

NEWTON ABBOT TOWN COUNCIL

REPORT TO: Finance & Audit Committee

DATE: 10th January 2024

REPORT AUTHOR: Deputy Town Clerk & RFO

REPORT TITLE: DRAFT Budget 2024/25

AGENDA ITEM No.: 7

1. PURPOSE:

To give consideration to the Council's budget for 2024/25 and making a recommendation to the Council on a Precept for 2024/25.

2. MAIN IMPLICATIONS:

- (a) **Legal** – The Council has a legal duty to set an annual budget and Precept.
- (b) **Financial** – Contained within the body of the report.
- (c) **Policy** – A responsible budget is necessary to deliver the Council's stated vision, policies, priorities and objectives.
- (d) **Property** – None.
- (e) **Personnel** – Proposed budget contains provision for nationally agreed pay award.

3. BACKGROUND:

3.1 The Council is required to approve an annual budget and subsequently Precept upon the District Council to facilitate the delivery of statutory and non-statutory services.

3.2 Each year the Council arranges an Annual Town Meeting in April whereby residents and visitors to the town can voice their needs and aspirations for their communities. In 2020 this was not possible due to COVID-19 restrictions, however, Members continued to engage with the public by holding a Town Meeting in October 2021, again in April 2022 and in 2023 on 20th May. Accordingly, the Council's future priorities were reviewed whereby it was recommended to continue to support the economic vitality of Newton Abbot and in doing so expressed the intention to continue to address the cleanliness of the town as a whole, alongside recognition of the projects identified in the revised Community Plan 2022-2032.

3.3 The Strategic Planning Forum has considered each year the communities' needs and aspirations as communicated. This year the process started on 26th July in view of the Local Government Elections, with an instruction for the Council's committees and sub-committees throughout the Autumn to consider their requirements with a view to informing a draft budget for consideration by the Finance & Audit Committee on 1st November. The Finance & Audit Committee is to recommend a budget and Precept to the Council at its meeting to be held on 24th January this year. The District Council requires all parish and town council Precept requirements by 31st January each year.

4. THE ISSUES:

4.1 It is necessary for the Council's budget to include those items which the Council must provide to exist as a local authority – i.e. buildings, staff, equipment, water, energy, insurance

etc. Those items are effectively the base budget, along with services and activities delivered through the committees and sub-committees.

4.2 It is worth noting at this stage that the effect on a Band D Council Taxpayer is directly affected by the Council Tax Base. In the past, due to the number of properties in the town increasing, it has had a positive financial effect on the Council's Precept. Teignbridge District Council informed the Council in 2021/22 there was a negative effect of 2.02%. In cash terms that reduced the Council Tax base by £17,543. The reason given for this negative effect was explained by a reduction in the collection rate of Council Tax from 99% to 97% together with an increase in the number of households in the district claiming Council Tax Support. This situation has fortunately changed in subsequent years. The situation for next year is as follows: Effectively, if the Council took no action on its budget/priorities, the following would result -

Town / Parish	Current year tax base	Current year precept	Current year council tax	Next year estimated tax base	Next year budget for same council tax	Additional precept for the same Band D
	number	£	£	number	£	£
Newton Abbot	8,548.40	1,284,500	150.26	8,767.0	1,317,329	£32,829

4.3 The overall effect on the Council's budget/Precept increases the amount received for the same amount of Council Tax by £32,829. This is, I suspect, because the District Council caught up somewhat on the collection of Council Tax and there have been more new dwellings being occupied since the COVID period has recovered.

4.4 Once the base budget has been agreed, it is important to take into account any changes in activity and operational matters, such as in the current financial year there were the costs associated with the nationally agreed salary award being higher than had been included in the budget. In addition, there continues to be a national and international economic crisis which has led to the highest level of inflation that has been experienced for decades. However, it appears that this may have now calmed. Also, the Council has suffered increased costs due to problems in the insurance industry which has led to a reduction in insurers in the local government sector and premiums increasing by sums higher than inflation with insurance companies becoming far more rigorous in their requirements.

