

## POLICY, GOVERNANCE & FINANCE COMMITTEE

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**Date:** Monday 22 November 2021

**Title:** **Budget:** Financial Report: Revised Budget 2021/22 and Proposed Budget 2022/23

**Contact Officer:** Town Clerk/RFO – Sharon Groth

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### Background

Financial Regulation 3.2 requires *each committee through the actions of the Policy, Governance & Finance Committee, to review its three-year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Council not later than the end of November each year including any proposal for revising the forecast.*

The purpose of this report is to present to Members the revised budget for 2021/22 and the first draft revenue budget for 2022/23 – in the attached document.

From previous reports the Committee will be aware that, unfortunately, the RFO left the Council's employment on 21 October, following a period of absence, and therefore the Town Clerk has had to resume the role of RFO and begin the budget process as a matter of urgency. At this stage she has only been able to pull together some limited information regarding the revenue budget. The Town Clerk plans to do a full presentation in early December in order to make sure Members are fully abreast of the financial situation of the Council when she has had the opportunity to fully review and scrutinise the spending to date and accounted for new aspirations. She has therefore just covered a few key points below for information and a reminder.

### Recharge from Works Department, Central Support and for the Grounds Maintenance

In order to get a true cost of its services, the Council recharges the total cost of its Works Department (Cost Centre 601) and Central Support (Cost Centre 602) across it. For the Works Department this is done based on the weekly time sheets, and for the Central Support is based on the apportionment of responsibilities of the Officers.

It should be noted when reviewing the accounts that the recharge from the Works Department and Central Support are yet to be made in this financial year and as the Town Clerk is using system generated reports it has not been possible to exclude these accounts from this summary. Only when the budget for both these departments have been agreed by this Committee will the Town Clerk be in the position to calculate the revised recharges and the estimates for 2022/23.

Similarly with regard to the Grounds Maintenance Contract in Cost Centre 503– [shown as 4891- Agency Services Recharge back to the services] – Members will note that the present contract has been extended to end on 30 September 2022 and a new specification is currently being drawn up to take account of the outcomes from the Open Spaces Strategy – in the reports to the other spending Committees the current years figures were retained with a 5% inflationary increase applied, in order to be able to make comparison on a like for like basis across the two years. However, the Town Clerk has been able to base the revised budget on actual figures and applied them across into 2022/3 but making no assumption to any increase a tender exercise may bring. It is hoped that the Council will be able to make a decision on the future of its Grounds Maintenance Service in December.

Members should also remember that with regard to patterns of income and expenditure, there will always be some variations over the course of the year and for that reason the Council works to annual budgets rather than monthly or quarterly.

### **Format of the Council’s Base Revenue Budget**

With regard to the Policy, Governance & Finance budget, the Committee’s services are divided into 10 base revenue cost centres, responsibilities as follows:

<u>Cost Centre</u>	<u>Area</u>	<u>Description</u>
401	Civic Activities	This cost centre relates to the Council’s Civic Activities through the Office of the Mayor and the costs associated with this position of Office – maintaining the chain, civic functions such as the Annual Civic Reception which is a Town Council function hosted by the Mayor.
407	Grants & Donations	This includes the various grants the Council awards annually as well as the general grant budget.
502	Town Hall Maintenance	The Town Hall is leased from the Town Hall Charity – this cost centre therefore provides for the maintenance of the building and accounts for the income from the sublets of the retail units below it.
503	Agency Services	This cost centre relates to the Grounds Maintenance Contract which is then charged out across the various services and functions.
505	Precept	This relates to the annual Precept agreed. The Council no longer receives the Council Tax Reduction Grant this has been phased out now. The Precept is received into the Council’s bank account in two tranches- April and October.

