



TODMORDEN TOWN COUNCIL

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REPORT TO RESOURCES COMMITTEE

REPORT AUTHOR	Colin Hill Town Clerk and Responsible Financial Officer
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Date	24th November 2021
SUBJECT	Budget 2022-23 and 3 yr forecast

PURPOSE OF REPORT

1. To advise Members that following the first draft presentation on the 3rd November, amended budget papers, including an addition in respect of CROWS budget provision were circulated to Members for alternative proposals.
 2. To confirm to Members that as at the time of writing this report no alternative proposals have been submitted.
 3. To present to Members for their consideration the proposed budget for 2022/23 and estimates for 2023/24 and 2024/25 and to seek their recommendation in respect of the level of precept to be raised for 2022/23 see Appendix 1 - 3 Year Summary and Appendix 2 – 3 Year Detail .
 4. To advise Members that 2023 figures onward have assumed an increase of 3% where likely to increase, and or cannot be fixed or directly controlled.
 5. To inform Members that should Precept, Council Tax Support and Parish Grant all remain as in 2021/22 the estimated net increase in expenditure to income is forecast to be:-
 - 2023/23 £9,482
 - 2023/24 £12,612
 - 2024/25 £17,802
- Three-year shortfall £39,896
6. To inform Members that Council Tax Support and Parish Grant receipts are at the discretion of Calderdale MBC, and that a reasonable Earmarked Reserve (EMR) Provision for 2022/23 of £22,500 has already been prudently made, in order to fund any reasonable shortfall that could arise should CMBC reduce their levels of support.
 7. To advise Members that in order to deliver a balanced budget, either a reduction in budget provision or an increase in Precept is required to meet this shortfall or use of the Earmarked Reserve for budget phasing currently standing at £4,333.

8. To advise Members that to better inform Members and make the budget more transparent for the Public, Appendix 3 provides a detailed background to the budgets, will be separately published on our Web Site.

CONSIDERATIONS

Expenditure

9. The forecast budget is detailed in Appendix 2.
10. The budget is made of a number of known operational costs that without which, the core function of the town council cannot be delivered e.g. staffing and operational costs.
11. There are however very significant areas of discretionary cost, that in simple terms, could be reduced or removed altogether should Members wish to deliver a no precept increase budget.

Town Centre /Security/PCSCO's	£37,600
Donations and Grants	£20,000
TH Hire Refund Grants	£8,000
Education non L/a	£2,000
Events grants	£11,000
Tourism	£18,000*
Entertainment Arts & Recs	£11,000
Total	£107,600

- 2021/22 provision was £23, 536 – one off increase to reflect Covid impact on income generated.
12. Whilst these represent some 35% of projected expenditure and 42% of Precept received, these provisions go to the core of the Town Council's ethos as an enabling and facilitating council seeking to strongly support its community.
13. Included in the budget are other discretionary items regarding further provision into Earmarked Reserves.
- Festive lights replacement £7,500 (to build up funds to replace in year 8)
 - Community Development £4,000 (to help lever in matched funds)
 - Elections £3,500 (to provide for 4 yearly election costs an casual vacancies.
14. Member may wish to note that the PCSO provision estimated at £37,600 is double that awarded in 2012, reflecting the case that rises are often above our estimated 3% level.

Income

15. Any reasonable shortfall in Council Tax Support and Parish Grant is covered by EMR provision, whilst a reduction in council tax base covered by EMR phased budget provision
16. These provisions could however be used up in their entirety next year and therefore not available for the future.

17. Any decisions to add to that burden by not increasing Precept to meet budget shortfall, is likely to create budget challenges in future years, unless Members agree to reducing discretionary spend items as detailed in paragraph 8 above.
18. Should Members support the budget placed before them, the impact on Precept would be as follows: -

	Budget 2022/23	Budget 2023/2024	Budget 2024/2025	3 year totals
INCOME	-£304,531	-£304,531	-£304,531	-£913,593
EXPENDITURE	£314,013	£317,143	£322,333	£953,489
Shortfall	£9,482	£12,612	£17,802	£39,896
Financed by precept increase				
3% increase	-£7,756	-£7,756	-£7,756	-£23,268
Shortfall	£1,726	£4,856	£10,046	£16,628
4% increase	-£10,341	-£10,341	-£10,341	-£31,024
Shortfall	-£859	£2,271	£7,460	£8,872
5% increase	-£12,927	-£12,927	-£12,927	-£38,781
Shortfall	-£3,445	-£315	£4,875	£1,116
6% increase	-£15,512	-£15,512	-£15,512	-£46,537
Surplus	-£6,030	-£2,900	£2,290	-£6,641

19. To achieve a balanced budget for 2022/23 a 4% increase in precept is required. To achieve a balanced budget over the three year period a 6% increase is required.
20. In noting however the shortfall for 2022/23 at £1,726 should 3% be applied, Members could utilise the Earmarked Budget Phasing Reserve to cover this shortfall in year one and revisit precept levels in the next financial year.
21. The impact on the Precept payer, assuming the tax base is unaltered is as follows:-