4.5 Strategically, it was agreed that all committees/sub-committees would consider their budgets, taking into account the legacy of the COVID effect on many budgets underspending in the previous years. They were requested to give consideration to any necessary growth required due to increased demand/reduction of services from the principal councils.

4.6 It will be noted that the increase in the Council Tax Base for 2024/25 is somewhat more in line with pre-Covid times which is encouraging. This is even with the loss of 97 properties that were transferred into the Ogwell Parish as a result of a boundary change.

4.7 The **Draft Budget** therefore and arising **Precept** for 2024/25 is set out below:-

	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Budget	891,766	1046,000	1,167,000	1,397,815
Add Reserves @ 25%	222,941	261,500	291,750	349,454
	1,114,707	1,307,500	1,458,750	1,747,269
Less cash at bank, say	200,000	225,500	174,250	162,711
Precept =	914,707	1,082,000	1,284,500	1,584,558

4.8 The table at 4.7 above illustrates a comparison of previous year's budgets and arising Precept and that for 2024/25. The reason for the difference between the base Budget figures is inflation, pay award and consequent on-costs, increased insurance costs and the intention to increase the cleansing provision with new plant/equipment.

4.9 The proposed budget and Precept for 2024/25 above, would have the effect of increasing the Council Tax for a Band D property by **59 pence** per week (**£30.48** per annum or **£2.54** per month). It is considered important to make the distinction between the additional cost in real (cash) terms rather than as a percentage. A Band D taxpayer in Newton Abbot would pay **£180.74** p.a. Previous years below:-

Precept £ 2018/19	M/plier 2018/ 2019	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week (p)	B/ D Cost per day (p)	Diff p per week	Total sum + CTSG
764,206	8,226.0	92.90	9.42	11.29	1.79	25.50	0.18	827,996
Precept £ 2019/20	M/plier 2019/ 2020	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week (p)	B/ D Cost per day (p)	Diff p per week	Total Precept
777,109*	8,365.0	99.18	6.28	6.76	1.91	27.20	0.12	828,539
Precept £ 2020/21	M/plier 2020/ 2021	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week (p)	B/ D Cost per day (p)	Diff p per week	Total Precept
866,039	8,496.6	101.93	2.88	2.91	1.96	27.9	0.06	866,039
Precept £ 2021/22	M/plier 2020/ 2021	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week £	B/ D Cost per day (p)	Diff p per week	Total Precept £
914,707	8,324.3	107.63	5.70	5.6	2.07	0.30	0.11	914,707

*before adding recovery of loss of CTSG and inflation

Precept £ 2022/23	M/plier 2022/ 2023	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week £	B/ D Cost per day (p)	Diff p per week	Total Precept £
1,082,000	8,527.1	126.89	17.01	15.48	2.44	34.76	32.7	1,082,000
Precept £ 2023/24	M/plier 2023/ 2024	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week £	B/ D Cost per day (p)	Diff p per week	Total Precept £
1,284,500	8,548.4	150.26	23.37	18.42	2.89	41.17	0.45	1,284,500

4.10 The Strategic Planning Forum, taking into consideration the pressures upon the Council in the foreseeable future; the reintroduction of Capital Fund (capital receipt for the disposal of 9 Devon Square and CIL income albeit a very small amount in the second tranche 2021 for reasons due to the legacy of COVID-19); and the Council's decision to firmly focus on the needs of the community and acknowledging the pressures involved with neglect of the environment and the need for action thereon, following the delivery of Newton's Place, recommend a reasonable Precept to be as follows:-

Precept £ 2023/24	M/plier 2023/ 2024	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week £	B/ D Cost per day (p)	Diff p per week	Total Precept £
1,584,558	8,767.0	180.74	30.48	20.29	3.48	49.52	0.59	1,584,558

5. OPTIONS:

5.1 Do nothing, recommend a budget and Precept at the same level as 2023/24. That would be a reduction over the course of the year due to increased costs to the Council, even with the increased council Tax Base. Allows no growth and will certainly not support the Council's vision to support the future economic vitality and cleanliness of the town. Will severely reduce the Council's reserves below the statutory guidance of 25% of the approved budget.

