



# FARNHAM TOWN COUNCIL

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Report  
Council

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**Date: 8<sup>th</sup> December 2022**

## **Budget for 2023-24**

### **Introduction**

The budget recommended by Strategy & Finance for consideration by Council for 2023-24 is attached at Annex 1, with notes explaining key points or changes in the draft budget attached at Annex 2. This report should be read in conjunction with the Notes of the Strategy & Finance Working Group from 8<sup>th</sup> December.

In 2022, Farnham has a provisional Band D tax base of 17,973.5. up from 17654.4. Based on an assumed 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 (with no change) would be £1,253,831 up from £1,189,377 (an increase of £64,453).

Waverley has also advised that the Local Parish Council Tax Support funding will cease in the coming year (in 2022-23 it was £3,030).

The draft budget has been drawn up based on a review of expenditure in 2022/23 and on the 2021/22 outturn but in a context of significant economic pressures particularly with energy costs and high inflation. With Inflation at a 40 year high, running at 11.1% (CPI, October 2022) or 14.2% (RPI) with the Office for Budget Responsibility not expecting target inflation to return until the end of 2025. Analysts vary in their prediction of a peak of inflation (Bank of England CPI of 13.1 % in Q1 of 2023 and Citi Group 18%) but the UK is expected to have the highest inflation among the G& nations until 2024.

In drawing up the FTC budget and mindful of the impact on residents, this is a cautious budget and with inflation provision kept low. The prudent approach over potential sponsorship and income from activities has continued but with an increase of some elements to pre-covid levels. Investment income with rising bank rates has been increased. The budget includes fees and charges broadly based on 2022-23 levels, given the continuing uncertainty in the economic climate but with provision for increases in some areas. 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 a but with a vacancy factor and grade 'lag' built in. The budget level includes provision for a cost of living increase for 2023/24 of an estimated 4% but discussions between the Unions and the National Employers have not yet started.

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 and there is concern about the need to extend services for young people and well-being in particular. The New Initiatives/climate change fund has been retained at a reduced level to allow for this and sums have been included again to allow for Young People support. Provision for the employment of a Craft Co-ordinator and a co-ordinator for the Literary Festival are again included. The sum for additional staffing and events is being maintained at the same level.

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 eighth consecutive year.

When the Council considers its precept strategy it will need to bear in mind that a 1% increase in precept would bring £12,538 of additional income for Farnham Town Council at a cost of approximately 70p per band D dwelling per annum.

In this coming Council meeting, Farnham Town Council will set its budget and in January 2023 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. 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 Working Group recommends (attached at Annex 1) expenditure of £1,643,750 with draft discretionary income of £278,850 (with more challenging sponsorship and events income targets) and (assuming no precept increase) a total income of £1,532,681. This represents a shortfall of income at this stage of £111,069.

There are a number of options within the budget for Council to adjust spending (up or down) or income targets. The budget notes (at Annex 2) 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 and those that were have been absorbed in this budget as best they can be. There are a number of earmarked reserves which can be deployed for some of the areas identified.

### **Recommendation**

**It is recommended that the budget for 2023/24 be set at £ 1,643,750.**