

SALISBURY CITY COUNCIL

Report

Subject: Capital and Revenue Budget Setting 2023/24
Committee: Finance and Governance Committee
Date: 9 January 2023
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Owner: Cllr A Bayliss, Chair of Finance and Governance Committee

1. Report Summary

- 1.1. This report details Salisbury City Council's proposed capital and revenue budgets 2023/24, its proposed fees and charges 2023/24, and 4 year income and expenditure plan 2022/23 to 2025/26, to be recommended to Full Council on 16 January 2023 for adoption.
- 1.2. The prepared budgets, fees and charges are presented with approval of the Administration's Group Leaders and have been developed in liaison with Councillors and the Council's officers. They are intended to facilitate the delivery of council services, provide reasonable stability against unforeseeable demands, and enable the maintenance and necessary enhancement of capital assets.

2. Policy Considerations

- 2.1. The Local Government Act 2003, Part 2, Sections 25 and 26 requires the Council to set a balanced budget and to comply with all statutory requirements contained therein.
- 2.2. Under clause 25 (1), it holds 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.
- 2.3. Councillors must therefore have due regard to the information contained in this report when making decisions on the budget and the setting of the 2023/24 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:

Ledger Codes

- 3.1. To best support management in the delivery of services, some budget headings, ledger codes and subjective descriptors have been reviewed and updated since 2022/23.

- 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.

Funding

- 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.

Tax Base

- 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 15,035.05 in 2022/23 to 15380.78 in 2023/24 for Band D equivalent properties. This is an increase in the tax base of 345.73 which equates to income of £115,820 at the proposed Band D rate of £335.

Reserves

- 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 2023/24 budget, the RFO considers that the minimum level of reserves would be £1.25 million.

4. Proposed Revenue Budget 2023/24

- 4.1. The revenue budget for 2023/24, expenditure and income respectively, are attached at **Appendices A and B**, are presented by service function in line with senior management authorities and responsibilities. For comparator reference, the budget approved as at Full Council in January 2022 for the financial year 2022/23 is attached at **Appendix C**.
- 4.2. Councillors should note that in the prior year, the cost centre FES had been established against which the insourcing of the Id Verde costs, along with post transfer costs, were assigned. This cost centre has been absorbed within various EST and PRK codes, staffing and other costs respectively, for the 2023/24 financial year as all environmental services are now provided under one team.
- 4.3. Notable cost pressures which are materially affecting the budgets being proposed for 2023/24, arising from inflationary pressures and other supply issues, include:

- Local Government pay award for 2022/23 averaging 7.2% (range 4.04% to 10.50%) and the increase in the Foundation Living Wage to £10.50.
- Wiltshire Pension Fund Triennial actuarial review resulting in the employer's contribution increasing from 11.1% to 13.7%
- Insurance sector increasing its premiums, following a decade of no rises, resulting in a premium increase of over 60%
- Valuation Office revaluation of all chargeable non domestic properties during 2022 which will result in increased ratings being levied, as yet unconfirmed
- Annual increases levied in relation to contractual supplier costs where contracts provide for annual increases
- Significant rise in standing charges and unit charges in relation to utilities such as gas and electricity
- Changes to legislation relating to vehicle diesel fuels and the move to a more expensive white diesel fuel
- Increased direct revenue costs arising from the ongoing occupation of the depots at Harnham whilst works are undertaken to the Tollgate Road depot prior to it being able to be occupied

4.4. Councillors should also note that budgets have been allocated or adjusted to all new, revised or terminated activities as approved by Councillors in year under Committee, including:

- Additional funding for several new posts recommended by Personnel Committee and as approved at Finance and Governance Committee in October 2022.
- Funding for works on the Poultry Cross, to be undertaken in conjunction with and subsequent to the repair works consequent on the vehicle collision in May 2022.
- Reduction in funding and target for environmental enforcement as approved at Environment & Climate Committee in December 2022.

5. Proposed Capital Programme 2023/24:

5.1. The capital budget for 2023/24, 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 2024/25 to 2025/26 is also detailed, as the required budgets for these activities are integral to the forward financial plan.

6. Budget Summary:

6.1 The budgets as detailed in attached at **Appendix A, B and D**, can be summarised to illustrate proposed expenditures and incomes by service areas. All staff costs are included within the Establishment heading.

