

REPORT:	<u>PRECEPT 2024/2025</u>
AUTHOR:	<u>L.OWENS, TOWN CLERK</u>
MEETING:	<u>TOWN COUNCIL</u>
DATE:	<u>17 JANUARY 2024</u>

1. INTRODUCTION

- 1.1 The first draft of the Town Council's budget for 2024/2025, including consideration of the projected actual expenditure incurred and income received against the budget for the current year, 2023/2024, was considered at the Council meeting on 13 December 2023.
- 1.2 The report showed that, with the final figures for the tax base and LCTRS Grant for next year, and a number of savings included in the budget since the very first draft was prepared, the net budget was showing a required Council Tax increase of 4.41%. The report presented Members with other possible options for savings. After a constructive and detailed discussion Members agreed:
- a) To accept the savings already reflected in the report and to agree an increase in Council Tax of 4.4% for the year 2024/25.
 - b) To accept the proposal to end the contract for plant watering, saving £4,840 next year, to reduce the Events budget by £5,000 to £20,000, to increase charges for the exclusive right of burial from £120 to £150 and interment fees from £200 to £300 and to increase allotment rents to £50 with effect from 1 April 2025.
 - c) Not to agree the introduction of parking charges in the main car park and not to increase charges at Dean Bank or Mainsforth.
 - d) That although the Events budget was to be reduced by £5,000 to £20,000 Members were unable to make a decision on what events to hold at the Council meeting and it was agreed that an events schedule would be considered by the Events Committee in the New Year.
 - e) To include a revenue contribution to capital schemes provision to ensure that the net budget matched the precept requirement.
 - f) Any further minor amendments to the budget should be submitted in writing to the Town Clerk by no later than 3rd January 2024 (as per Financial Regulations).
- 1.3 A decision on the Precept for the year 2024/2025 is required to be made at this meeting to allow notification to Durham County Council by the due date of 19 January 2024.

2. PROJECTED 2023/2024

- 2.1 The summary of the Budget on page 1 shows in column 4, headed "Projected 2023/24", the forecast net position for the year against the budget. Total net expenditure is expected to be £754,840 compared with a budget of £713,400, representing an **over-spending** for the current year of **£41,440**.

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- 2.2 Details of the various over- and under-spending referred to in the December report are not repeated here and there are no major changes in any of the cost centres which require specific reference in this report. However, a budgetary control report was submitted to the meeting of the Resources Committee held on 10 January 2024.
- 2.3 The over-spending will be taken from reserves, and the situation at 31 March 2024, is projected to be as follows:

Reserve	Opening Balance	Movement	Closing Balance
Useable capital receipts	£16,346	£30,624	£46,970
Allotments	£14,896	(£4,780)	£10,116
PWLB loan	£100,000	£0	£100,000
Neighbourhood Plan	£14,930	£0	£14,930
Parish Plan	£5,770	£0	£5,770
Skatepark	£23,000	£0	£23,000
Renewables-Town Hall	£15,000	£0	£15,000
Renewables-Dean Bank	£25,000	(£25,000)	0
Car Park-Mainsforth	£13,989	0	£13,989
Commemorative Benches	£3,549	(£3,549)	£0
Sub-Total	£232,480	(£2,705)	£229,775
Recommended Minimum	£150,000	£0	£150,000
General	£67,060	(£8,081)	£58,979
Total Reserves	£449,540	(£10,786)	£438,754

- 2.4 For a local council the size of Ferryhill, minimum unallocated reserves should be about £150,000. On the basis of the above figures this leaves an amount of £58,979 available for use.

3. **BUDGET 2024/2025 – ASSUMPTIONS AND OTHER FACTORS**

- 3.1 I have made no changes to the assumptions in my report in December regarding general inflation, utilities charges, national non-domestic rates or council tax, even though the latest inflation figure is now around 4%.

4. **BUDGET 2024/2025**

- 4.1 Following meetings with staff, the Budget Working Group, political groups and the December Council meeting the changes identified and agreed in December to reduce the budget have been implemented. Appendix 1 shows a revised net budget requirement of £710,850 for the year 2024/2025, a reduction of £2,550 (0.4%) over the current year's figure of £713,400. No further proposed changes have been received.
- 4.2 The budget is then reduced by the grant of £144,010 in respect of the Local Council Tax Reduction Scheme (LCTRS) from Durham County Council. This is a reduction of £31,644 (18%) on the current year's budgeted grant support. The effect is that

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the net budget is reduced to £566,840 compared with £537,746 this year, an increase of £29,094 (5.4%).

Fees and Charges

- 4.3 The income shown in next year's budget reflects the changes to the level of fees for burials and allotment rents (agreed last year) but no other changes. A schedule of current and revised charges is attached as Appendix 2.

