

Haslemere Town Council (HTC) Working Party: Budget 2024-2025

Chair's Report

1. Overview

1.1. This report aims to summarise the conclusions of the HTC Working Party (WP) on the 2024-2025 budget arrived at in a meeting on 21 October 2023 (and through subsequent email exchanges).

1.2: The WP's remit is to inform the full Council of the broad 'shape' of income and expenditure in the upcoming year. The aim is to help members understand options available to them with respect to expenditure and the impact of these on the precept (council tax). The WP has produced a draft budget to assist Council discussion.

2. Revenue

2.1. The precept remains the dominant source of council revenue. Initial calculations by the Town Clerk presented to the WP suggested that the precept would need to increase by much more than 10% in 2024-25 if all expenditure options were pursued.

2.2. The WP therefore first considered what level of precept increase might be reasonable. There was a desire to reduce the increase from the 10.6% seen this year. The rate of inflation (6.7% when the WP met) was also considered important given its impact on core ('non-discretionary') spending. The WP decided to base subsequent discussions on spending so as to limit the increase in the precept **to a range of between 6% and 9%**.

2.3. The WP also considered whether this increase could be reduced by using reserves. The Town Clerk reminded the WP that reserves have fallen in recent years. Some costs (e.g. staff salary settlements) might also increase over projected assumptions. **The WP decided to target a broadly 'balanced' budget (i.e. income and spending match).**

3. Core Expenditure

3.1. Core expenditure is spending on items such as staff salaries, public toilet cleaning & grounds maintenance over which there is little discretion. It accounts for around three quarters of total spending. Whilst minor changes could be made to individual items, the room to make significant savings is small. The total budgeted increase is only 4% year-on-year. **As such, the WP decided to accept the figures set out in the Town Clerk's initial draft.**

4. Non-Core Expenditure

4.1. There are three main areas of non-core or discretionary spending: one-off projects, small grants and revenue grants. These offer the easiest way to manage spending and, accordingly, formed the focus of WP discussion.

4.2. Projects: The most significant project contemplated is improvement of Town Meadow (budgeted £20k). This work has been deferred previously and is now considered urgent. The WP asked the Town Clerk to explore if this might be funded by CIL and this looks possible. **This reduces the demand on the precept by £20k.**

4.3. Small & Green Grants: Demand for these grants has fallen in recent years, with CIL a better option for some applicants, and the budget is often not fully spent. The WP felt these might be reduced by £2.5k each to allow space for other items to be included in the budget. **This would reduce the demand on the precept by £5k.**

4.4. Revenue Grants: Conversely, demand for these grants is increasing significantly. Total requests from existing and new recipients are more than £70k, over 80% up on last year. Many of these grants support work of the Town Council's strategy. However, it has been agreed that the way they are evaluated and awarded needs to be reviewed. On the basis the Council should agree a new approval process early in 2024, the draft budget proposes:

- Existing grants are frozen at their 2023-24 level prior to evaluation in 2025-26 under the new scheme.
- £17.5k is allocated to fund new grant applications (compared with total requests received of c. £23k) in 2024-25 as a trial of the new scheme.

5. Conclusion

5.1. The draft budget would result in an increased precept of 6.9% or £3.60 per 'Band D' household per year.