



# FARNHAM TOWN COUNCIL

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## Report Council

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**Date: 16<sup>th</sup> December 2021**

### **Budget and precept strategy for 2022/23**

#### **Introduction**

The budget for consideration by Council for 2022/23 is attached at Annex I and II, with notes explaining key points or changes in the draft budget attached at Annex 3.

In 2021, Farnham has a provisional Band D tax base of 17654.4 up from 17,363 based on a collection rate of 98%. After exemptions in each area have been deducted, this percentage is multiplied against the Band D calculation in order to calculate the Band D number for each part of the Borough. This means the precept income for Farnham (with no change) would be £1,189,377.

Waverley has also advised that the Local Parish Council Tax Support funding (£6,070 for Farnham in 2021/22) in the coming year will be £3,030. Waverley has been gradually tapering out the scheme to zero in 2023/24. To put this in context, when the new Council Tax Support scheme was introduced the exemptions reduced Farnham Town Council Income by some £60,000.

The draft budget recommended by Strategy & Finance has been drawn up based on a review of expenditure in 2021/22 and on the 2020/21 outturn but in a context of continuing uncertainty over Coronavirus. The prudent approach over potential sponsorship and income from activities has continued but with a return of some elements to pre-covid levels. Investment income continues at a very low rate. The budget includes fees and charges broadly based on 2021/22 levels, given the continuing uncertainty in the economic climate but with provision for increases in allotments (and a change of the allotment year from a calendar year to October to October (to minimise the number of cancellations at the start of the growing year). There is also provision for an increase in the Farmers' Market fees for the first time for several years. A full list of fees and charges will be presented to the January meeting after discussion at Strategy & Finance.

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. The budget level does not include any provision for a cost of living increase for 2021/22 (expected to be 1.5% backdated) or for 2022/23 as no discussion have started yet between the Unions and the National Employers. The Council also has to absorb the 1.25% increase in the Employers' National Insurance contributions. It should be possible for these to be absorbed within the levels this year as long as no new staff are required. There was no clear requirement or agreement to do so at the Strategy Workshop this year. The change of staff to clean the public conveniences and offices (end of contract with WBC) will be absorbed by moving the cost under contracted services back into the staffing code once the transfer takes place.

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. For this budget, it is assumed that any costs in year would be cost neutral or met from reserves if required. The New Initiatives/climate change fund has also been retained to allow for this or other developments and new sums have been included to allow for Young People support (£10,000) and new trees/bulb planting as recommended at the Community Enhancement Working Group. An increase in sums for the extended employment of the Craft Co-ordinator has been included along with sums for the continuation of a co-ordinator for the Literary Festival. The sum for additional staffing and events is being maintained at the same level although an increase in the rate for each event will be proposed to take account of the weekend working (currently the rate works out at approximately £13 per hour and has not been increased for several years).

The Government has not yet indicated any 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). This will not be known until the Local Government Finance Settlement is announced. Farnham Town Council's prudent approach in 2021/22 was again well below the average sector increase for a seventh consecutive year, at 1.94%.

When the Council considers its precept strategy it will need to bear in mind that a 1% increase in precept would bring £11,895 of additional income for Farnham Town Council at a cost of approximately 67p per band D dwelling per annum.

In this Council meeting, Farnham Town Council will set its budget and in January 2022 will 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. Given the challenges around income uncertainty and the pressures on families facing hardship, members will no doubt wish to use every means available to minimise the impact of rising cost of services and other pressures.

The draft budget attached is £1,473,800 with draft discretionary income of £284,423 (up from £204,870 (with more challenging sponsorship and events income targets) and (assuming no precept increase) a total income of £1,432, 607. This represents a shortfall of income at this stage of £41,193.

There are a number of options within the budget for Council to adjust spending or income targets. The budget notes (at Annex 3) provide clarity on how the elements of the budget are put together. There were no significant financial impacts arising from the Strategy away day in November to be reflected in the budget (see separate agenda item) and there are options for future consideration.

### **Recommendation**

**Subject to any revisions, it is recommended that Council adopt the budget for 2022/23 at £1,473,800.**