

SALISBURY CITY COUNCIL

Report

Subject : Capital and Revenue Budget Setting 2021/22
Committee : Finance and Governance Committee
Date : 11 January 2020
Author : Cllr K Daley, 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 2021/22, to be recommended to Full Council on 18 January 2020 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 Leader of the Council.
- 1.3. The prepared budgets ensure that funds and targets set facilitate the delivery of council services, provide stability against unforeseeable demands, and enable the maintenance and necessary enhancement of capital assets.

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 and on the adequacy of the proposed financial reserves.
- 2.2. To satisfy the requirements of the Local Government Act 2003, Councillors must 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.
- 3.2. Such review facilitates the ongoing management and monitoring of income and expenditure, by profiling budgets 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 claiming Council Tax Reduction, and other property adjustments, have marginally decreased the City Council's net tax base from 14,731.41 in 2020/21 to 14,667.27 in 2021/22 for Band D equivalent properties. This is a decrease in the tax base of 64.14 which equates to £13,341 of reduced precept income at the band D rate of £208.
- 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 amount equivalent to two months' gross expenditure". Based on the proposed 2021/22 budget, the RFO considers that a prudent level of general reserves would be £950,000.

4. Proposed Revenue Budget 2021/22:

- 4.1. The revenue budget for 2021/22, 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 1 April 2020 for the financial year 2020/21 is attached at **Appendix B** (note: this budget was subsequently adjusted in July 2020 as a response to the pandemic).
- 4.2. Councillors should note that considerable work has been undertaken to present an affordable budget. Fees and charges incurred and levied, inflation and contractual cost changes have been incorporated in budget assumptions.
- 4.3. Cost pressures have included the reduction in the tax base, introduction of new external support services, increased utility and supply costs, and reduced income from rental properties and some of the council's outside activities.
- 4.4. As proposed in the revenue budget for 2020/21, provision was made to support an application for a new loan from the Public Works Loan Board. This application was originally incorporated in 2019/20. This provision has not been included in this year's proposed revenue budget.
- 4.5. The Council's fees and charges, attached at **Appendix C**, have been reviewed as part of the budget setting process and this Committee is asked to recommend these to Full Council for adoption in 2021/22.
- 4.6. Councillors should note that the majority of fee categories have remained static, as they have done for several years. Proposed fee amendments relate to cremation fees, Guildhall hire, and Guildhall and Market Square hire.

- 4.7. Councillors should note that budgets have been allocated to new services put forward by working groups, including funding for property strategy professional support, employment law advice and an electric van for Environmental Services.
- 4.8. Councillors should also note that no operational contingency has been included in this year's proposed budget; it is therefore determined that in the event of any unexpected incidents or demands, these will be funded directly from the reserves.

5. Proposed Capital Programme 2021/22:

- 5.1. The capital budget for 2021/22, attached at **Appendix D**, details recurring commitments and non-recurring capital projects, aimed at securing improvements and enhancements to a wide range of capital assets, in support of the effective maintenance and delivery of services and facilities.

6. Cash Balances and Reserves:

- 6.1. The statement at **Appendix E** provides a profile of projected cash balances based on the proposed revenue and capital budgets for 2021/22.
- 6.2. The projected cash balance at the end of the current financial year, based on current levels of income and expenditure is circa £1.55 million. This is the opening figure for the 2021/22 budget period.

7. Parish Council Capping:

- 7.1. On 21 December 2017, the Secretary of State for Communities and Local Government announced that "that the government intends to defer the setting of referendum principles for town and parish councils for three years". There has been no announcement to advise that this deferral no longer stands. Therefore, the Council, if it were to propose a precept rise in 2021/22, will not be required to hold a local referendum.

8. Proposed Precept Level:

- 8.1. The precept set by the Council must 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 2021/22 has been calculated as £3,055,792. Based on a tax base of 14,667.27 this equates to a precept per band D property of £208. This is the same Band D precept as that set in 2018/19, 2019/20 and 2020/21; therefore no change is proposed.
- 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 £138.74 per annum (Band A) to £416.00 per annum (Band H), as illustrated over:

Band	£
Band A	138.67
Band B	161.78
Band C	184.89
Band D	208.00
Band E	254.22
Band F	300.44
Band G	346.67
Band H	416.00

- 8.4. If Councillors determine that there should be a lower precept set, the Council will need to identify substantial expenditure savings and/or other sources of income. These could include further increases in service fees and charges, the cessation or diminution of services, sale of investment properties, noting the consequential loss of potential 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 2021/22 as set out in the report and its appendices, and
- 9.2. Recommend to Full Council a precept of £3,055,792.

10. Background Papers:

- 10.1. Appendix A - Revenue Budget 2021/22 (Doc 81101)
- 10.2. Appendix B - Revenue Budget 2020/21 (Doc 81101)
- 10.3. Appendix C - Fees and Charges 2021/2022 (Doc 81101)
- 10.4. Appendix D – Capital Budget 2021/2022 (Doc 81101)
- 10.5. Appendix E – Three Year Budget Profiling (Doc 81101)

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