

Council meeting:	18 th January 2024	Agenda item:	24/011.f
Agenda item:	Budget for 2024/25 v.1.0		

Recommendations

An increase in precept of 10% representing an additional £3.06 pa for a Band D property.

A commitment to use CIL to cover pond maintenance for the next three years which together with the funding of the noticeboard reduces the level of CIL available to £60,000. This can be reviewed annually.

Background

A three year forecast has been prepared but Council is only required to agree the budget for 2024/25 which determines the precept claim to be submitted to Dacorum under agenda item 24/011.g.

As requested by the Internal Auditor in 2023, from April 2024 the Council's accounts will be constructed on an Income and Expenditure basis, which means that VAT will be excluded and income and expenditure items will be recorded on the date of invoice rather than when received or paid. In practice this makes little difference as VAT has been reclaimed regularly through 2023/24 and there are no major items of expenditure spread across the financial year end as there was with the purchase of the play equipment.

Income

Open spaces income includes rate increases for the use of the sports field and burial ground from year one and for the allotments in year three; these are to meet the Council's fiduciary responsibility to maximise returns rather than having any meaningful impact on the budget.

Other income is predicted to decrease in 2023/24 mainly because of two items in 2022/23 which will not be repeated:

- a residual VAT receipt from 2022/23 in 2023/24
- income relating to events in 2023/24.

Other income also includes interest which has been included based on rates remaining only slightly lower than at present and cash gradually reducing over the course of the three years as CIL is spent. At an average of £3,500 pa or c. 12% of precept this represents a risk to the budget if CIL is spent more quickly or interest rates fall which is reflected in the recommended precept increase.

It is likely that more CIL will be received over the lifetime of the budget from known developments but to be prudent this has been discounted both as a source of cash and additional interest income.

Expenditure

There is a reduction in open spaces expenditure from 2023/24 to 2024/25 reflecting the cost of the allotment fence, thereafter all operational expenditure has been budgeted with inflation related increases.

The assumption is that the remaining Events Reserve of £4,000 will be spent in 2025/26 and that any further costs relating to events will be covered from additional revenue.

It is assumed that pond maintenance in all three years will be funded from CIL. Together with funding the noticeboard from CIL in 2023/24 this reduces the amount of CIL available for other projects to £60,000.

Justification for precept increase

There are four considerations in recommending an increase of 10% in precept after the Council asked for the level to be kept to 5% in December.

1. The risk posed by the inclusion of interest as income in the budget as detailed above.
2. The level of General Reserves which should be a minimum of c. £39,000 only just reaches that target even with annual 10% increases in precept and using CIL to cover pond maintenance. In 2023/24 this isn't an issue because the level of earmarked reserves is such that there is ample cash to meet any short-term emergencies, but by the end of the three years that would no longer be the case and might be questioned by the Auditors.
3. Whilst using CIL to cover the cost of pond maintenance helps minimise the increases in precept over the three years of the budget, once the CIL has been spent the cost of maintaining the pond remains and additional revenue will be needed to cover it, almost certainly from precept.
4. Although no decisions have been taken how to spend the CIL, it is possible that at least some of the expenditure will result in new maintenance and potentially replacement costs for the council which in due course will also need to be covered by additional revenue, almost certainly from precept.

The decision is a judgement call balancing investment in the community against the impact of higher precept increases at a time when the cost of living is high and the council has large cash balances.

v1.0	Projected year end (exc VAT)	2024/25 (Year 1)	2025/26 (Year 2)	2026/27 (Year 3)	Year on year variation		
Regular income							
Borough Council	23,995	26,395	29,034	31,937	2,400	2,639	2,903
Open spaces income	22,788	22,735	22,885	23,085	-53	150	200
Other income	13,955	4,900	3,700	2,600	-9,055	-1,200	-1,100
Total regular income	60,738	54,029	55,618	57,622	-6,709	1,589	2,003
One-off income	72,024	0	0	0	-72,024	0	0
Total income	132,762	54,029	55,618	57,622	-78,733	1,589	2,003
Regular expenditure							
Personnel	18,206	19,116	19,690	20,280	910	573	591
Administration	6,359	6,090	6,366	6,411	-269	276	45
Highways	850	670	680	690	-180	10	10
Open spaces	29,665	26,487	25,888	26,923	-3,178	-599	1,035
Total regular expenditure	55,080	52,363	52,624	54,304	-2,717	52,624	1,941
One-off expenditure	6,801	20,000	20,000	20,756	13,199	0	756
Total expenditure	61,881	72,363	76,642	75,060	13,199	52,884	4,378
Net income/expenditure	70,881	-18,334	-21,023	-17,439	-89,215	-2,689	3,585
Brought forward		120,236	101,902	80,878	120,236	-18,334	-21,023
Total cash at year end		101,902	80,878	63,440	-18,334	-21,023	-17,439
Represented by							
Earmarked reserves		66,751	42,716	22,693	-18,767	-24,035	-20,023
General reserve		35,151	38,162	40,747	433	3,012	2,584
Total		101,902	80,878	63,440	-18,334	-21,023	-17,439
General reserve as % of precept		133%	131%	128%			
General reserve as % of regular expenditure		67%	73%	75%			