Council Tax Levels

- 4.4 The impact of the net budget on Council Tax levels is determined by the taxbase, which is provided by Durham County Council. The final taxbase for next year is 2336.3 compared with 2313.9 in the current year, an increase of 22.4 (0.97%).
- 4.5 Using the current net budget figure of £566,840 and the final tax base figure of 2336.3, the Band D Council Tax for next year would be £242.63, an increase of £10.23 (4.4%) on the current year's figure of £232.40. For Band A properties the tax next year would be £161.75, compared with £154.93 in the current year, an increase of £6.82. These represent weekly increases of 20p and 13p respectively.
- 4.6 Last year's increase in Council Tax of 1.9% followed an increase of 0.0%, 0.0%, 1.0%, 2.0%, 1.0%, 1.0%, 1.9% and 1.7% in the previous eight years.
- 4.7 An increase of 4.4% will result in the following Council Tax levels at each Band, with the current year's figures shown for comparison, including the annual and weekly increase.

Band	2024/25	2023/24	Annual	Weekly
A	£161.75	£154.93	£6.82	13p
B	£188.71	£180.76	£7.95	15p
C	£215.67	£206.58	£9.09	17p
D	£242.63	£232.40	£10.23	20p
E	£296.55	£284.04	£12.51	24p
F	£350.47	£335.69	£14.78	28p
G	£404.38	£387.33	£17.05	33p
H	£485.26	£464.80	£20.46	39p

5. BUDGET 2024/2025 – SUMMARY POSITION

- 5.1 Appendix 1 provides a summary by cost centre of the budget position for next year based on the above assumptions. The situation, compared with the current year, is as follows:

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	2023/24	2024/25
Net Budget	£713,400	£710,850
LCTRS Grant	£175,654	£144,010
Precept	£537,746	£566,840
Tax base	2313.9	2336.3
Band D Council Tax	£232.40	£242.63
Band A Council Tax	£154.93	£161.75
% Increase		4.4%

- 5.2 The proposed increase in Council Tax is the largest for a considerable number of years. However, there are a number of factors which justify this level of increase:
- Inflation has been at a level of up to 11% in the past year and has only recently reduced to below 4%;
 - Energy costs have increased dramatically over the past eighteen months or so and are still at levels well above previous years. Uncertainty around the impact of world events on future years' figures means it is wise to budget high;
 - The national salary settlement in the past two years has been an increase of £1,925 per annum for all staff. This was unexpected and was not provided for in the budget for the two years involved;
 - Durham County Council has decided to withdraw 50% of the LCTRS grant over the next three years. This amounts to a loss in income of around £87,750, starting with £31,644 in 2024/25;
 - An increase of 4.4% increases the resource base of the Council so that next year any increase in Council Tax results in a higher yield than would otherwise be the case;
 - There is limited scope to make savings required to meet the level of grant reduction expected;
 - Although it is hoped that the service review will result in improved efficiency in the delivery of Council services and related savings, the amount is impossible to determine at this stage and may take some time to achieve.
- 5.3 In order to ensure Members have details of all options, the variation from the Precept figure shown in the right hand column above required to achieve a desired percentage change in Council Tax would be as follows:

<u>Council Tax Increase</u>	<u>Revised Precept</u>	<u>Change Required</u>	<u>Council Tax</u>	
			<u>Band D</u>	<u>Band A</u>
Current Position (+ 4.4%)	£566,840	£0	£242.62	£161.75
3% Increase on Current Year	£559,240	- £7,600	£239.37	£159.58
1% Increase on current year	£548,376	- £18,464	£234.72	£156.48
0% Increase on current year	£542,946	- £23,894	£232.40	£154.93

- 5.4 The above table shows that if the Council wished to reduce the Council Tax increase next year to 1% then a reduction in the budget of £18,464 would be

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required. A zero increase would require savings of £23,894. However, at this stage and in the absence of any properly considered proposals for change, it is anticipated that the current proposal will be approved.

6. REFERENDUM ON COUNCIL TAX INCREASES

- 6.1 The Government has confirmed that referendum principles will not apply to parish and town councils for 2024/25.
- 6.2 It is worth noting that the Government has increased the referendum threshold for principal councils to 3%, with an additional 2% for those local authorities with social care responsibilities.
- 6.3 The referendum thresholds we introduced to protect local taxpayers from excessive increases in Council Tax. Although the referendum principles do not apply to parish councils, the threshold is an indication of the level of increase that is viewed by the Government as reasonable

7. CAPITAL PROGRAMME

- 7.1 Ideally, the Council should have a rolling capital programme for the next three years. It is proposed that the Budget Review Working Group meet as early as possible this year and develop a programme taking into account any outstanding issues from the asset condition survey.

8 RECOMMENDATIONS

- 8.1 In the light of the above, it is recommended that Council:
 - a) Confirms the decisions referred to in paragraph 1.2 above; and
 - b) Agrees a Precept of £566,840 and a Council Tax rise of 4.4% for the year 2024/2025.