

STRATFORD-UPON-AVON TOWN COUNCIL

TOWN COUNCIL MEETING

7 JANUARY 2025

2025/26 BUDGET & PRECEPT REPORT

1. 2025/26 Income & Expenditure Budget and Precept

- **To agree the proposed 2025/26 Budget;**
- **To set the Precept**

At the Town Council Meeting on 7 January 2025, the Council needs to agree the final budget and determine its precept requirement for the financial year beginning 1 April 2025.

The budget for 2025/26 has been developed under challenging circumstances, similar to previous years. The Council's income and expenditure for the current fiscal year continue to be influenced by inflation and the cost-of-living crisis, despite the negotiation of several new contracts. These challenges continue into the 2025/26 budget, along with the new operational requirements including an increase in employers' National Insurance contributions. Employer's rates are increasing from 13.8% to 15% and the threshold lowered from £9,100 to £5,000 per year. This has made it more difficult to forecast the financial implications for the upcoming year. Factoring in these increasing costs along with the Council's desire to support local initiatives and events has made for some difficult decisions by the Committee.

It is hoped that the new fiscal year will continue to see an upturn in activity for the Town Council with increased bookings at the Town Hall following increased publicity, however a high-level overview indicates a reduced number of bookings. The current surplus is due to the 2024/25 fee increases and some structural changes. Any surplus should aid in offsetting increased operational costs, however, caution is still advised in setting the budgeted income for these areas as they are booking dependent. While the Open Spaces areas, which includes the Cemetery, have some income to offset expenditure, they are mostly funded by the Precept in order to keep fees as low as possible. The Precept is the only guaranteed income for the Town Council.

Each spending committee was again asked to review their spending requirements for 2025/26 and to consider any changes to designated reserve requirements. The budget strategy recommended by the Finance & Audit Committee in September 2024 concentrated on ensuring a year end surplus (after a number of years with a budgeted deficit) in order to replenish the general reserve which is below required levels, ensuring adequate uplifts in essential areas to ensure smooth operation of services. Budget cuts were also considered where possible to offset uplifts, as well as setting an adequate level of precept to meet requirements. The Town Council is committed to ensuring good communication with residents on how the precept is spent as well as on the events/projects funded by it and improvements to them. Committees were asked to have a vision of their aims for the 2025/26 year and to carefully consider expenditure when requesting their budgeted amount, based on real costings data.

A balanced budget with any surplus would reduce the draw on the General Reserve which has seen a fall from £458,644 at the 2015/16 financial year end to £150,836 at the end of 2023/4, which is below the level required by the previous and current policy. Following recent advice from WALC and the external auditor, the general reserve policy was reviewed and revised in December 2024. The general reserve is currently over £84,000 below the *minimum* required level. A recovery in the General Reserve level would allow the Council to give further consideration to the levels of funding for projects and initiatives to support the Town. If the 2024/25 actual expenditure aligns with the budgeted expenditure, the General Reserve would fall by a further £30,672 (£30,000 of the £60,672 deficit was planned Community Infrastructure Levy expenditure, which comes from a separate restricted reserve as it cannot be spent for any other purpose).

Current budget figures are based on YTD expenditure, plus inflation and/or any known changes or considerations. Since the First Draft which showed a potential deficit of over £91,000, the budget for 2025/26 has gone through a number of reviews and iterations. The last draft was published in December 2024 and reviewed by the Finance & Audit Committee at their meeting on 3 December with further changes to follow. The latest version, attached as **‘Appendix F’**, has been submitted with this paper for review at Town Council on 7 January 2025. Recommended changes have seen the budget deficit removed and replaced with a potential surplus of £23,560 if the suggested level of rate charge is agreed for the 2025/26 precept. However, the final decision on the rate charge is

to be debated and agreed at the Town Council meeting on 7 January. **Appendix 'G'** shows the precept scenarios, with the tax base figure now confirmed by the District Council. There has been much discussion throughout the year on how continued budget deficits are unsustainable for the Town Council and must be carefully reviewed by Councillors.

The Management Accounts for November 2024 indicate gross expenditure in 2024/25 may not reach the levels budgeted and, coupled with a small surplus from Town Hall hire, the latest forecast suggests there may be a surplus come year end. However, caution is advised as there are still 5 months' of expenditure to process (starting with December's management accounts) and projects that have not yet completed, and so this forecast could change.

A surplus at year end could result in an increase in the General Reserve, rather than a reduction which was envisaged when the current budget was approved in January 2024. Any difference between any actual surplus (or deficit) reported at year end compared to the budgeted deficit could result in fewer reserves being withdrawn. While there will be some expenditure from the designated and restricted reserves to fund some of the current year's actions, overall, the designated and restricted reserves are expected to increase, primarily due to Community Infrastructure Levy receipts which cannot be budgeted for as they are an unknown until issued by the District Council.

Note that the recommended draft budget for 2025/26 makes some allowance for replenishing some designated reserves, such as the Building Maintenance Reserve and Cemetery Land & Building Maintenance Reserve to fund future large scale project costs.

Budgeted Gross Expenditure for 2025/26 has seen an increase of over £57,000 compared to 2024/25, while Budgeted Gross Income (excluding the Precept) has decreased by nearly £6,500.

The precept amount reported in the draft budget being taken to Town Council is based on a Tax Base of 14,552.55 (confirmed by the District Council in December 2024, an increase of 319.86), and a Rate Charge per Band D Household of £53.46 (a £6.97 increase per year). This gives a potential precept value of £777,979.32, however, this is not the final agreed figure - that will be determined at the Town Council meeting, along with the finalised budget for 2025/26.

The following recommendations were minuted at the Finance and Audit Committee meeting of 3 December 2024 in relation to the budget and precept:

Draft Budget and Precept Requirement for 2025/26

It was Proposed, Seconded and

AGREED: *that no recommendation could be made at the meeting until the 2025/26 tax base was released by District Council later in the month. A delegation was agreed for the RFO to meet with the Committee once this information was available to enable a recommendation.*

Following the release of the Tax Base by the District Council, the RFO met with the Committee where a recommendation was made of a £6.97 increase to the rate charge.

Council must sign off or amend the budget at the meeting on 7 January 2025 in order to submit the precept requirement to the District Council. The District Council has set a deadline of 24 January 2025 for this submission.

Responsible Financial Officer
2 January 2025