			Council Tax Band ANNUAL Charges For Todmorden Town Council Precept										
	2022/23		A	B	C	D	E	F	G	H			
Precept	Increase	% increase	£258,537	£0	0.00%	£36.45	£42.53	£48.60	£54.68	£66.83	£78.98	£91.13	£109.36
			£261,122	£2,585	1.00%	£36.82	£42.95	£49.09	£55.23	£67.50	£79.77	£92.04	£110.45
			£263,708	£5,171	2.00%	£37.18	£43.38	£49.58	£55.77	£68.17	£80.56	£92.96	£111.55
			£266,293	£7,756	3.00%	£37.55	£43.80	£50.06	£56.32	£68.84	£81.35	£93.87	£112.64
			£268,878	£10,341	4.00%	£37.91	£44.23	£50.55	£56.87	£69.50	£82.14	£94.78	£113.73
			£271,464	£12,927	5.00%	£38.28	£44.66	£51.03	£57.41	£70.17	£82.93	£95.69	£114.83
			£274,049	£15,512	6.00%	£38.64	£45.08	£51.52	£57.96	£70.84	£83.72	£96.60	£115.92
			Council Tax Band ANNUAL increase For Todmorden Town Council Precept										
	Increase		A	B	C	D	E	F	G	H			
	0%		£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00			
	1%		£0.36	£0.43	£0.49	£0.55	£0.67	£0.79	£0.91	£1.09			
	2%		£0.73	£0.85	£0.97	£1.09	£1.34	£1.58	£1.82	£2.19			
	3%		£1.09	£1.28	£1.46	£1.64	£2.00	£2.37	£2.73	£3.28			
	4%		£1.46	£1.70	£1.94	£2.19	£2.67	£3.16	£3.65	£4.37			
	5%		£1.82	£2.13	£2.43	£2.73	£3.34	£3.95	£4.56	£5.47			
	6%		£2.19	£2.55	£2.92	£3.28	£4.01	£4.74	£5.47	£6.56			
			Council Tax Band WEEKLY increase For Todmorden Town Council Precept										
	Increase		A	B	C	D	E	F	G	H			
	0%		£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00			
	1%		£0.01	£0.01	£0.01	£0.01	£0.01	£0.02	£0.02	£0.02			
	2%		£0.01	£0.02	£0.02	£0.02	£0.03	£0.03	£0.04	£0.04			
	3%		£0.02	£0.02	£0.03	£0.03	£0.04	£0.05	£0.05	£0.06			
	4%		£0.03	£0.03	£0.04	£0.04	£0.05	£0.06	£0.07	£0.08			
	5%		£0.04	£0.04	£0.05	£0.05	£0.06	£0.08	£0.09	£0.11			
	6%		£0.04	£0.05	£0.06	£0.06	£0.08	£0.09	£0.11	£0.13			

22. Based on a Band D property the annual increases would be as follows
- 3% = £1.64p
 - 4% = £2.19 p
 - 5% = £2.73p
 - 6% = £3.28p
23. To ensure the budget is fully covered, and to provide some modest leeway for future years, Members may be of a mind to agree a precept increase of 6%, noting that in 2021/22 the decision to not increase precept at all, was not a standard decision amongst other councils.

FINANCIAL CONSIDERATIONS

24. The forecast budget for 2022/23 is based on what is known at the time, but going forward also includes an element of inflationary increases, set at 3% for budget modelling purposes.
25. Bearing in mind, staffing costs equate to 37% of overall expenditure, should wage settlements be above 3% this will have a significant impact on future costs, not only our direct staffing costs, but also third party providers whose costs are also likely to have increased.
26. The Town Councils finances are however robust. Between strong General Reserve levels, high levels of Earmarked Reserves and a large extent of discretionary spend ,including two major areas of grant support, PCSO and Tourism, that could be reduced should future pressure be seen on revenue budgets.
27. The Town Council could sustain another non precept increase, but would have to do so in the knowledge that at some time in the future, this will catch up and a substantial reduction in discretionary spend may then be necessary, or a larger precept increase levied, assuming the option still remained from Government to do so.

RECOMMENDATION

28. That Members consider the budget proposals and implications as set out before them.
29. That Members make recommendation to Full Council for the Precept level to be set for 2022/23.

REASONS FOR RECOMMENDATION

30. The Resources Committee is delegated to consider the annual budget ahead of making a recommendation to Full Council to determine the Precept for the ensuing financial year.

POLICY IMPLICATIONS:

- 31 None directly arising from this report

DETAILS OF CONSULTATION:

32. None from this report.

CLIMATE CHANGE:

32. Budget provision of £9,000 in total has been made in this report relating to Climate Emergency activity

IMPACT EQUALITY ASSESSMENT

33. None arising from this report.

SUPPORTING PAPERS:

- | | | | |
|-----|------------|---|----------------------------|
| 34. | Appendix 1 | - | 3-year summary |
| | Appendix 2 | - | 3-year detail |
| | Appendix 3 | - | Background Paper to Budget |

FURTHER INFORMATION, PLEASE CONTACT: Colin Hill