5.2 Support the work of the Strategic Planning Forum's meetings held between July & November last year to create the proposed budget set out in paragraph 4.7 above. This is intended to meet the community's needs regarding the ongoing operation of Newton's Place; allows appropriate maintenance and security of the Council's assets; continued attempts to address the clean environment issues; and supports the growth of Newton Abbot.

5.3 Propose an alternative budget **and** Precept, which will need to include details of its implications on the delivery of the Council's statutory obligations and reserves position.

N.B – *In discussing the Council's Budget Strategy, the Strategic Planning Forum recommended that if any Councillor(s) wishes to propose an alternative budget, this must come forward at this meeting of the Finance & Audit Committee. This is to allow the Precept and reserves implications of any proposed alternative budget to be calculated and presented to the Council at its meeting to be held on 24th January 2024. As stated in this report the*

Council has a legal duty to set an annual budget and Precept, the Council meeting is the last opportunity to pass a resolution to set the Precept. Any delay will have an impact on the Council's ability to fulfil its legal duty.

6. CONCLUSIONS:

6.1 The Strategic Planning Forum has considered in considerable detail the Council's vision and aspirations on behalf of the citizens of Newton Abbot (and its hinterland). These aspirations are contained historically in the Newton Abbot Community Plan, revised 2022/32; are revisited and tested each year at the Annual Town Meeting and were very much restated in consultations on the Newton Abbot Neighbourhood Development Plan, which was adopted following a public vote.

6.2 Acknowledgement has been made to the levels of Community Infrastructure Levy (CIL) to be received over the life of Plan Teignbridge to 2033 (currently under review) which were not inconsiderable prior to COVID-19 but hopefully will return again now the pandemic has been defeated, although the global economic crisis is clearly still having an impact in the short to medium term on house sales. The ambition to deliver Newton's Place II, the creation of a 'One Stop Shop' for community services whilst taking note of other developments in the town led by other organisations still remains very much an unknown at this stage. Again, due to the pandemic and now other economic factors all bodies are continually reviewing their priorities and consequently the Town Council needs to continually review its own.

6.3 The Chancellor in his Autumn Statement allowed principal councils to increase their element of Council Tax by 2.99% per household (those with social care responsibilities such as the County Council can increase it by a further 2%). If they wish to increase it by more, they are required to hold a referendum. This continues to not apply to parish and town councils. It is worth noting that historically the top ten Band D Council Tax rates in Devon are between £256 p.a. and £161 p.a. with Newton Abbot ranked 12th based on the 2023/24 Band D. Based on what Newton Abbot offers to its residents, £180.74 could be considered as very good value for money, indeed!

7. RECOMMENDATION(S):

(a) The Strategic Planning Forum's deliberations results in the budget and Precept for 2024/25 as below which should be referred to the Council at its meeting to be held on Wednesday 24th January 2024:-

Precept £ 2023/ 2024	M/plier 2024/ 2025	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week (£)	B/ D Cost per day (p)	Diff p per week (p)	Total Precept £
1,284,500	8,767.0	180.74	30.48	20.29	3.48	49.52	0.59	1,584,558

(b) The Recommendation of the Finance & Audit Committee meeting to be held on 10th January 2024 would therefore be:-

RESOLVED that the Council at its meeting to be held on 24th January 2024 be **RECOMMENDED** to adopt a Precept of **£1,584,558** for 2024/25 representing an *increase* of £30.48p p.a, (an annual payment of £180.74/ £15.06 per month / 3.48 per week) or 20.29% for a Band D property in Newton Abbot and that Teignbridge District Council be requested to collect on the Town Council's behalf the sum of **£1,584,558**.

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Background Papers:	None.