

HALLS, CEMETERIES & ALLOTMENTS COMMITTEE



Agenda Item: Finance Report: Revised Revenue Budget 2024/25 and Draft Base Revenue Budget for 2025/26

Meeting Date: 11 November 2024

Contact Officer: Responsible Financial Officer

Should Members have any queries about this report advance notice would be appreciated, in writing, by 12 noon on Monday 4 November to allow for a full response at the meeting.

Background

Each year the Committees of the Council review their estimate of income and expenditure so that proposals can be submitted to the Council in relation to revised revenue estimates for the current year and proposals for the next year. Consequently this report presents Members the revised budget for 2024/25 and the first draft of the revenue budget for 2025/26, in the attached document, for the cost centres which are the responsibility of this Committee.

The budget process is ongoing and there is further work to do. Therefore an updated report on all cost centres which are the responsibility of this committee will be presented later in the budget cycle.

Current Situation

For the Parks and Recreation Committee the following cost centres are in place and these are shown in the report. Cost centres, comprising three digits, typically represent a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

For the Halls, Cemeteries and Allotments Committee the following cost centres are in place.

Cost centre	Service
102	Langdale Hall
103	Bars
104	Corn Exchange
105	Burwell Hall
106	Madley Park Community Centre
301	Tower Hill Cemetery
302	Windrush Cemetery
303	Closed churchyards – St Mary's/ Holy Trinity
305	Allotments

Within each cost centre income and expenditure is then allocated to a four-digit nominal ledger code; these codes are common across the cost centres. Nominal ledger codes further define the costs associated with the cost centre and correspond to a specific type of account, such as materials or staffing costs. Codes commencing with “1” are income codes; codes commencing with “4” are expenditure codes.

The format of this report is straightforward; the first two columns relate to the original budget from 2023/24 against the actual figures for last year. The middle columns relate to the current year’s original budget, actual expenditure year to date, the projected budget to 31st March 2025. The right-hand columns relates to the draft budget for 2025/26.

The Committee’s revenue budget growth items for 2023/24, and its capital/special revenue projects programme for 2023/24 and beyond are dealt with as a separate budget item.

BUDGET PARAMETERS – DRAFT ESTIMATES 2025-26

Draft budgets are prepared on current activities and patterns of income and expenditure. At this stage most of the budget lines have been kept as previously agreed unless there are known variations.

When considering the estimates the RFO examines each individual budget line, looking at the historic trends and known future developments so a flat percentage is not applied uniformly across the estimates. There has been significant inflationary pressure over recent years, peaking at 14.2% in the year to October 2022 (Retail Prices Index). However this year has seen falling inflation albeit inflation varies according to different activities. Where a cost-of-living increase has been applied, 2% has been used for 2025-26 and this has been applied to fees and charges.

There remains uncertainty regarding gas and electricity prices and these could change depending on the unstable international circumstances. The contract placed for 2024-25 and energy efficiency improvements made by the Council mean that the revised energy budgets for 2024-25 will show savings against the original and my current judgement is that there is enough allowance within the original 2024-25 estimates to not apply an increase in 2025-26.

It is anticipated that commercial water rates will rise well ahead of inflation, perhaps as high as 18% in the Thames Water area and this is being factored in.

The pay increase has now been agreed at £1,290 across all pay grades, the equivalent of 67p per hour. In percentage terms this is equivalent to 5.76% for the lowest of the NALC (National Association of Local Councils) pay points. At the higher end of the pay scales the agreement allows for a 2.5% increase. For 2025-26 the estimates will take account of the changes to employer’s national insurance and allow for a 5% pay increase.

Finally, CPI (Consumer Prices Index) is 1.7% (September 2024) and RPI (Retail Prices Index) is 2.7% (September 2024).

REVENUE BUDGET SUMMARY

The Base Revenue Budget for this Committee is summarised on page one of the attached schedules.

