

SALISBURY CITY COUNCIL

Report

Subject : Capital and Revenue Budget Setting 2022/23
Committee : Full Council
Date : 17 January 2022
Author : Cllr V Charleston, Chair of Finance and Governance Committee

1. Report Summary:

- 1.1. This report seeks approval for Salisbury City Council's proposed capital and revenue budgets for 2022/23, to be recommended to Full Council on 17 January 2021 for adoption.
- 1.2. The revenue and capital budgets have been prepared in liaison with Councillors and officers and are presented with approval of the Administration's Group Leaders.
- 1.3. The prepared budgets and income targets have been set to facilitate the delivery of council services, provide reasonable stability against unforeseeable demands, and enable the maintenance and necessary enhancement of capital assets.
- 1.4. The prepared budgets also take account of the proposal to acquire a grounds maintenance depot within the parish and to take in house the novated contract with Wiltshire Council in respect of grounds, works and streets maintenance.

2. Policy Considerations:

- 2.1. The Council must set a balanced budget and comply with all statutory requirements pertaining to the setting of its budgets as set out in the Local Government Act 2003, Part 2, Sections 25 and 26, which holds under clause 25 (1) that the chief finance officer must report on the robustness of the estimates made for the purposes of the calculations and on the adequacy of the proposed financial reserves.
- 2.2. To satisfy the requirements of the Local Government Act 2003, Councillors must have due regard to this report when making decisions on the budget and precept. They must also approve a precept which meets the Council's objectives and service level responsibilities, maintains an appropriate level of reserves, and provides stability in the event of any unforeseeable demands.

3. Background Information:

- 3.1. To best support management in the delivery of services, some budget headings, ledger codes and subjective lines have been reviewed and updated since 2021/22.
- 3.2. Such review facilitates the ongoing and effective management and monitoring of income and expenditure, by allocating budgets and income targets in line with authorities and responsibilities.
- 3.3. The Council's budgets are financed through a combination of the parish precept, trading income and service fees, borrowing and reserves. The precept is the most local element of the Council Tax levied by Wiltshire Council on properties within the Salisbury parish. Income and service fees primarily derive from Crematorium services, Market Square activities, car parking and rental properties. Borrowing is undertaken through application to the Public Works Loan Board.
- 3.4. Councillors should note that in year increases in numbers of working age households and other property adjustments, have marginally increased the City Council's net tax base from 14,667.27 in 2021/22 to 15,035.05 in 2022/23 for Band D equivalent properties. This is an increase in the tax base of 367.78 which equates to £85,693 of increased precept income at the proposed Band D rate of £233.
- 3.5. In accordance with paragraph 3.6 of the Council's Financial Regulations and Internal Financial Controls "the RFO shall maintain a minimum reserve equivalent to two months' gross expenditure". Based on the proposed 2022/23 budget, the RFO considers that a prudent level of general reserves would be £1.22 million.

4. Proposed Revenue Budget 2022/23:

- 4.1. The revenue budget for 2022/23, attached at **Appendix A**, is presented by service function in line with senior management authorities and responsibilities. For comparator reference, the budget approved as at Full Council in January 2021 for the financial year 2021/22 is attached at **Appendix B**.
- 4.2. The Council's fees and charges, attached at **Appendix C**, have been reviewed as part of the budget setting process. The majority of fee categories have remained static, as they have done for several years. Fee amendments have however been proposed in relation to garage rentals, allotment tenancies, commercial room bookings, Market Square licences, market stall rents on Saturdays, and adult cremation fees.
- 4.3. Councillors should note the following cost pressures:
 - Inflation on contracts and utilities
 - Increased general supply costs, such as transportation

- Increased environmental support funding in line with Councillors' climate change agenda
- Introduction of new services, such as Jubilee Tree Planting and Events
- Project and specialist support costs to insource the grounds, works and streets maintenance contract
- Project and specialist support costs to purchase and redevelop the new grounds maintenance depot

4.4. Councillors should also note that:

- Provision has been made to support a new loan from the Public Works Loan Board for funding the acquisition of the grounds maintenance depot. This loan was applied for in December 2021 following the decision of Full Council on 15 November 2021.
- Budgets have been allocated to all new services as approved by Councillors in year under Committee, including funding for the purchase and redevelopment of the depot, as well as all known direct, indirect and overhead costs relating to the insourcing of grounds, works and streets maintenance.

