

FARNHAM TOWN COUNCIL



Annex I

Report Council

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Date: 10th December 2019

Budget and precept strategy for 2020/21

Introduction

An initial budget for 2020/21 is attached at Annex 1, with notes explaining key points or changes in the draft budget attached at Annex 2.

In 2019/20 Farnham's tax was 17102.9. This number has increased to 17,341.2 based on a 99% collection rate (equivalent to an income of £15,368 based on the 2019/20 precept of £64.49) with a Band D total of £1.118,334.

Waverley has also confirmed that it expects to continue the Local Parish Council Tax Support funding (£9,100 for Farnham) in the coming year and is tapering out the scheme over the next three years to zero in 2023/24. To put it in context, because of the introduction of the new Council Tax Scheme Farnham Town Council loses income from a reduced tax base of over 1000 band D dwellings worth in excess of £67,000 per annum

The draft budget has been drawn up based on a review of expenditure in 2019/20 and on the 2018/19 outturn. The budget includes fees and charges broadly based on 2019/20 levels, given the continuing uncertainty in the economic climate, as set out at Appendix C to this agenda.

The overall salary costs are based on the assumption that the full staffing establishment is employed and that all staff are at the top of their grades with a vacancy factor and grade 'lag' built in (there is a 'cost discount of approximately £60,000). The budget level includes a potential provision for a cost of living increase for 2020/21 once the national settlement is determined, and an additional member of staff to reflect the land management responsibilities taken on from Waverley Borough Council.

The management of vacancies as a result of natural staff turnover has again enabled contracted staff to be funded from within the global salaries budget. Reduced provision is made now the bulk of the work on the Neighbourhood Plan has concluded but some resource is allocated to contribute from a Farnham perspective to the Waverley Local Plan Part 2.

As the Town Council is now taking on additional land on a freehold basis the anticipated tapering grant over four years for the leasehold transfers proposal has been removed. There remains an increased sum towards the refurbishment of public conveniences delayed as a result of the deferred discussions on the land transfers. Additional income has been included for

investments, dividends, rent, ticket sales, sponsorship and cemeteries based on current year's experience.

Members have previously discussed the potential impact of pressures on the budgets of principal authorities and the increasing likelihood that there may be a need to further top up or take on services such as street cleansing and litter collection to meet the aspirations of the local community. In 2020/21 the pressures faced by Surrey County Council and Waverley Borough Council continue to increase and some of these impacts are expected to be felt by the Town Council in the coming year to ensure the needs and aspirations of Farnham's residents can continue to be met. The draft budget again retains a sum for investment that might be needed to take on devolved or transferred services. The Localism - New Initiatives budget (Account Code 175). This code could potentially also be used for new environmental initiatives as a result of the Council's decision to progress issues to address the Climate Change emergency and the description has been changed to reflect this. Members will wish to consider whether the amount provisioned is the appropriate level of funding for this.

The Government has again indicated that there is currently no intention to put a restriction on the level of increase in a precept (or band D council tax rise) for town and parish councils (the capping principle) as long as the sector is prudent. This is expected to be confirmed when the Local Government Finance Settlement is published but this has been delayed by the December General Election. Inflation at October 2019 was running at 1.5% (Consumer Price Inflation) down from 1.7% in September and 2.1% by the RPI (Retail Price Index).

A 1% increase in precept would bring just over £11,000 of additional income for Farnham Town Council at a cost of approximately 65p per band D dwelling per annum.

At the coming Council meeting, Farnham Town Council will set its draft budget and in January will then agree the level of precept to deliver its services. The level of precept, which is divided by all the Band D properties to find the Band D level of council tax may be supported by the use of reserves or any changes in the income targets set by Council.

The draft budget attached at Annex 2 (by code) is £1,400,327, (£1,362,152 in 2019/20) with draft discretionary income of £254,300 and (assuming no precept increase) a total income of £1,372,634 meaning a shortfall of income at this stage of £27,693. If funded by Council tax this would equate to £1.60 per annum (3.1p per week) per band D property. This could potentially represent a Band D increase of 2.48%. Annex 1 sets out a summary by Working Groups.

There are a number of options within the budget to adjust spending or income targets, and members views on the way forward are sought. The budget notes (at Annex 3) draw attention to some areas which help members understand how the budget is drawn up. There were no significant issues arising from the Strategy away day in October to be reflected in the coming budget.

Recommendation

Council is recommended to approve the draft budget if no further changes are required.