

## DRAFT BUDGET 2025-2026 INITIAL REPORT

### Policy and Resources Committee – 6<sup>th</sup> January 2025

#### INTRODUCTION

This is an initial report presented to the Policy and Resources Committee and follows a presentation by Committee Chairs to Members of the Council on their project ambitions for 2025/26.

This report will be further updated to provide a commentary to the Draft Budget Figures for 2025-2026 presented at the Annual Finance Meeting on 20<sup>th</sup> January 2025.

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 need for major renovation works to council 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. Our Band D rate increased by 9%

#### 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

<b>E</b>	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.

If all ambitions noted by the Committee Chairs were to be agreed, this would represent an increase to the precept of 35%.

The 20% increase option makes use of £100,000 from reserves and maintains the level of available funds to allow for all Committee Chairs' ambitions. However, reserves can only be used once.

The 15% increase removes the ambitions for the creek, it maintains the youth fund at its current rate of £30k and reduces the budgets across Active Travel, Community, Environment and Heritage.

The final page of the Draft Budget (Appendix A) shows a comparison of 35% increase against a 9%. A 9% level of increase is basically a 'keeping the lights on' approach to maintain administration, staffing and operational cost increases.

<b>% Increase</b>	<b>Precept</b>	<b>Band D Annual</b>	<b>Band D Weekly</b>
<b>Current</b>	666,741	90.25	1.74
<b>9%</b>	737,060	98.92	1.90
<b>15%</b>	775,760	104.12	2.00
<b>20%</b>	810,190	108.74	2.09
<b>35%</b>	910,190	122.16	2.35

### 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.*

At 19<sup>th</sup> December 2024 our Earmarked Reserves stand at £183,661 and General Reserves at £169,343. 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 significant amount of EMRs will be spent prior to year end, particularly Environment and Active Travel. General Reserves are funds which are not specifically allocated.

### Residents' Survey 2024

The Residents' Survey undertaken in 2024 gave an insight into the general likes and dislikes. The positives were a sense of community, events, transport links and heritage, while the negatives included parking, crime, litter and traffic. The responses to some questions have been included for information (Appendix B).

### **CONCLUSION**

The following recommendations are made:

1. The Policy and Resources Committee provides the Town Clerk with an indication as to the most preferred option.
2. Considers whether another councillor workshop is required.

Louise Bareham  
Town Clerk  
2<sup>nd</sup> January 2025