506	Interest Received	Accounts for bank charges and also interest received from the Council's surplus balances held in CCLA and Barclays.
601	Works Department	This relates to the costs of the Council's direct work force – and as explained in the introduction is charged back over the various cost centres analysed from the workmen's time sheets, in order to show a true cost of each service and function.
602	Central Support	This relates to the costs of the Council's Central Admin Support – and as explained in the introduction will be charged back over the various cost centres.
700	Strategic Planning Initiatives	Many projects take time to come to fruition and therefore a lot of time is spent on strategic planning and this needs to be accounted for – this is done as a recharge from Central Support.
701	Corporate Management	This cost centre relates to the Council's Corporate Management covering things like the annual external audit fees.
702	Democratic Representation & Management	This cost centre relates to the Democratic part of the Council's business – which supports the Councillors and the running of meetings.

### **Budget Parameters – Draft Estimates 2021-22**

Draft budgets are prepared on current activities and patterns of income and expenditure – in a normal year! Obviously COVID-19 has impacted on the generation of income from the Council's facilities significantly due to the lockdown earlier in the financial year and continues to be affected due to government guidelines operating within COVID-19 safe measures. In some areas additional expenditure has also been incurred.

Members will note from budget reports presented to the other spending Committees the significant loss of income from its Public Halls Service as well as the fees from Sports such as Football and Cricket for the year – hopefully users of the halls are returning as confidence builds, however this ongoing situation will inevitably continue to impact the Council's income for the remainder of the financial year.

The Town Clerk has revised the budget for the salary and on-costs based on actual known salary costs but the current years NJC Salary Cost of Living Increase is still under negotiation. In fact, the unions are balloting the membership for strike action because they have rejected the offer of 1.75% - as they want 10%. Prudently the Town Clerk has budgeted 3% for 2022/23, and applied the increase to the Real Living Wage where applicable.

The format of this report is quite straightforward; the first two columns relate to the original budget from 2019/20 against the actual figures for last year. The middle section of three columns relate to the current years original budget, actual expenditure year to date, the projected budget to 31st of March 2021. The remaining section of the report relates to the draft budget for 2022/23.

The revenue budget growth items for 2022/23, and capital/special revenue projects programme for 2022/23 and beyond will be dealt with via a separate report which will be tabled at the meeting due to time constraints, but will be based on current requests from the spending Committees and those in the preparation pool.

### **Revenue Budget Summary**

Whilst the Base Revenue Budget is summarised in the attached schedules, it does require further scrutiny by the Town Clerk and a plan on how this budget can be achieved from reserves or increases to the Precept.

Members should note that the Precept is received into Cost Centre 505. Preliminary figures from WODC for the tax base have been applied and for the purpose of these reports a 2% increase to the council tax has been assumed for the time being – this raises the Band D equivalent council tax from £159.04 to £162.22 – but further work needs to be done on the budget to suggest what is affordable for the Council.

Here follows a brief narrative on some of the key headlines of the budgets under this committees responsibility:

### **Cost Centre 407 Grants & Donations**

As the Council has the General Power of Competence most grants unless there is a specific power, are given under the GPC.

4100 – Grants General. Members will be aware that this budget line was increased last year upto £10,000 – and subsequently it has been recommended that for 2022/23 it is increased to £20,000.

4101 – Grants CAB. Members agreed to increase the grant to the Citizen Advice Bureau to £2000 – this will be paid over shortly per an earlier agenda item. It is assumed the Council considers the same level should be budgeted for in the next financial year.

4104 – Grant Carnival/Xmas Rotary Club; 4105 – Xmas Lights & Advent Fayre; 4107 – Witney Dementia Alliance; 4108 – Grant OPA; 4160/4161 – Town Twinning; 4167 – Bus Service; 4169 – Children & Youth Provision. All these budget lines fall under the responsibility of the Stronger Communities Committee and it considered these at its meeting on 15 November. With regard to the Grant towards the Children & Youth Provision in the town it was recommended to increase this from £30,000 to £40,000. The grant to Rotary for the Witney Carnival should have been decided at an earlier agenda item. Historically the Council gave a grant towards the provision of portaloos which was in the region of £1,100. However due to

