

Meeting	Finance & Policy Committee
Date	15 th November 2022
Report Title	Budget Setting Update
Agenda Reference	13
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Officers' Recommendations:

- To note the budget setting update**
- To recommend to Full Council to postpone the budget and precept setting decision until mid-February 2023 and communicate this to Swindon Borough Council.**

1. General and Ear Marked Reserves

All Councils must hold a level of reserves. Guidance from the Joint Panel on Accountability and Governance (JPAG) states:

General reserves:

5.32. The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.

5.33. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.

5.34. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

The current level of General Reserves is £522,324.00 which equates to 5.61 months reserve.

It is worth noting that the calculation for the number of months reserve is taken by calculating the budgeted Net Revenue Expenditure (NRE), this is the total of the annual budgeted expenditure, minus any Public Works Loan Board (PWLB) repayments and any contributions to Earmarked Reserves (EMRs). This means that as the Council's expenditure increases, so too must the minimum level of reserves.

The EMRs are currently being reviewed by the Officers and potentially there will be approximately £12,440.00 available to return to the General Reserves.

The current year budget has accounted for a subsidy of £176,704.00 from the General Reserves. Considering the expected return from EMRs the General Reserves balance is expected to be reduced to £358,060 for the beginning of the new financial year 2023/24. This equates to 3.5 months reserves for 2023/24. Please note that this figure is in no way guaranteed and will fluctuate according to the outcome of the current year. Essentially, an underspend in our bottom line will increase the level of General Reserves, conversely an overspend will reduce it.



The General Reserves balance needs to be taken into consideration when reviewing the precept setting and whether to allocate a subsidy from General Reserves. It is being recommended that we use a General Reserves subsidy to reduce the impact on the precept increase for 2023/24. However, this should be accompanied by a medium-term plan to rebuild the reserves to a minimum of three months.

2. Budget Aspirations

The following budget aspirations have been recommended, so far by the committees:

Nominal Budget Code	Current budget	Revised budget	Net precept increase/ (decrease)	Individual impact on precept %	Individual impact on £ per band D per annum		
4305/302 Play Equipment Repairs	15300	10000	(5,300)	-0.11%	-£0.59		
4316/302 Play Area Refurbishment	55000	25000	(30,000)	-2.20%	-£3.32		
4518/302 Play Surface Repairs	64000	72500	8,500	1.06%	£0.94		
4019/101 (Postage Stamps)	352	0	(352)	-0.31%	-£0.04		
4509/307 Vehicles Servicing & Maintenance	10071	10521	450	0.38%	£0.05		
4511/307 Vehicle Tracking	660	724	64	0.34%	£0.01		
4507/307 Vehicle Insurance	4139	4571	432	0.38%	£0.05		
4610/307 Vehicles	13299	20499	7,200	0.95%	£0.80		
4330/402 Memory Café	4500	5000	500	0.38%	£0.06		
New Budget- Memory Café Consumables	0	2500	2,500	0.55%	£0.28		
4621/605 Community Bus	4000	16000	12,000	1.35%	£1.33		
Total			(4,006)				

Nominal Budget Code	Cumulative Total resulting	Cumulative % change	Cumulative £ per band D per annum	Notes
4305/302 Play Equipment Repairs	1,181,533	-0.11%	-£0.59	Play Area WP rec
4316/302 Play Area Refurbishment	1,151,533	-2.65%	-£3.91	Play Area WP rec
4518/302 Play Surface Repairs	1,160,033	-1.93%	-£2.97	Play Area WP rec
4019/101 (Postage Stamps)	1,159,681	-1.96%	-£3.01	Franking machine return
4509/307 Vehicles Servicing & Maintenance	1,160,131	-1.92%	-£2.96	POS Cttee request -Add'n vehicle
4511/307 Vehicle Tracking	1,160,195	-1.91%	-£2.95	POS Cttee request -Add'n vehicle
4507/307 Vehicle Insurance	1,160,627	-1.88%	-£2.90	POS Cttee request -Add'n vehicle
4610/307 Vehicles	1,167,827	-1.27%	-£2.10	POS Cttee request -Add'n vehicle
4330/402 Memory Café	1,168,327	-1.23%	-£2.05	C D Cttee request
New Budget- Memory Café Consumables	1,170,827	-1.01%	-£1.77	C D Cttee request. Ltop, training, uniform etc.
4621/605 Community Bus	1,182,827	-0.34%	-£0.44	C D Cttee request

As you can see from this table, so far, the net result of all aspirations is a slight reduction in the precept due to the reductions on the play area budget lines and postage costs.

