

SALISBURY CITY COUNCIL

Report

Subject: Capital and Revenue Budget Setting 2024/25
Committee: Finance and Governance Committee
Date: 15 January 2024
Author: Joanna Wood, Interim City Clerk
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 2024/25, its proposed fees and charges 2024/25, and 4 year income and expenditure plan 2023/24 to 2026/27, to be recommended to Full Council on 22 January 2024 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 2024/25 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 2023/24.
- 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 15380.78 in 2023/24 to 15502.31 in 2024/25 for Band D equivalent properties. This is an increase in the tax base of 121.53 which equates to income of £44,236.92 at the proposed Band D rate of £364.

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 2024/25 budget, the RFO considers that the minimum level of reserves would be £1.34 million.

4. Proposed Revenue Budget 2023/24

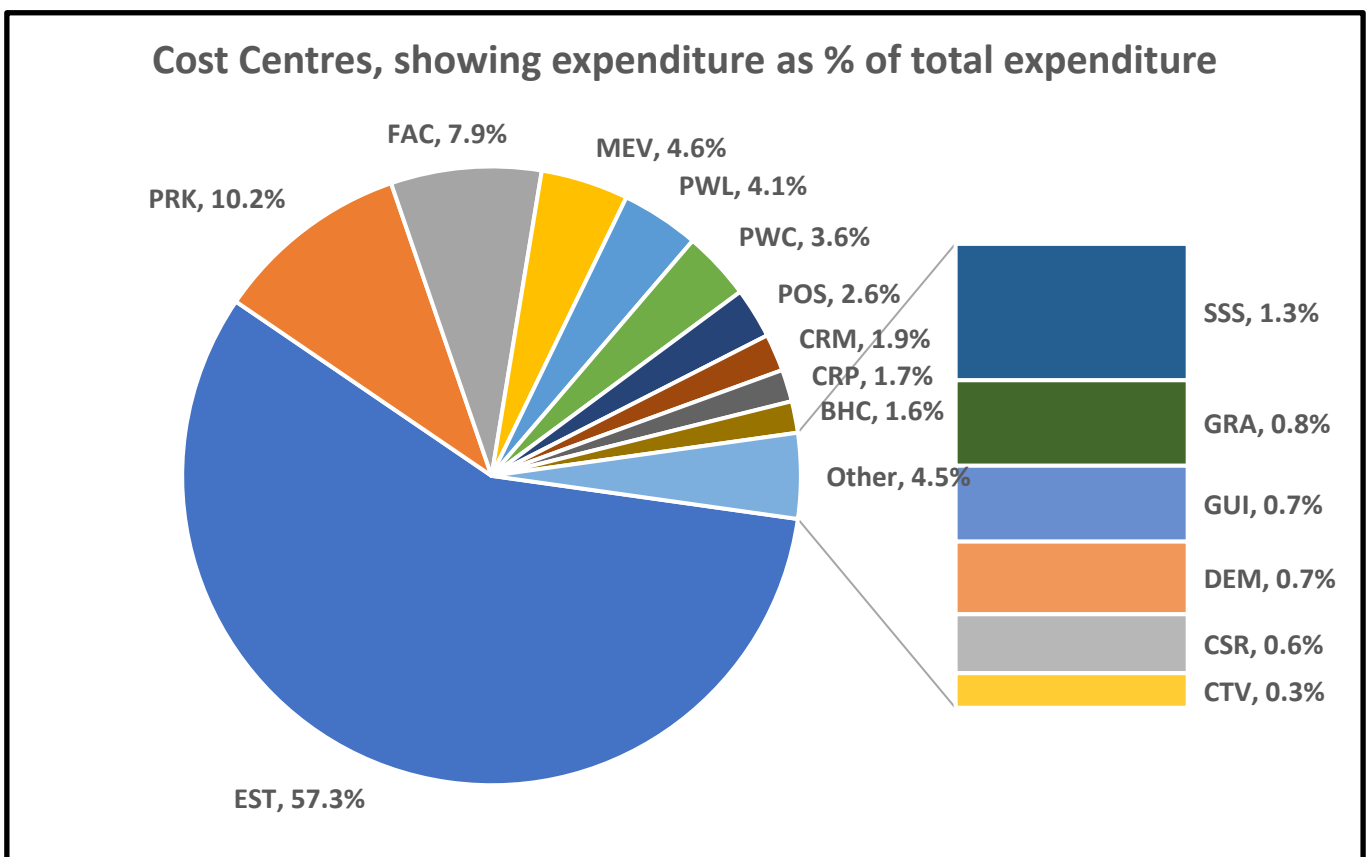
- 4.1. The revenue budget for 2024/25, expenditure and income respectively, are attached at **Appendices A and B**, are presented by service function in line with senior management authorities and responsibilities. For comparator reference, the budget approved as at Full Council in January 2023 for the financial year 2023/24 is attached at **Appendix C**.
- 4.2. Notable cost pressures which are materially affecting the budgets being proposed for 2024/25, include:
- Local Government pay award for 2023/24 averaging 8% and the increase in the Foundation Living Wage to £12.00.
 - Annual increases levied in relation to contractual supplier costs where contracts provide for annual increases
 - Consistent rises in standing charges and unit charges in relation to utilities such as gas and electricity
 - The requirement to move from AGAR auditing to FRS auditing requiring some funding for system changes.
- 4.3. 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 new posts recommended by Personnel Committee in October 2023.

