
Agenda Items:	Item 5: Finance Report: Revised Revenue Budget 2024/25 and Draft Base Revenue Budget for 2025/26
	Item 6: Growth Items, Special Revenue Projects, and Capital Projects
Meeting Date:	26 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 estimates 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 following 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 documents, 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

Within each committee, there are individual **cost centres**, comprising three digits, typically representing a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

The cost centres for which this committee has **direct responsibility** are:

- 206 - Witney Country Park.
- 403 – Planning.

The detailed revenue budget estimates for 2025-26 are attached.

The format of this report is straightforward. From the left 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 relate to the draft budget for 2025/26.

The Committee's revenue budget growth items and its capital/special revenue projects programme are dealt with as a separate budget item are included in this report but are a separate agenda item.

BUDGET PARAMETERS – DRAFT ESTIMATES 2025-26

Draft budgets are prepared on current activities and patterns of income and expenditure. At this stage 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).

ITEM 5 - Revised Revenue Budget 2024/25 and Draft Base Revenue Budget for 2025/26

The Base Revenue Budget for this Committee is summarised on the first of the attached schedules, followed by the detailed schedules.

Members may wish to note the following general comments:

1. The actual year to date figures are for the first six months, the period April to September 2024.
2. The main change to the revenue budget is that it includes the additional member of full-time staff who joined the team in April 2024 for the Witney Country Park (cc206).
3. Again for cc.206 budget lines from 4007 to 4222 have been realigned and there is an increase in overall budget for these from £20,750 to £25,690. However a sum of £3,200 relates to expenditure previously funded under budget cost centre 604, works, relating to lines 4017, 4044 and 4050.
4. 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. Some of the transfers are undertaken at or shortly after expenditure has been incurred. The Council’s reserve position, including earmarked reserves, will be reviewed later in the budget process.
5. 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). The works recharges and also the central support recharges 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 in service expenditure . 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.
6. 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. The impact for each Committee's revenue budgets is significant e.g. during 2024-25 the horticulture budget for line 4039/402 (p.22 of the estimates) , which was previously set at £750 has been increased to £19,500, funded by a virement from the works overhead (depot), the budget for which will reduce by this amount.

The total revenue for this committee is:

Original 2024-25 revenue budget: £139,288

Revised 2024-25 revenue budget: £131,400

Proposed 2025-26 revenue budget: £152,998

There are major pressures across the Council budgets as a whole and so your officers are now scrutinising the estimates for accuracy and also potential savings. This will may alter the figures but any material changes downwards would require examination of service provision itself.

Your officers will also be reviewing the position regarding reserves, both earmarked and general revenue. With an increase in activity the scope for using general reserves for in-year spending will be limited although there may be mor scope in relation to earmarked reserves.

Item 6: Growth Items, Special Revenue Projects, and Capital Projects

These are usually funded from the earmarked reserve for the Lake and Country Park/biodiversity, which amounts to £51,695 at present.

The projects will be in accordance with the relevant business/ service plan and Council decisions going forward.

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, together with the position regarding capital/ special revenue projects.