3. SBC & Potential Devolvment

This Council needs to consider the very real possibility of further devolvment of local services from Swindon Borough Council in 24/25, without the guarantee of transitional funding. To iron out the potential precept increase required to cover this, Council may consider adding some contingency budget in 23/24.

4. Public Works Loan (PWL)

The Council is applying for a PWL to fund the improved Grounds Maintenance Facility. Unfortunately, the interest rates for the PWLs have risen by more than 4%. This now puts the potential repayments for the Grounds Maintenance Facility as follows (Note: Council had previously suggested a 'best guess' repayment at £30,000 per annum):

Annual Repayments				
Loan amount	Fixed Rate 25 years 4.59%	Fixed Rate 30 years 4.64%	EIP 25 years (initial payment) 4.52%	EIP 30 years (initial payment) 4.6%



£750,000	£50,208.46	£46,205.04	£63,311.76	£59,090.16
£1,000,000	£66,944.60	£61,606.72	£84,415.68	£78,786.88

In this year's budget, there is £12,500.00 allocated for a loan repayment. It is recommended that this be carried forward to an EMR for next year. There is £12,500.00 currently set in the budget for 2023/24 totalling £30,000.00 for next years' repayment. Assuming that one half year payment will be required for next year, this could be sufficient. Though these interest rates are still subject to change, so a contingency figure should be considered.

Precept Increase

The precept implication at the current stage of budget setting is that £1,182,827.00 will be required. On a like for like basis providing the same service as the current year, without the above aspirations but including any items agreed mid-year, the resulting precept will be £1,186,833.00 which is an increase of £117,265.00 (10.96%) on expenditure. Please note the precept difference is much higher due to the General Reserve subsidy for the current year. This is accounting for a general increase of 5% across most budget lines and this may not be sufficient.

The calculations for the potential precept increase are as follows:

	22/23 starting point	23/24 standstill	23/24 Current budget	23/24 with £100k from reserves	5% increase	10% increase
Current 2023/24 income over expenditure deficit	£1,182,827.07	£1,182,827.07	£1,182,827.07	£1,182,827.07	£1,182,827.07	£1,182,827.07
% increase	0.00%	19.8%	32.5%	21.3%	5%	10%
Tax Base	9029.8	9029.8	9029.8	9029.8	9029.8	9029.8
23/24 Precept	£892,865.00	£1,069,568.00	£1,182,827.07	£1,082,827.07	£937,508.25	£982,151.50
23/24 Expenditure over precept deficit:	£289,962.07	£113,259.07	£0.00	£0.00	£245,318.82	£200,675.57
yearly	£98.88	£118.45	£130.99	£119.92	£103.82	£108.77
monthly	£8.24	£9.87	£10.92	£9.99	£8.65	£9.06
weekly	£1.90	£2.28	£2.52	£2.31	£2.00	£2.09
daily	£0.27	£0.32	£0.36	£0.33	£0.28	£0.30

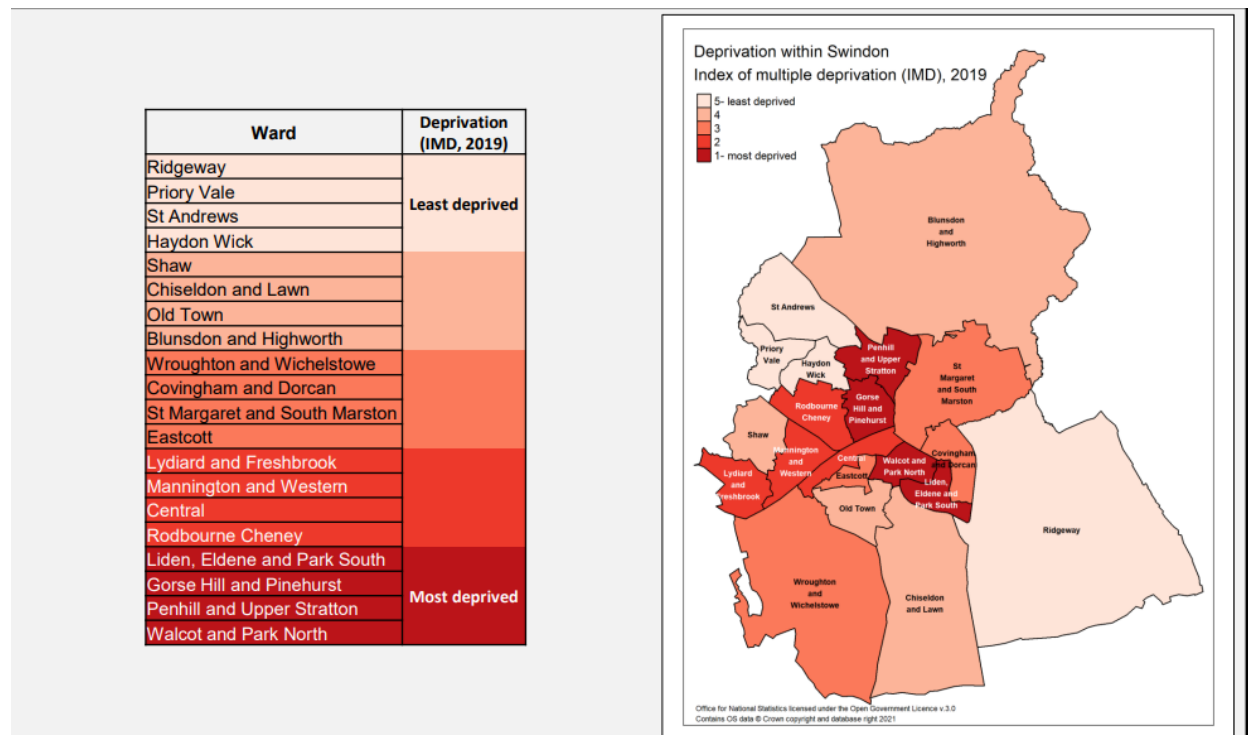
It is recommended that Members should not be put off by % increases. For example, taking the 21.3% increase above the actual monetary increase equates to 40p per month more per Band D household. Furthermore, the 3-year budget set by Council last year originally resulted in a 33% increase for 2023/24. As it stands Haydon Wick Parish Council is one of the lowest precepted Parish Councils in Swindon:

