will, if progressed, be ultimately financially responsible.
- 3.3 However, in recognition of wider pressures within the community at large, the Council has understandably sought to adhere to the principle that alongside the prior commitments made to address revenue pressures in the year in which they occurred, the Precept set should if possible either not exceed the prevailing rate of inflation and/or that of the larger principal authorities wherever possible whilst recognising that looking beyond 2025-26 further difficult choices may lie ahead.
- 3.4 To manage that situation future financial administration will require vigilance and discipline to build capacity to continue to sustain services, and then in due course if required, deliver new initiatives. The submitted Budget as set out, derived from the thorough and ongoing deliberations of the Council and previously implemented mitigations, necessarily represents a holding step in that direction.
- 3.5 In doing so it serves to mitigate, so far as is achievable, the Council Tax increase at a time of financial pressure in the community pending what may need to be a more fundamental review of organisational finance for future years. After factoring in the changed income outlined above, the projected Precept increase for 2025/26 is therefore 4.83% (equating to iro 19.18 pence per week for a Band D equivalent property).

3.6 The Council will also be mindful of the anticipated need to plan for the likely challenges associated with, and arising from, the Devolution White Paper. In particular the potential for unitary local authorities and the dramatic affect that can have upon local councils, the scope/scale of their services and operating/financial models. As the recent case of Somerset indicates, leaving such planning til 'after the event' can lead to hasty decision making, variable delivery/planning outcomes, and major cost pressures.

4. RECOMMENDATION

4.1 The Committee recommend the adoption of the Tavistock Town Council Budget and Precept 2025-26 as set out.

4.2 The instructions of the Committee and Council are sought.

**CARL HEARN
TOWN CLERK
JANUARY 2025
TAVISTOCK TOWN COUNCIL**