5. Proposed Capital Programme 2024/25:

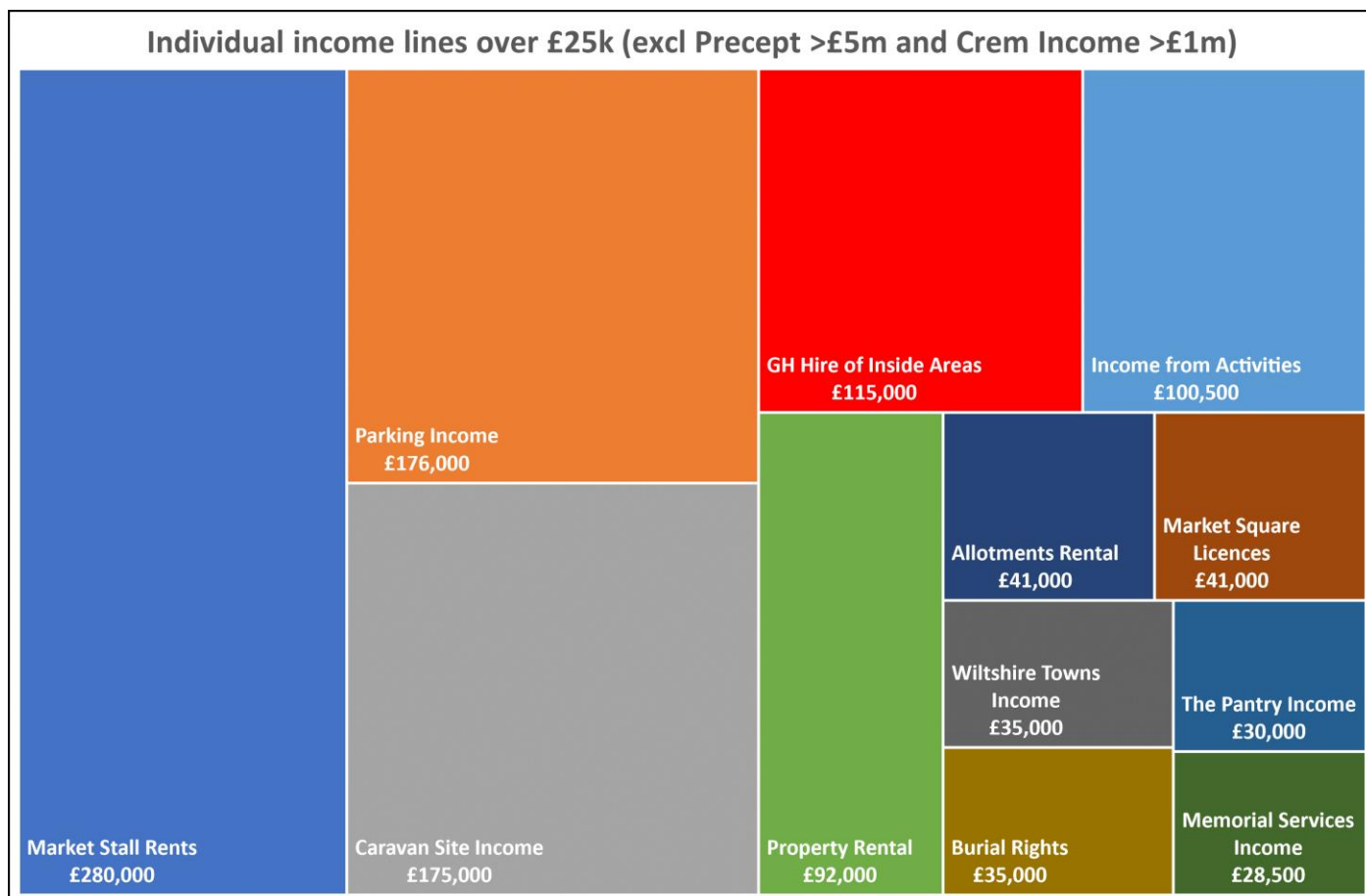
- 5.1. The capital budget for 2023/24, attached at **Appendix D**, details recurring commitments and non-recurring capital projects, aimed at securing the general maintenance of, as well as to bring improvements to a wide range of capital assets, in support of the effective delivery of services and facilities.
- 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:

