01793 722446
info@haydonwick.gov.uk
www.haydonwick.gov.uk

Haydon Wick
Parish Council

Haydon Wick Parish Council
Thames Avenue
Haydon Wick
Swindon
SN25 1QQ

Meeting	Full Council
Date	14th February 2023
Report Title	3 Year Budget Proposals
Agenda Reference	7
Author	Jodie Smart, Finance Officer & Deputy RFO

Officer's Recommendations:

1. **To recommend Option 2 to Full Council for the purpose of budget and precept setting for the next three financial years.**
2. **To recommend that the precept demand for 2023/24 be £974,815.**
3. **To recommend that a subsidy of up to £77,000 from general reserves be applied to cover the 2023/24 expenditure.**
4. **To recommend that £39,000 be moved into an EMR for Trent Road Play Area from general reserves at the current year-end.**

2023/24 Budget and Precept Demand

The current proposed budget and precept demand for 2023/24 has been discussed at around a 9% increase. This figure can be achieved with a considerable subsidy from reserves. Members are asked to review the impact of this on the following 2 years budget and precept requirements to make a fully informed decision for the coming years. The Finance Officer has provided three alternatives to reduce the impact on the following 2-5 years.

Notes/Assumptions

Please note that the following options have been prepared on the following assumptions:

- The tax base will remain static. All future years have been calculated based on the tax base for 2023/24.
- The staffing levels will remain as planned for 2023/24.
- There will be no additional capital projects (other than those already detailed in this report).
- Calculations from 2026 onwards assume a blanket 5% increase on expenditure.
- The Council Tax Support Grant remains static at £16,598.

Items to note:

- The General Reserves are calculated in accordance with JPAG guidance. Any public works loan repayments and contributions to build ear marked reserves are subtracted from the total budgeted expenditure, the total is then divided by 12 to give a monthly reserve requirement. JPAG guidance recommends a reserve between 3-12 months, with Councils of expenditure exceeding £200,000 being closer to 3 months reserves.
- Because of the way the above calculation is reached, reducing, or removing the public works loan repayment and/or ear marked reserves contributions does not have an impact on the required reserves levels.

- Projections are based on the full subsidy being required year on year. The Council operates in the most cost effective and prudent way possible, ensuring that best value is achieved for the community. Therefore, any cost savings achieved beyond what has been set in the budget will work in the favour of the reserves figures year on year. Of course, the converse is true so in the less likely event that the accounts come in over budget in any year this will adversely affect the reserves levels.

Option 1 – Existing Proposal
Option 1 provides for all pre-approved budget aspirations, including Trent Road play area refurbishment and £12,500 public works loan repayment for the new Grounds Maintenance Facility (GMF). This provides a £25,000 (£12,500 carried over from 2022/23) payment available for 2023/24 as the payment will be part way through the year.

This option requires a £124,000 subsidy from general reserves.

3-year impact on general reserves and precept requirement:

Year	General Reserve Subsidy £	General Reserve Balance		Precept increase %	
		£	Months	%	£
2023/24	124,000	425,078	4.74	9.01	8.91
2024/25	11,000	301,078	3.17	33.04	35.61
2025/26	0	290,078	3.01	4.71	6.75

Nb. The subsidy is taken from general reserves at year end and therefore impacts the general reserves balance in the following year.

Option 2 – Spread General Reserve Subsidy
Option 2 presents the possibility of spreading the general reserve subsidy and budgets required to build specific Ear Marked Reserves (EMR) to minimise the impact on years 2 and 3.

2023/24

- Remove £39,000 from Play Area Refurbishment (4316/302) budget. Move £39,000 from general reserves to an EMR at current year end to supplement.
- Increase precept demand by 0.9 percentage points. Keeping under 10% increase.

2024/25

- Reduce Play Area Refurbishment budget by £38,000 (from £48,000 to £10,000) to build the EMR fund more gradually and therefore lessen the impact on precept.
- Reduce Play Area Surface Repairs budget by £65,000 (from £85,000 to £20,000) to build the EMR fund gradually and therefore lessen the impact on precept.
- Reduce Community Bus budget line (4621/605) by £10,000 (from £20,000 to £10,000) to build the EMR fund gradually and therefore lessen the impact on precept.