COVID the Council was asked to grant £4,000 for 2021 because the usual sponsorship from local businesses wasn't available. The Council agreed a grant of £2,600 however the carnival didn't go ahead due to the pandemic. These funds got diverted back to the grants general budget line. Subsequently the Carnival Committee have requested £4,000 for 2022/23 – Stronger Communities Committee asked for further financial information which has been provided at the earlier agenda. The Committee are reminded that the Council also grants free use of the Leys Recreation Ground for the Carnival to take place – as well as loaning equipment.

### **Cost Centre 502 Town Hall Maintenance**

This Cost Centre shows the base revenue budget relating to the Town Hall. From previous reports and a later agenda item, Members will be aware of the situation relating to the empty unit below the Town Hall Offices.

Obviously rental income at 1050 has been affected quite considerably. 4011 – Rates; 4013 – Rent Paid, 4036 – Property Maintenance and 4059 – Other Professional Fees make up the bulk of the costs – particularly as the vacant retail space has been utilised for the Council's admin team, therefore it needed significant expenditure to make it habitable as office space.

### **Cost Centre 503 Agency Services**

This Cost Centre relates to the external grounds maintenance contract. These costs are recharged to the other cost centres on a costs basis. Explanation to how this has been budgeted has already been provided above.

### **Cost Centre 505 Precept**

As explained above, the tax base figures have been provided by WODC and a 2% increase to the Band D Council Tax assumed for the time being.

The Council Tax Reduction Scheme Grant has now been withdrawn by WODC – last year the council received just over £30,000 – so this is quite significant.

### **Cost Centre 506 Interest Received**

Income from the Council's investments with CCLA have been impacted by the rate of return due to COVID. The Town Clerk has increased bank charges as it is planned to move to internet banking as agreed by this Committee some time ago and there are bank charges related to the system identified. The Council has been in the fortunate position for many years to pay just minimal bank charges.

### **Cost Centre 601 Works Department**

The costs of the works team are recharged to the various services as already explained. The biggest cost is obviously salaries and on costs – for the time being the actual known salary information has been retained and inflated by 2% in the current year and 3% in 2022/23.

### **Cost Centre 602 Central Support**

As with the Works department the costs of Central Support are fully recharged back to the various services. Salary and on costs have been applied as per the Works.

### **Cost Centre 700 Strategic Planning Initiatives**

This cost centre is subject to a recharge from Central Support for Officer time spent on strategic planning initiatives and projects before they come to fruition.

### **Cost Centre 701 Corporate Management**

Nothing significant to report on this Cost Centre.

### **Cost Centre 702 Democratic Representation & Management**

Nothing significant to report on this Cost Centre.

### **Environmental impact**

Having declared a Climate Change Emergency at its Council meeting on 26 June 2019 – with this in mind Councillors should have due regard to the environmental impact of any decisions they make with regard to its facilities and services it operates.

As mentioned in the introduction the future of the grounds maintenance contract is hopefully due to be debated next month. By reviewing the grounds maintenance contract this will enable the Council to take into consideration greener measures in order to work towards its objective for carbon neutrality by 2028.

### **Risk**

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

All the Council's Committees receive financial reports in order to carry out its checks and balances. The Town Clerk has approached the budget with prudence so as accurate budget as possible can be set. However at this stage of the budget setting cycle there are still many unknowns.

The Council Officers continue to keep under review the guidance and regulations relating to COVID-19 in order to safeguard staff and the public from contracting the virus – this may result in additional unplanned expenditure – for the time being the Town Clerk has tried to best account in the current year making contingencies.

### **Financial implications**

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 to note the report and agree in principal that the revised base revenue budget for 2021/22 and the estimated base revenue budgets for 2022/23, as detailed in the draft estimates so far, be approved – subject to any further adjustments necessary – particularly when unknown factors have been confirmed.