Description	Expenditure £	Income £	Net £
REVENUE			
GENERAL ESTABLISHMENT			
Establishment	3,938,000	(5,177,561)	(1,239,561)
Commercial and Residential Properties	117,000	(455,400)	(338,400)
Grants and Partnership Working	31,500	0	31,500
Public Works Loans	313,500	0	313,500
ENVIRONMENTAL SERVICES			
Environmental Services	586,000	(6,000)	580,000
Crematorium & Cemeteries	133,000	(1,134,500)	(1,001,500)
CCTV	21,000	(25,500)	(4,500)
Facilities	588,500	0	588,500
Lower Bemerton Trust	12,000	(12,000)	0
Parks and Open Spaces	189,500	(46,000)	143,500
City Centre Public Conveniences	276,000	(40,000)	236,000
Streetscene Services	102,500	(7,000)	95,500
CORPORATE SERVICES			
Democratic & Mayoral Services	59,000	(500)	58,500
BUSINESS SERVICES			
Guildhall	53,500	(95,500)	(42,000)
Markets, Events and Advertising	317,000	(399,000)	(82,000)
Customer Services	39,000	(57,000)	(18,000)
ACTIVE COMMUNITIES			
Active Communities	116,992	(53,492)	63,500
TOTAL REVENUE	6,893,992	(7,509,453)	(615,461)
CAPITAL			
Recurring	207,000	0	207,000
Project	375,299	0	375,299
TOTAL REVENUE AND CAPITAL BUDGET	7,476,291	(7,509,453)	(33,162)

7. Proposed Fees and Charges 2023/24:

7.1. The Council's fees and charges, attached at **Appendix E**, have been reviewed by Councillors and officers as part of the budget setting process. Some fee categories have remained static or reduced; others have been raised to offset increasing costs arising from economic pressures. Market fees for regular traders are currently under consultation and will be agreed for implementation from 1st April 2023, alongside all other fees as approved at Full Council.

7.2. Fee amendments have been proposed in relation to the following services:

- Cremation services and live music service fees

- Charter market regular trader pitches
- Events pitches
- Guildhall Square and Market Place overnight hire
- Cross street banners
- Guildhall, Bemerton Heath and Friary Community Centre room hire
- Conferences, wedding packages and additional services
- Community Coaches
- Open space events

8. Forward Financial Plan:

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

8.2. As a forward plan, these profiles have included the following projections and estimates relating to 2024/25 and 2025/26:

- Precept increase of 8.5% per annum
- Other income increase of 5% per annum
- Revenue expenditure increase of 7% per annum

8.3. The projected cash balance at the end of the current financial year, based on current levels of income and expenditure is circa £1.2 million. This is the projected opening figure for the 2023/24 budget period.

8.4. The projections illustrate that the year end balances meet the minimum reserve balance as required by the Financial Regulations in each given year, and that the projections promote the rebuild of the council's reserves to at least £150,000 over the budget period.

9. Parish Council Precept Capping:

9.1. 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 currently apply to town and parish councils.

10. Proposed Precept Level:

10.1 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.

10.2 The required precept for 2023/24 has been calculated as £5,152,561.30. Based on a tax base of 15380.78 this equates to a precept per band D property of £335. This is an increase in the precept of £102 or 43.8% per Band D property.

- 10.3 It should be noted that approximately 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 £223.33 per annum (Band A) to £670.00 per annum (Band H), as illustrated below:

Band	£
Band A	223.33
Band B	260.56
Band C	297.78
Band D	335.00
Band E	409.44
Band F	483.89
Band G	558.33
Band H	670.00

- 10.4 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.

11 Recommendations:

The Finance and Governance Committee is recommended to:

- Approve the proposed revenue and capital budgets and fees and charges for 2023/24 as set out in the report and its appendices, and
- Recommend to Full Council a precept of £5,152,561.30.

12 Background Papers:

- Appendix A – Proposed Revenue Expenditure 2023/24
- Appendix B – Proposed Revenue Income 2023/24
- Appendix C – Revenue Budget Presented January 2022
- Appendix D – Proposed Capital Programme 2023/24 to 2025/26
- Appendix E – Proposed Fees and Charges 2023/24
- Appendix F – Proposed 4 Year Budget Profile 2022/23 to 2025/26

13 Implications:

13.1**Financial:** As shown to this report

13.2**Legal:** As shown to this report

13.3**Personnel:** Nil in relation to this report

13.4**Environmental Impact:** As shown to this report

13.5**Equalities Impact Statement:** Nil in relation to this report