

Seaton Valley Council

A Community Council

Report to: Full Council 19 January 2022

Report by: Clerk and Responsible Financial Officer

Subject: 2022/23 Budget Proposals

Purpose of Report

To consider the proposals submitted by the Labour Group and the Conservative Group and to then agree the Council's revenue budget and precept for 2021/22.

Recommendations

Council is recommended to review the 2022/23 budget proposals submitted by the Labour and Conservative groups and then agree the Council's 2022/23 Revenue Budget and precept for the forthcoming financial year.

In addition Council is recommended to:

- a) Agree to continue to subscribe to the Society of Local Council Clerks, the Co Operative Council's Innovation Network and to the Northumberland branch of the National Association of Local Councils (NALC) ,**
- b) Agree to maintain current rent levels for the two flats it owns,**
- c) Agree to maintain the Council's minimum level of non-earmarked reserves at its current level of £90,000, and**

Background

1. The Council used its Budget Working Group; assisted by myself, to carry out much of the preliminary work associated with developing the Council's 2022/23 Budget.
2. The majority of this work involved reviewing the adequacy and accuracy of the base budget and adjusting it to reflect any necessary inflationary increases.
3. The output from this exercise was presented to the Budget Review Working Group in mid-December and was used by both the Labour Group and the Conservative Group to inform their budget proposals for 2022/23.

Projected Outturn 2021/22

4. A separate report on tonight's agenda provides more background on this matter, but in summary I would anticipate a general underspend of circa £20,000. This is net of any items that are likely to be carried forward or transferred to an earmarked reserve.

Reserves

5. The Council's estimated non earmarked general reserve as at 31 March 2022 is likely to be in the region of £70,000. A full break down of the build-up of the Council's reserves is attached at Appendix 8E.
6. The latest guidance on minimum levels of reserves for small local councils is set out in Governance and Accountability for Local Councils – A Practitioners Guide as updated in March 2020. Such guidance continues to state that the minimum amount of general reserves should be risk assessed on an annual basis.
7. Taking into account the Council's excellent record of not exceeding budgeted spending, my knowledge of the Council's budget and the fact that approximately 50% of the Council's budget is expended on staffing and the NCC partnership arrangement costs, it is my view that the Council's minimum level of non-earmarked reserves should remain at £90,000.

Labour Group Budget Proposals

8. The build-up of the Council's 2022/23 budget as proposed by the Labour Group is shown in detail at Appendix 8A with accompanying commentary at Appendix 8B.

Conservative Group Budget Proposals

9. The build-up of Council's 2022/23 budget as proposed by the Conservative Group is shown in detail at appendix 8C with accompanying commentary at Appendix 8D.

Flat Rents

10. I have again held discussions with the Council's Managing Agent and he advises that the current rents charged on each of the Council's two flats are equivalent to or very near to the market rate and, as a consequence, he would advise against any increase at this time.

Subscriptions

11. Council is required to note that its budget for 2022/23 will provide for annual subscriptions to the following bodies:

- The Society of Local Council Clerks,
- The Co-Operative Council's Innovation Network, and
- The National Association of Local Councils.

Conclusion

12. The Council's finances remain in a healthy position and will continue to remain so if it adopts either of the two the budget proposals put forward by the respective political groups.

13. The Councils unallocated reserves remain at reasonable levels and provide a backstop to fund any unforeseen costs that may arise during the 2022/23 financial year.

14. Council is therefore asked to use the information provided by both political groups to agree a Budget and Council Tax Precept for 2022/23.

SEATON VALLEY COMMUNITY COUNCIL								
Build up 2022/23 Budget - Including Labour Group Proposals								
	2021/22 Latest Budget	Less One Off Allocations from Reserves	Less one off Growth from 2021/22 Budget	Savings Items to Consider	Growth items to Consider	Review of Inc/Expend Trends	Inflation	2022/23 Latest Position
SVCP Capacity Building Support	4,000							4,000
Futures Magazine	15,060					1,800		16,860
Refresh of Village Plan	0				15,000			15,000
Branding	3,070				-1,000			2,070
Moveable CCTV Unit	3,000							3,000
Pop up Cinema	2,500							2,500
Support for Public Transport	2,800							2,800
Neighbourhood Plan	2,000					-2,000		0
YOUNG PEOPLE								
Youth Leisure - Active Northumberland	24,460					2,000		26,460
SVCP Youth Project	15,000							15,000
Total Expenditure	700,550	-77,180	0	-4,400	9,600	2,400	11,370	642,340
Total Income less Expenditure	-26,650	14,150	0	-4,400	12,290	1,400	-120	-16,290