2022/23 Parish Precepts over 100k ordered by Band D rates	
Parish	Band D Rate
Highworth	£196.24
Stratton St Margaret	£187.85
Wroughton	£163.83
Central Swindon North	£144.01
Central Swindon South	£140.48
Chiseldon	£133.20
Wanborough	£110.73
West Swindon	£104.46
Haydon Wick	£98.88
Covingham	£87.76
St Andrews	£59.72
Nythe, Elden & Liden	£57.01



For illustration purposes, setting the precept at £130.99 gives an annual increase of £32.11 or £2.68 per month. This is still around the middle precept for the town (before the other Parish's annual increases).

Additionally Haydon Wick and Priory Vale are amongst one the least deprived areas in Swindon.



Joint Strategic Needs Assessment for Swindon 2022

Does the Precept represent good value?

Council should also consider whether it is providing good value for its residents and the precept that they must pay.

The community informed us what priorities they wanted for the next five years in the recent @Haydon Wick Your Community Matters campaign and this has resulted Council's current five-year community-led action plan.

Based on their feedback the priorities and services the Council currently delivers for the £98.88 precept per year include:

1. High standard of maintenance of 24 play parks and a skate park
2. Enhanced Grounds Maintenance Service grass verges, play areas, open spaces and hedgerows/shrubs (161 acres)
3. Shared maintenance of Seven Fields and Mouldon Hill
4. Compact Road Sweeping Service
5. Three Allotment & Leisure Garden sites
6. Trees, bulbs and wildflowers planting schemes (Big Bulb Plant)
7. Memorial benches
8. Haydon Wick Living Magazine
9. Christmas Parcel Scheme
10. Community Grants Programme
11. Community Bus Scheme
12. Community Rooms for Hire
13. Seasonal community and civic events



14. Youth Programme (Sk8 Rampage, Christmas Party, Graffiti, Allstarz, Draycott, BEST)
15. Reducing Isolation & Loneliness programme (Community Choices)
16. Community Cafes (Ukrainian & Warm Spaces)
17. Memory Café & outings
18. Civic award scheme (Haydon Wick Heroes)
19. Community Let Action Planning & consultations (@HWPC Your Community Matters)
20. Parish Council Offices
21. Grounds Maintenance Depot and improved site coming in 2023
22. Headcount - 18 Councillors and 20 members of staff and over 100 volunteers
23. Minimum of 75 Council, Committee, Sub-Committee, and Working Party Meetings per year – with at least 50 of these open to the public.

Precept Setting Deadline

Considering the current economic situation in the UK, the current advice is to finalise precept setting in mid to late February. The attached Clerk Magazine article which presents a compelling case for the delay. This means that the Council will have the most up to date information on interest rates, a better understanding of inflationary pressures and the Council Tax base. The deadline for precept setting is 1 March 2023. Swindon Borough Council will request the information by the end of January 2023. It is recommended that the precept decision be set by mid-February and that the Council informs Swindon Borough Council of this decision.