

Final report of the 2023-24 Budget Working Party 12th January 2023

Recommendation

The budget working party recommends that the Council adopt the budget for the financial year 2023/2024 summarised in this paper and set out in detail in the attached Excel Budget file, including planned expenditure of £486,810. To fund this budget the Budget Working Party recommends that the Council set the precept for the 2023/24 financial year at £52.64 per band D property, which is an increase of 10.4% overall and 9.9% or £4.74 per band D property against the current year.

Introduction

Every year Haslemere Town Council must set a budget for the coming financial year. This year setting a budget has been a particularly difficult process given the high levels of inflation and the Council's desire not to add to the burden on residents if possible.

At the previous Full Council meeting we considered the increase in the precept that the council would be willing to accept and were informed that an increase in line with inflation, i.e., of broadly 10% would be acceptable, but no higher. Unfortunately, the impact of decisions already made in the year would have led to an increase of the order of 30%. The Budget Working Party (BWP) was therefore asked to review the budget and present the Full Council with an option that limited the increase.

It was accepted that this would require some difficult decisions and so the BWP was asked to draw up a set of guidelines to apply in agreeing a suggested budget, so that the process was transparent. We have done so, and these guidelines are discussed below. To be as transparent as possible, we have set out in this note how we have applied these guidelines and any instances where we had to apply further judgement.

The Budget Working Party recommends the budget and associated precept set out in this report and the attached Excel file. It is fair to say that all BWP members felt uncomfortable with at least some of the decisions they have had to take, but that they recognised the need to make difficult decisions to meet the 10% target. The BWP stands unanimously behind this budget.

As Chairman of the BWP, I appreciate the constructive and non-partisan nature of the debate within the BWP. I would ask that in their discussion of this paper the Full Council recognises the difficult situation we are all in and takes a similarly constructive approach.

For the 2023/24 financial year the proposed budget is £486,810. As discussed below, the budget breaks broadly into core and non-core expenditure. The core expenditure covers the day to day running of the council, the non-core expenditure covers grants and special projects. Both of these, as well as sources of funding, are discussed separately.

Guidelines

As discussed at the last full council and examined in more detail later, the majority of any reduction in expenditure has to fall on non-core expenditure. This includes projects close to Councillors' hearts and to make sure any changes are transparent and fair the BWP was asked to set out guidelines as to how such decisions would be made, and these are given below.

As agreed at the last Full Council meeting, we also adopted the view that CIL will be used as a source of funding where possible.

For avoidance of doubt, these guidelines only relate to the 2023/24 budgeting process. There is no suggested change to longer term processes, including the eligibility requirements or approach to requesting grants.

The guidelines the BWP applied are:

1. Any activity required to ensure the safety of our staff or the public must come first.
2. Particularly at the moment, protecting the most vulnerable has the next highest priority.
3. We will place greater priority on projects that benefit wider groups of Haslemere residents over narrower groups.
4. Maintaining existing (revenue) grants will have priority over new revenue grants or increases to existing grants.

Hopefully these are not contentious; the BWP had no internal disagreements over them. We felt that the first two were almost self-evident. The third guideline reflects the criteria by which we already judge grant applications, while the final guideline reflects the need to meet promises we have already made, around which plans may have been built, and to spread our limited funding as widely as possible.

In practice, the 1st guideline had very little impact beyond setting a minimum on the budget for Town Hall building works, the majority of which in any case fall into the current financial year.

It is worth stating these guidelines are just that: guidelines. The process of setting the budget cannot be mechanical, both because individual circumstances are complex and because there is not a universal answer to how multiple or conflicting guidelines should be applied.

Before starting its deliberations, the BWP asked for input from Councillors, both on what would be appropriate guidelines and upon any areas of the budget that that were of particular concern. We received input from two Councillors and have taken this into consideration.

Core expenditure

The proposed budget for core expenditure is £373,960 in total. This is an increase of 11.7% over the previous financial year. The BWP has reviewed the suggested core expenditure in detail and is satisfied that it is reasonable.

As always, there are increases and decreases across the board, most of which largely cancel out. The relatively large percentage increase in headline expenditure is almost entirely explained by the cost of maintaining the new public toilets, of some £18,000 pa. Excluding this, the annual increase is 6.3%, well below the rate of inflation.

Non-core expenditure

Non-core expenditure comes under three headings: revenue grants made by the council to support local organisations, other grants, and special projects. This is the area where any savings must be found.

Revenue grants

In examining the grants, it became clear that we have in some cases made what are effectively revenue grants to organisations as a series of one-off payments. To ensure that we treat all organisations fairly we have reclassified all of these as revenue grants.

The table below shows the revenue grants (including de facto revenue grants) made over the last two years and suggested for 23/24. Note that the Youth Hub grant in 21/22 was *not* a revenue grant, but has been included here for transparency. What follows is a discussion of how the BWP applied the guidelines set out earlier in making our suggestions.

	21/22	22/23	23/24
CAB	12,500	12,500	18,500
Hoppa	5,000	5,000	7,500
A Place To Be	5,000	5,000	6,000
Comm Rail Partn	2,500	0	0
Visit Haslemere	0	5,000	2,500
Weyhill In Bloom	850	850	850
Twinning	500	500	0
Youth Hub	5,000	0	0

For many years the Council has made revenue grants to support the local Citizen's Advice Bureau and the Hoppa bus service, and formally agreed to a recurrent revenue grant for the Place to Be youth club in 20/21. The BWP considers all of these to support the most vulnerable and directly benefit a wide group of Haslemere residents, so they clearly meet guidelines 2-4.