Seaton Valley Council
Labour Group 2022/23 Budget Proposals

Commentary

1. The group's main concern in proposing its 2022/23 budget is to balance the requirement to maintain (as far as possible) the Council's resources at existing levels whilst at the same time keeping Council Tax increases to a minimum. This has proved more difficult this year as inflation has already begun to affect the cost of Council services and is expected to increase further in the coming year.
2. Bearing this in mind the Group is recommending a Council Tax increase of 2% which keeps both the effect on the Council's resources to manageable levels and is significantly below the current rate of inflation. The Group is reluctant to recommend a Council Tax increase in line with the rate of inflation as it is conscious that residents are facing large increases in a number of their other essential bills in the coming months.
3. In terms of growth the Group is only proposing one significant item – it has included the sum of £15,000 to fund a full refresh of the Council's Village Plan by an external contractor. This will be financed from balances rather than through the Council's precept.
4. The Group has decided against proposing any other new projects in 2022/23 as it would prefer to wait to see the outcome of the Village Plan refresh so that resources can be directed towards financing any action plan that arises from that process i.e. the group would like to see the Council invest in areas that residents wish to see investment made.
5. The Group has taken the advice of the Clerk in proposing some minor areas of savings in overheads and is proposing savings in both the litter bins and branding budgets. With respect to litter bins the Group is aware that the bin replacement programme is now complete and that all qualifying requests for new bin locations have been met; consequently, the Group feels that reducing this budget head is appropriate.
6. With regard to allotment rents the Labour Group suggests a similar approach to that taken on Council Tax; a below inflation increase of 2% to ensure that income levels are sufficient to meet rising costs, whilst at the same time keeping the increase to a minimum.

RECOMMENDATIONS

Taking the above into account the Labour Group recommends Council to:

- a) **Approve the build-up of the 2022/23 budgets as shown at Appendix 8A,**
- b) **Agree to set a Council Tax Precept of £586,350**

APPENDIX 8B

- c) Note that in agreeing to set a Council Tax Precept of £586,350, Seaton Valley Council's element of the Council Tax will increase from £121.10 in 2021/22 to £123.52 for 2022/23, an increase of 2% (Band D equivalents),
- d) Note that Seaton Valley Council's Band 'D' Equivalent Council Tax base has increased from 4,724.77 to 4,746.95,
- e) Further note that in setting a Council Tax precept of £586,350 the amounts of annual Council Tax payable in respect of Seaton Valley Council will be:
- | | |
|------------------|----------------|
| • Band A £82.33 | Band E £150.98 |
| • Band B £96.08 | Band F £178.43 |
| • Band C £109.80 | Band G £205.88 |
| • Band D £123.52 | Band H £247.25 |
- f) Note that the by agreeing a precept of £586,350 the Council will need to make a £16,290 contribution from reserves to balance the budget detailed at Appendix 8A, and
- g) Increase Allotment Rents by 2% across the board

SEATON VALLEY COMMUNITY COUNCIL								
Build up 2022/23 Budget								
	2021/22 Latest Budget	Less One Off Allocations from Reserves	Less one off Growth from 2021/22 Budget	Savings Items to Consider	Growth items to Consider	Review of Inc/Expend Trends	Inflation @ 3.00%	2022/23 Latest Position
FEES AND CHARGES								
Insurances	6,430					-1,500		4,930
PWLB repayments	21,500							21,500
Audits - Internal & External	1,800							1,800
Professional & Legal Fees	3,000							3,000
Public Notices	150							150
Subscriptions	3,000							3,000
Bank & credit card charges	230					100		330
Flats Admin	1,130							1,130
Maintenance of Flats	1,500							1,500
MEMBERS EXPENSES								0
Councillors Expenses	500				-500			0
Councillor Training	1,000				-500			500
Parish Meeting	150							150
Youth Council	1,000							1,000
SERVICES								
Allotments	21,670	-6,270				1,000		16,400
Public Conveniences	4,000							4,000
Dog Fouling	18,480				-8,000		540	11,020
Food Parcels	4,000					-2,000		2,000
Christmas Events	20,850					3,000		23,850
Seaton Valley In Bloom	10,500	-7500						3,000
Floral Planting	26,590				-1,000			25,590
Litter Bins	7,000							7,000
Bus Shelters	22,000				1,500			23,500
Playgrounds	29,000				2,800			31,800
Tree Planting	0				1,000			1,000
NCC Partnership	208,440	-16,440					5,760	197,760
Clock Maintenance	300							300
Remerbrance Day Wreaths	130							130
ENGAGEMENT/DEVELOPMENT								
Community Fund	8,500							8,500
Village Events	5,500							5,500
Members Small Schemes	46,970	-46,970						0

