

### **Introduction**

Every financial year Haslemere Town Council must set a budget for the following financial year. The Budget Working Party (BWP) will present a proposed budget for the year 23-24 to the Full Council to vote on at its January 2023 meeting.

This initial report gives summary of the BWP's progress to date and brings to the Council's attention some questions that will need to be resolved before the budget is finalised. These arise because with projected expenditure as it currently stands the Council will require an increase in the precept of £121,078 or 33%.

### **Core expenditure**

Core expenditure makes up the bulk of the budget (£376,960 out of £522,210) and is expected to increase by £42,178 (13%) compared to last year's budget. On a like for like basis core expenditure is projected to increase by approximately 7.5%, which is well below the current rate of inflation of 10%. The remaining increase is due to the additional estimated cost of servicing the new public toilets.

While we are very aware of the need to control costs at a time of high inflation, the BWP does not feel that there is any material scope to reduce core expenditure.

### **Non-core expenditure**

Non-core expenditure covers the Council's discretionary spending, including recurrent revenue grants, one-off special projects and the funds set aside each year for the small and green grants committees. By their very nature these items vary from year to year. However, the total headline figure for all non-core expenditure in the budget for 23-24 is £145,250. This compares to £98,350 in 21-22 and (stripping out the exceptional cost of the new public toilets – see the note at the end of this paper) £95,850 in 22-23. It is therefore an increase of some 50% or circa £50,000 over the typical level of expenditure.

The individual items include a mix of recurrent expenditure, one-off projects that have already been approved by the Council, and items that have yet to be approved. However, again after stripping out the exceptional cost of the new public toilets, retaining all of these items will lead to an overall increase in the overall budget of 21%.

It may be that the Council is satisfied with an increase of this size. However, if the Council wants to keep the overall increase in expenditure to around 10%, in line with inflation, then it would need to reduce total expenditure by a little under £50,000. To keep the budget static would require cutting expenditure by around £90,000. As we see little scope to reduce core expenditure all of these reductions would need to fall upon non-core expenditure.

The tables below show the details of the currently budgeted non-core expenditure along with some commentary on individual items. We have made some recategorisations

compared to earlier years as it has become clear that some items are in reality recurrent revenue grants and so should be treated accordingly.

<b>Revenue grants</b>	<b>22-23 £</b>	<b>23-24 £</b>	<b>Comment</b>
CAB	12,500	21,750	CAB have requested an increase. Not yet agreed
HOPPA	5,000	7,500	Increase agreed by Council
A Place To Be	5,000	10,000	APTB requested 6,000; Council granted 10,000
Haslemere Com Stn	0	2,500	To be discussed at November Council
Visit Haslemere	5,000	5,000	Awaiting formal request
Weyhill in Bloom	850	1,000	Awaiting formal request
Twinning	500	500	Awaiting formal request
Hasle. Youth Club	0	6,000	One-off grant given in 21-22. To be discussed
Small Grants	10,000	10,000	Both small and green grants have underspent by £2,500, so one option is to reduce these
Green Grants	10,000	10,000	

<b>Special projects</b>	<b>23-24 £</b>	<b>Comment</b>
Town Meadow play equip	50,000	Agreed Sept. Could be funded from CIL
King's coronation	5,000	
Town Hall works	12,500	Urgent bell tower and external repairs. Is CIL possible?
Hasl. Nature writing festival	2,500	To be discussed
War memorial repair	0	Deferred by one year – hence zero – but included for completeness
Town Meadow tree work	1,500	Agreed by Council

Note: items 'to be discussed' have been submitted but not yet approved by the Council.

### **Revenue and the precept**

While it is an important question as to whether the Council wants to make these increases in spending, it is perhaps an even bigger questions as to what impact they will have on the precept. This is affected by both the planned expenditure and any changes in non-precept revenue.

In practice, the vast bulk of the Council's income comes from the precept. Our budget for other sources of revenue (excluding CIL) is only £15,195 and this is unchanged from the prior year. Hence unless we can fund via CIL or are able and willing to release reserves, the increases in expenditure set out above will fall directly upon the precept.

The Council currently has uncommitted CIL funds of some £50,000. The use of these funds is tightly prescribed but it does seem possible that they could be used to meet at least part of the cost of the proposed Town Meadow play equipment. However, as in the previous budget the Council took advantage of £40,000 of CIL funds as revenue to fund the new public toilets, this would only lead to at most a £10,000 increase in non-precept revenue.

The BWP and the Town Clerk have discussed our reserves and feel there is only limited scope to release them, of the order of perhaps £15,000, which is the increase in reserves from underspending over the last year.

Council will recall that we used £30,000 of reserves to support local institutions in respect of Covid as well as £72,500 to partially fund the new public toilets, and that at the time we felt that this had reduced them as far as was reasonable. In the BWP's view this situation has not changed.

If no reductions were made to expenditure but the full CIL and reserve releases were made, Council would require the income from the precept to increase from £370,937 to £442,015, an increase of £71,078 or some 19%. To keep the increase in the precept at or below 10% would require a reduction in non-core expenditure (excluding the Town Meadow play equipment if funded by CIL) of £33,984.

### **An example change**

This is a difficult but not impossible target. As an example, if we restricted the Town Meadow play equipment and Town Hall works to those which can be paid for by CIL, decided not to agree the Community Station, Youth club and Nature writing festival requests, only granted A Place To Be the amount they had originally requested, and reduced the Grants committee allowances to £7,500 each this would reduce expenditure by £32,500.

That is not to say that the above is the right combination, but it does illustrate the type of changes that would be required if this is our target.

### **A note on like for like comparison**

The last few years have been unusual with the impact of Covid and the provision of the new public toilets, which makes year on year comparisons difficult. To make comparisons between the years meaningful we have:

- Not included the support fund grants received nor any payments made from them. Neither of these were in the prior budget and as they exactly cancel, they have no overall effect on finances.
- Removed the cost of the new public toilets from the comparison of special projects, as this was intended to be funded over many years rather than from annual revenue.

### **Questions for the Council**

The BWP would like to seek the Council's guidance on the following questions:

1. Does the Council want to continue with the level of non-core expenditure currently shown, or would it like to reduce this, including revisiting expenditures already agreed? If so, does the Council have a view on the overall increase in expenditure and precept it would be comfortable with?

2. Is the Council happy that the unallocated CIL fund, or some portion of it, be used to fund the Town Meadow play equipment?
3. Should the BWP suggest a revised set of non-core spending to meet the Council's target increases, to be debated in January? If so, does the Council have any guidance on any specific line items?