During the year the Council suggested increases to all of these grants. We have pulled back the suggested grant to A Place to Be to £6,000, which is the amount they asked for. We have also suggested limiting the grant to CAB to an amount slightly lower than they asked for, although still almost a 50% increase, in order to spread our support as widely as possible.

The Council has also supported Weyhill in Bloom for many years. While it doesn't meet guideline 2, it does in our view meet guidelines 3&4. We have therefore suggested maintaining but not increasing our grant (an increase was requested).

Funding for Visit Haslemere started in 22/23. The BWP feels that Visit Haslemere also meets two of the four guidelines (3&4) and therefore we have suggested maintaining some funding, but not at the previous level.

The Council has supported the Community Rail Partnership in the past, but they did not request a grant for the current financial year. The BWP therefore felt that they only met one of the guidelines, number three, and have not suggested making a grant this year.

Similarly, while the Council has supported Twinning for many years, we did not feel it met any of the other guidelines and have suggested not making a grant this year.

The BWP would like to reiterate that the above is not meant to suggest that Visit Haslemere, the Community Rail Partnership or Twinning are not worthwhile causes, nor that they should

not receive grants in future, only that in a particularly straitened year they are a lower priority than some other applicants, given that we need to make cuts somewhere.

The area of greatest discussion and disagreement within the BWP was the Youth Hub, and it is fair to say it is the only area where we did not reach a consensus view. All members agree that it provides a worthwhile service to an important part of the community; for some this is in itself reason to make a grant. Against this, no grant was paid last year, the 21/22 grant was a one-off and not a revenue grant, and following guideline 4 we are not giving priority to new grants. Moreover, there was no other area that the BWP membership was willing to see cut to fund such a grant. Given this, the majority view was not to suggest a grant for the 23/24 year.

Other grants

This category consists of the Small and Green grants made by the Small grants committee. Previously, the Council has set aside £10,000 under each category. To meet our expenditure limit and spread the load widely we suggest that each is cut to £7,500 for 23/24. This is not meant to be a long-term cut, but we recognise that a new Council will be elected in May and that whether to return funding to its previous level in future years falls to them.

Special projects

These are one-off projects; hence we have not provided a direct comparison to last year. Only four projects have been submitted for the Council's consideration this year.

- *Town Meadow Playground Equipment.* This is a large project, in the region of £50,000. The BWP is confident that this is eligible for CIL funding, and that the Council has sufficient CIL to fund it. To the extent that it is funded through CIL it will have no impact on the precept. The BWP therefore suggests that this project is included in the budget, but only to the extent that it is funded via CIL. The decision as to what and how much to spend should be taken through normal Council procedures.
- *King's coronation.* A suggested budget of £5,000 has been set aside to celebrate the King's coronation. Even in difficult times the BWP believes the Council would wish to have some celebration of such an event.
- *Town Hall Works.* There is a schedule of works required to maintain the Town Hall. In conjunction with the Clerk the BWP has suggested that the budget should only cover the most serious of these works, as required under guideline 1. We have suggested a budget of £6,000 to cover these.
- *Town Meadow Tree Contribution.* The Town Council has agreed to part fund the maintenance of trees causing a nuisance to neighbours at the Town Meadow, at a cost of £1,500. We do not believe that we can in practice or good faith go back on this agreement.

Impact of non-core expenditure changes

The changes and cuts to non-core expenditure set out above bring the precept within the target set by the Full Council. The BWP understands that some of the items suggested may be difficult for Councillors to accept and would welcome any suggested alternatives.

However, Councillors will face the same issue the BWP did, that for every increase in one area we need to make a reduction elsewhere or face an increase in the precept. We would urge Councillors to bear this in mind in any suggestions they make.

As a guide, a further £3,727 of spending equates to a 1% increase in the precept per band D property. As an example, deciding to provide the requested grant to the Youth Hub would add roughly 1.5% to the precept. Even after using CIL funding and making other cuts where possible, meeting all of the revenue grant requests would give a total increase in the precept of 15%.

Sources of funds

The funds to meet the expenditure set out in the budget come from a variety of sources. These include releases of existing reserves, the annual precept, and a variety of miscellaneous sources. A detailed breakdown is given in the budget spreadsheet and a high-level summary is set out below.

Source of funds	Amount £000
Precept	409.6
Budgeted use of reserves	12.0
CIL funds (for Town Meadow project)	50.0
Miscellaneous income	15.2
Total	486.8

In practice the Precept is the balancing item that matches income to expenditure.

The budgeted use of reserves is relatively small as we have drawn on reserves in previous years, to provide support during COVID and to part-fund the new public toilets. This latter use has meant that we have not needed to take out a new PWLB loan, and so have avoided any new interest payments in future years. We have now reduced the reserves we hold as far as the Clerk and the BWP are comfortable with, and the use of reserves set out above is largely equal to the net underspend in the current year.

Precept

The proposed precept of £409.6 thousand equates to a cost per band D property of £52.64. This is a 9.9% increase over the year, or £4.74 per band D property.

The BWP notes that our 22/23 precept was low compared to the average town or parish, at 64% of the average. The Council therefore has scope to increase the precept further if it wishes. However, this report reflects the limit the Full Council agreed.