5. Proposed Capital Programme 2022/23:

5.1. The capital budget for 2022/23, attached at **Appendix D**, details recurring commitments and non-recurring capital projects, aimed at securing the general maintenance of, as well as to bring improvements to a wide range of capital assets, in support of the effective delivery of services and facilities.

5.2. The planned capital programme for 2023/24 to 2024/25 is also detailed, as the required budgets for these activities are integral to the forward financial plan.

6. Forward Financial Plan:

6.1. The statement at **Appendix E** provides a profile of projected cash balances based on the proposed revenue and capital budgets for 2022/23 to 2024/25.

6.2. As a forward plan, these profiles make a number of assumptions:

- Precept raised by 6.5% in 2023/24 and 2024/25
- Positive revenue variances in line with historical year end outturns
- Unspent capital project funds rolled forward in line with historical profiles
- Community Infrastructure Levy and Section 106 receipts based on the lower of historical returns
- PWLB loan in 2023/24 of £450,000 to meet costs of repairs and refurbishment of Banqueting Hall ceiling, Crematorium roof and Churchill Gardens and Victoria Park public conveniences
- Cessation of enforcement budget from 2023/24

6.3. The projected cash balance at the end of the current financial year, based on current levels of income and expenditure is circa £2.2 million. This is the projected opening figure for the 2022/23 budget period.

7. Parish Council Capping:

7.1. The Government publishes thresholds annually within which local authorities must restrict any rise to their precepts. Any authority which seeks to raise its precept by more than the published threshold must hold a referendum. This requirement does not apply to town and parish councils, however the Government maintains to keep this status under review. As at the time of writing, no change to this status has been published.

8. Proposed Precept Level:

8.1. The precept set by the Council seeks to enable it to continue its 'business as usual' functions at current service levels, fund members' chosen service enhancements, and undertake committed asset maintenance and improvement.

8.2. The required precept for 2022/23 has been calculated as £3,502,565. Based on a tax base of 15035.05 this equates to a precept per band D property of £233. This is an increase in the precept of £25 or 12% per Band D property.

8.3. It should be noted that 60% of properties within the City are below Band D with the most numerous band in the City being Band C. Actual parish precept levels would therefore vary from £155.33 per annum (Band A) to £466.00 per annum (Band H), as illustrated below:

Band	£
Band A	155.33
Band B	181.22
Band C	207.11
Band D	233.00
Band E	284.78
Band F	336.56
Band G	388.33
Band H	466.00

8.4. If Councillors determine that there should be a lower precept set, the Council will need to identify adequate and appropriate expenditure savings and/or other sources of income. These could include further increases in service fees and charges, the cessation or diminution of planned services, the sale of investment properties or other significant assets, noting the potential consequential loss of future income, or postponements to capital projects.

9. Recommendations:

The Finance and Governance Committee is recommended to:

9.1. Approve the proposed revenue and capital budgets and fees and charges for 2022/23 as set out in the report and its appendices, and

9.2. Recommend to Full Council a precept of £3,502,565.

10. Background Papers:

- 10.1. Appendix A - Revenue Budget 2022/23 (Doc 84731)
- 10.2. Appendix B - Revenue Budget 2021/22 (Doc 84731)
- 10.3. Appendix C - Fees and Charges 2022/23 (Doc 84725)
- 10.4. Appendix D – Capital Budget 2022/23 (Doc 84731)
- 10.5. Appendix E – Three Year Budget Profiling (Doc 84731)

11. Implications:

- 11.1. **Financial:** As shown to this report
- 11.2. **Legal:** As shown to this report
- 11.3. **Personnel:** Nil in relation to this report
- 11.4. **Environmental Impact :** As shown to this report
- 11.5. **Equalities Impact Statement:** Nil in relation to this report