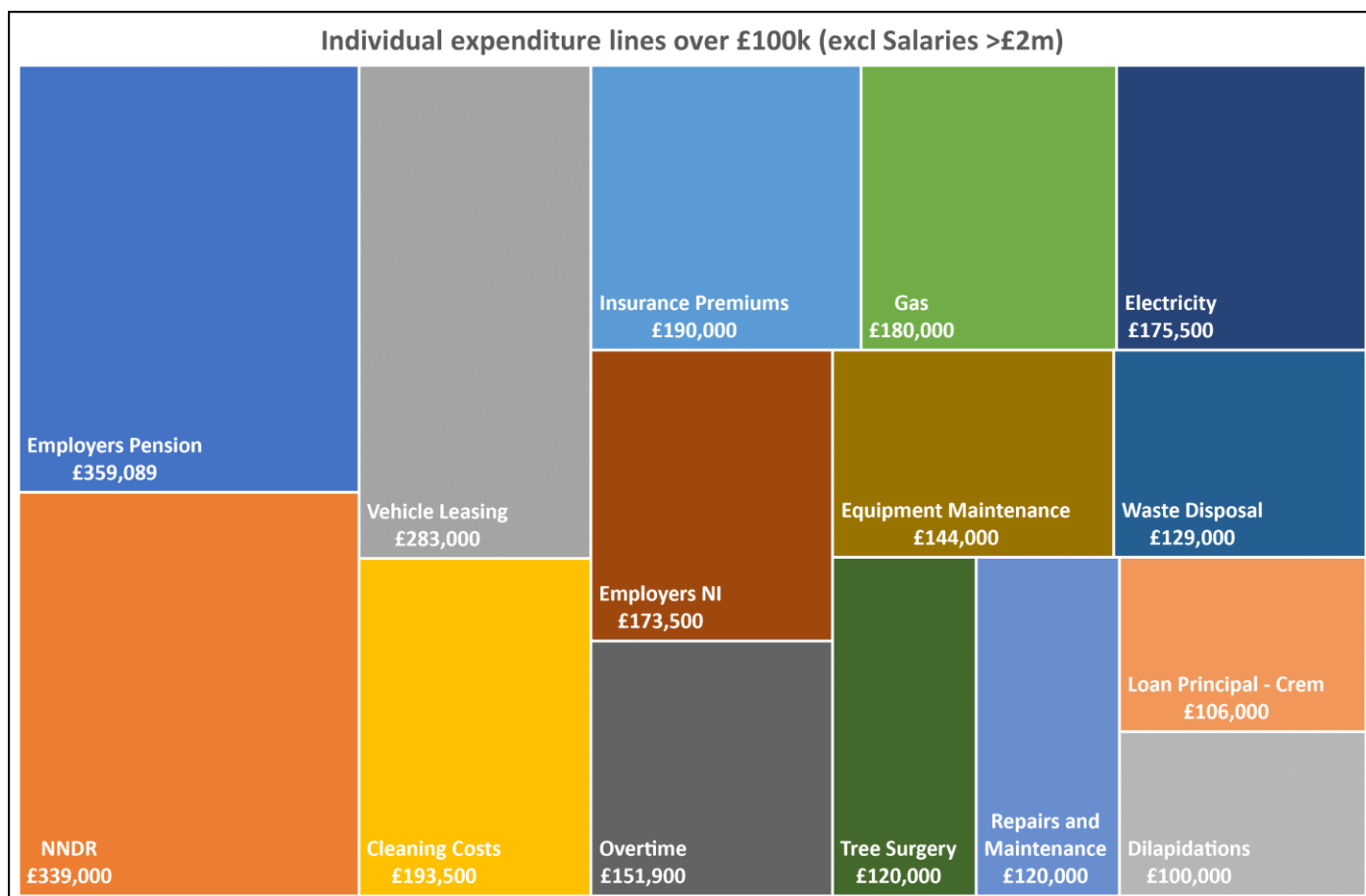
- 6.1 The budgets as detailed in attached at **Appendix A, B and D**, can be summarised to illustrate proposed expenditures and incomes by service areas. All staff costs are included within the Establishment.



6.2 The top income lines can be summarised as follows:



6.3 The top expenditure lines can be summarised as follows:



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 and others have been raised to offset increasing costs arising from economic pressures.

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

- Cremation services and associated fees
- Guildhall Square and Market Place hire
- Guildhall room hire and additional packages and services
- Garages

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 2023/24 to 2026/27

8.2. As a forward plan, these profiles have included the following projections and estimates relating to 2024/25 through 2026/27:

- 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 £2.05 million. This is the projected opening figure for the 2024/25 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.

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 2024/25 has been calculated as £5,642,672. Based on a tax base of 15,502.31 this equates to a precept per band D property of £364. This is an increase in the precept of £29 or 8.66% 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 £242.66 per annum (Band A) to £727.98 per annum (Band H), as illustrated below:

A	£242.66
B	£283.10
C	£323.55
D	£363.99
E	£444.88
F	£525.76
G	£606.65
H	£727.98

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 2024/25 as set out in the report and its appendices, and
- Recommend to Full Council a precept of £5,642,672.

12 Background Papers:

- Appendix A – Proposed Revenue Expenditure 2024/25
- Appendix B – Proposed Revenue Income 2024/25
- Appendix C – Revenue Budget Presented January 2023
- Appendix D – Proposed Capital Programme 2024/25 to 2026/27
- Appendix E – Proposed Fees and Charges 2024/25
- Appendix F – Proposed 4 Year Budget Profile 2023/24 to 2026/27

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