2025/26

- Reduce Play Area Refurbishment budget by £60,000 (from £80,000 to £20,000) to build the EMR fund more gradually and therefore lessen the impact on precept.
- Reduce Play Area Surface Repairs budget by £60,000 (from £100,000 to £40,000) to build the EMR fund more gradually and therefore lessen the impact on precept.

- Increase the Community Bus budget line by £10,000 (from £4,000 to £14,000) to spread the total cost more evenly.

- Additional budget line of £5,000 to top-up reserves to +3 months.

3-year impact on general reserves and precept requirement:

Year	General Reserve Subsidy £	General Reserve Balance		Precept increase	
		£	Months	%	£
2023/24	77,000	386,078	4.31	9.91	9.80
2024/25	24,000	309,078	3.26	19.02	20.67
2025/26	-5,000	285,578	2.96	7.03	9.09

Option 3 – Postpone GMF Build

Option 3 is to postpone the GMF build for two years. However, if the Grounds Maintenance Team occupy the 'temporary' site at Waterside for this period, there is an estimated rent payable of £20,000 per annum.

Amendments as per Option 2, plus:

2023/24

- The £12,500 set aside for the public works loan in 2022/23 will be reallocated to an EMR to contribute to the temporary site rent in 2023/24.

- The £12,500 budget line for the public works loan (4700/307) will be reduced to £10,000 to contribute towards the temporary site rent and enable the budget to build gradually.

- Reduce General Reserves subsidy by £3,000 to bring precept in line with 9%.

2024/25

- Reduce the Public Works Loan budget by £30,000 (from £50,000 to £20,000) to cover the temporary GMF rent.

- Increase General Reserves subsidy by £6,000 to reduce precept increase by 3.75 percentage points.

2025/26

- Reduce the Public Works Loan budget by £20,000 (from £50,000 to £20,000) to cover the temporary GMF rent and continue to build the budget gradually to cover the future public works loan payment.

- Reduce General Reserves top up by £5,000 (from £5,000 to nil)

Year	General Reserve Subsidy £	General Reserve Balance		Precept increase %	
		£	Months	%	£
2023/24	74,000	386,078	4.31	9.97	9.86
2024/25	18,000	312,078	3.23	16.50	17.94
2025/26	0	294,078	3.00	7.09	8.97

Option 4
A bold move would be to reduce General Reserves to +2 months over the next 3 years with a plan to rebuild to +3 months in the following 3 years. This option carries the risk of the Council being unable to cover expenditure should there be a delay in receiving the parish precept.

Budget line amendments as per option 2, plus:

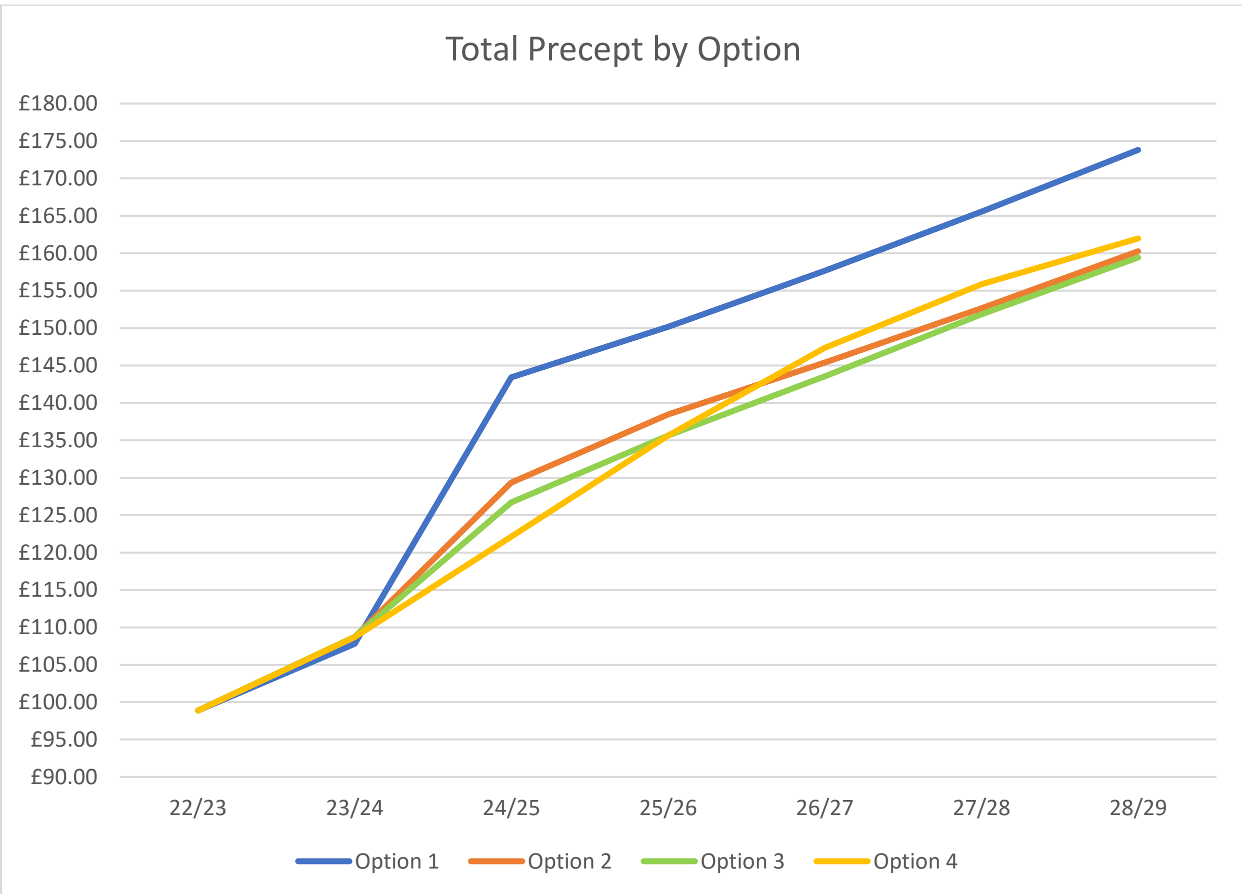
Year	General Reserve Subsidy £	General Reserve Balance		Precept increase %	
		£	Months	%	£
2023/24	77,000	386,078	4.31	9.91	9.80
2024/25	89,000	309,078	3.26	12.35	13.43
2025/26	20,000	220,078	2.28	11.10	13.54

Assuming a blanket 5% cost of living increase on expenditure year on year:

Year	General Reserve Subsidy £	General Reserve Balance		Precept increase %	
		£	Months	%	£
2026/27	-40,000	200,078	1.96	9	11.70
2027/28	-48,000	240,078	2.23	6	8.49
2028/29	-55,000	288,078	2.54	6	8.76

Summary

The four options are illustrated as follows:



As the graph shows, all options are around the same figure for 2023/24. This is in line with general Council consensus to date. However, the option chosen for 2023/24 does have a significant impact in the years to follow, particularly 2024/25.

The Finance Officer and Deputy Responsible Finance Officer recommends that Council approve Option 2. This is because this option gives the best value to the residents. The 2024/25 rise is £14.05 less than Option 1, whilst still providing the play area reserve build, GMF build and is not dropping below the recommended minimum level of reserves.

Obviously, Options 3 and 4 give a slightly lower increase for 2024/25 at £2.67 and £7.24 respectively. However, option 3 is achieved by postponing the GMF build which has been planned for approximately 3 years and has been progressed for the past two years. To date the Council has invested approximately £73,250 in the project. If it is postponed further some of the pre-planning activities may need to be performed again, such as the costing and design stage. There is a chance that the interest rates on the public works loan will come down, there is also a chance that material costs will fluctuate either way.

Option 4, whilst being the lowest precept initially, does come with the significant risk of falling below the recommended 3 months reserves. Council would need to seriously consider this option against the risks of loss of income in that period and then the impact of rebuilding reserves from 2026 onward to ultimately provide a higher precept than option 2.

Swindon Parish Precepts
For information and comparison, the total precepts for the Swindon Parishes (with precepts over £100k) for 2022/23 were:

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