

DRAFT BUDGET 2025-2026 REPORT

Annual Finance Meeting – 20th January 2025

INTRODUCTION

This report provides a commentary to the Draft Budget Figures for 2025/26.

Under Section 50 of the Local Government Finance Act 1992 a Town and Parish Council must take the following factors into account in setting its annual budget:

- The expenditure it will incur in the year in performing its functions
- An allowance for contingencies in relation to expenditure
- The financial reserves it will be appropriate to raise for meeting its future expenditure
- The financial reserves necessary to meet a revenue account deficit for any earlier financial year
- The sums which will be payable to it for the year
- The amount of the financial reserves which the authority estimates it will use

Members' attention is drawn to the following matters:

- Continued increase in fuel and energy costs
- Anticipated increase in insurance costs and end of LTA
- Increase in NI and staff costs, including our commitment to being a Living Wage Employer
- The necessity for significant renovation work on council-owned property
- Developments following the Government's Devolution White Paper

Council Tax Base Rate

The 2025/26 Council Tax Base Rate is 7451 an increase of 0.86%. In 2024/25 the national average Band D rate was £85.88, an increase of £6.74 or 8.5% on the previous year.

Precept History

ELECTION	YEAR	PRECEPT	BAND D	TAX BASE	TAX BASE % INCREASE	OVERALL % INCREASE
	2025/26			7451	0.86	
	2024/25	666,741	90.25	7387.56	3	9
E	2023/24	595,322	82.80	7189.88	4.5	7.62
	2022/23	533,132	80.39	6880.49	6.3	9.5
	2021/22	504,977	78.05	6470.17	1.60	0
	2020/21	496,710	78.05	6364.00	0.10	34.59

Precept 2025/26

Whilst 2024 started with falling inflation rates, more recently we have seen a gradual increase to 3.5% (Source <https://www.ons.gov.uk/economy/inflationandpriceindices>).

A range of percentage increases of the Band D are presented below, the figures already take into account the 0.86% increase on the tax base rate.

The **12%** increase provides a measured and balanced approach, taking into account the ongoing cost-of-living pressures, rising operational costs, and the need to maintain essential services while planning for future projects. It provides an equitable budget across Active Travel, Community, Environment and Heritage committees, enabling the Council to address priorities effectively and maintain its commitment to delivering value to the community.

% Increase	Precept	Band D Annual	Band D Weekly
Current	666,741	90.25	1.74
9%	737,060	98.92	1.90
12%	755,000	101.33	1.95
15%	775,760	104.12	2.00

Members could agree to increase the precept to **15%**, which would provide an additional £20,000 to the budget, for instance there is currently nothing budgeted for 'Devolution'. However, this increase should be weighed up against the alternative option of using funds from general reserves.

Earmarked and General Reserves

The Practitioners' Guide 2024 states the following:

Reserves:

5.31. As with any financial entity, it is essential that authorities have sufficient reserves (general and earmarked) to finance both their day-to-day operations and future plans.

5.32. Smaller authorities have no specific right to accumulate funds via the precept. All reserves should be reviewed and justified regularly (i.e. at least annually). It is good practice to transparently publish both the level and rationale of all reserves.

As at 31st December 2024 our Earmarked Reserves stand at £187,009 and General Reserves at £173,463. Earmarked Reserves are those allocated to a specific budget, which are expected to be spent within a reasonable period of time. It is anticipated that a proportion of EMRs will be spent prior to year end, particularly Environment and Active Travel. General Reserves are funds which are not specifically allocated.

Our general reserves are currently in a healthy position. Given that the Precept is our primary source of income, and the associated risk of income loss is minimal, it would be a prudent measure to reallocate some funds from general reserves to establish a devolution fund, should the Council wish to do so.

Confidential Staffing Report

The budget of £305,000 includes £25,000 for the employment of a facilities apprentice. The deferral of this position could revise the overall increase in the Precept to under **9%**, against a 12% increase. This should be for further consideration during the Private Session but given the potential changes in responsibilities due to devolution, it may be more practical to reconsider this position in the 2026/27 financial year or beyond.

RECOMMENDATION

The following recommendations are made:

1. The Council gives all the statements made in this report due consideration when determining the precept figure for 2025/26.

Please note we have received an extension of time from Swale Borough Council and our completed form needs to be returned on **Tuesday 21st January 2025**.

Louise Bareham
Town Clerk
13th January 2025

Attachments: Draft Budget 2025-2026
 EMR Report
 Forward Budget Report 2024-2030
 Staff Salaries (Confidential)