On this occasion I have provided a commentary on individual budget lines by saving the report to a Word document and then adding in notes. However Members may wish to note the following general comments:

1. The actual year to date figures are for the first half year, the period April to September 2024 and include the recharges from central budgets.
2. Income - this year the café/bar and Corn Exchange will exceed budget; Burwell Hall is in line with budget. Burial income -notoriously difficult to predict – is higher at Tower Hill and lower at Windrush Cemetery; taken together cemetery income is slightly ahead of budget. I have based income budgets for 2025-26 on performance during the last year.
3. The Council is now accounting for earmarked reserve movements differently. The previous system, used by this and other councils, was to represent in-year funding from earmarked reserves as negative expenditure (4995 – transfer from earmarked reserves) and transfers to earmarked reserves as expenditure (code 4991). These fund movements are now shown in these reports as a “below the line” adjustment “Transfer from/to EMR” so they do not impact on expenditure but are correctly shown as funding. Appropriate adjustments were made in the 2023-24 accounts. The intention is also that such transfers are undertaken at or shortly after expenditure has been incurred.
4. As previously mentioned, two years on from the transfer of grounds maintenance from a contractor to an inhouse team, cost centres 605 and 606 (general and grounds maintenance teams) have been combined into a new cost centre 601. Non-staff related costs have been transferred to cost centre 604 (depot and associated). With regard to these recharges and also the central support recharges, these budgets are the responsibility of the Policy, Governance and Finance Committee, to which they will be presented later in the cycle. However an initial estimate for 601, 602 and 604 has been made and included. Note that for the works team recharges (601 and 604), the actual year to date is based on analysis of weekly timesheets, which itself has been undertaken in more detail this year. However it is more efficient at this stage to estimate the revised recharges for 2024-25 and the estimates for 2025-26 by simply applying a percentage change for each total recharge against the original estimates. This means that some individual recharge lines may look odd, with year-to-date expenditure higher than the projected year end. I intend to address this at a later

date but for now it is much safer to estimate revised 2024-25 and projected 2025-26 based on a percentage of original 2024-25.

5. Grounds maintenance costs are where possible now directly allocated to service codes rather than being apportioned from cost centre 604 (depot). As part of the budget process the corresponding budgets have been transferred to the relevant cost centres and this is indicated on the budget report. This increases direct cost centre expenditure but decreases the recharge from 604. The net impact varies from cost centre to cost centre but all things being equal there is no overall impact on the bottom line. Note though that there is significant inflationary pressure on grounds maintenance with overall costs rising above headline inflation.

Overall the budget estimates show:

Original 2024-25 revenue budget: £546,626

Revised 2024-25 revenue budget: £446,828

Proposed 2025-26 revenue budget: £547,841

Note the above figures will likely change when the works/ central budgets and earmarked reserve movements considered by the Policy, Governance and Finance Committee. The Council has major ongoing capital projects and is also taking on new facilities and this will be an important consideration in setting a balanced budget.

The bottom line on the revenue budgets for this committee appear to indicate little movement on the estimates but within the detail Members will see some significant variations line by line.

It will become clearer as the budget cycle unfolds that there are significant budgetary pressures on the Council.

Impact Assessments

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council's Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report.
- b) Biodiversity - no implications directly resulting from this report.
- c) Crime & Disorder - no implications directly resulting from this report.
- d) Environment & Climate Emergency - no implications directly resulting from this report.

Risk

In decision making Councillors should consider any risks to the Council and any action it can take to limit or negate its liability. The RFO has approached the budget with prudence so as accurate budget as possible can be set at this early stage, although there may be some opportunities to make savings if required to balance the budget.

The provision of regular financial reports is part of the Council's risk management system.

Social Value

Social value is the positive change the Council creates in the local community within which it operates. Social value is not quantified in the financial reports but clearly the creation of social value is dependent on setting adequate budgets to meet the Council's objectives.

Financial implications

This report forms part of the Council's due diligence and a process in line with its Financial Regulations. The financial implications are detailed above and also in the attached appendices.

This report forms part of the Council's mechanisms for budgetary control, as it enables income and expenditure incurred to be reviewed and to be compared with the Council's budgets.

Recommendations

Members are invited:

Members are invited to note the report and consider the revised base revenue budget for 2024/25 and the estimated base revenue budgets for 2025/26, as detailed in the draft estimates.