SEATON VALLEY COMMUNITY COUNCIL								
Build up 2022/23 Budget								
	2021/22 Latest Budget	Less One Off Allocations from Reserves	Less one off Growth from 2021/22 Budget	Savings Items to Consider	Growth items to Consider	Review of Inc/Expend Trends	Inflation @ 3.00%	2022/23 Latest Position
Support for Local Organisations	10,000							10,000
SVCP Capacity Building Support	4,000							4,000
Refresh of Village Plan	0				15,000			15,000
Futures Magazine	15,060					1,800		16,860
Branding	3,070				-1,000			2,070
Moveable CCTV Unit	3,000				-500			2,500
Pop up Cinema	2,500							2,500
Support for Public Transport	2,800							2,800
Neighbourhood Plan	2,000					-2,000		0
YOUNG PEOPLE								
Youth Leisure - Active Northumberland	24,460					2,000		26,460
SVCP Youth Project	15,000							15,000
Total Expenditure	700,550	-77,180	0	-4,400	8,310	2,400	11,370	641,050
Total Income less Expenditure	-26,650	14,150	0	-4,400	11,000	1,400	-120	-15,000

Seaton Valley Council

Conservative Group 2022/23 Budget Proposals

Commentary

Firstly the Conservative Group considered that a below inflation increase in Council Tax would be more appropriate in these difficult times; hence the group has recommended a 2% increase.

The group supports the recent proposal to refresh the Council's Village Plans and recommends that £15,000 be allocated from unallocated reserves for this purpose.

The group would like to see £1,500 added to the Bus Shelter budget to fund one new seat per year and would like to increase the contribution the Council makes to its Play Park Repairs and Renewals Fund from £20,000 to £22,800 per annum to specifically allow redundant items to be replaced with more disabled friendly pieces of equipment.

The Group is also keen to make a small contribution to addressing the global climate change issues by creating a £1,000 budget to allow additional tree planting in Seaton Valley.

To offset these increased costs the Group would recommend the following savings:

- Reduce the Environmental Enforcement SLA with NCC from 2 days per week to 1 day per week - £8,000,
- Reduce the Councillor Expenses and Councillor Training budgets by £500 each. The Group understands that there has been minimal expenditure on these two cost centres over the last five years - £1,000,
- Reduction to the stationery budget based on current spending patterns - £490,
- Reduce the Pop up Cinema budget to allow one film every two months to be shown rather than one every month - £500,
- Reduce the Branding budget in line with current spending levels - £1,000, and
- Reduce the floral planting (additional works) budget by £1,000

With regard to allotment rents the Conservative Group suggests a similar approach to that taken on Council Tax; a below inflation increase of 2%.

RECOMMENDATIONS

Taking the above into account the above the Conservative Group recommends Council to:

- a) **Approve the build-up of the 2022/23 budgets as shown at Appendix 8C,**
- b) **Agree to set a Council Tax Precept of £586,350**

APPENDIX 8D

- c) Note that in agreeing to set a Council Tax Precept of £586,350, Seaton Valley Council's element of the Council Tax will increase from £121.10 in 2021/22 to £123.52 for 2022/23, an increase of 2% (Band D equivalents),
- d) Note that Seaton Valley Council's Band 'D' Equivalent Council Tax base has increased from 4,724.77 to 4,746.95,
- e) Further note that in setting a Council Tax precept of £586,350 the amounts of annual Council Tax payable in respect of Seaton Valley Council will be:
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| • Band A £82.33 | Band E £150.98 |
| • Band B £96.08 | Band F £178.43 |
| • Band C £109.80 | Band G £205.88 |
| • Band D £123.52 | Band H £247.25 |
- f) Note that the by agreeing a precept of £586,350 the Council will need to make a £15,000 contribution from reserves to balance the budget detailed at Appendix 8C, and
- g) Increase Allotment Rents by 2% across the board

Seaton Valley Council - Use of Reserves											
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance	159,626	178,906	182,553	185,304	156,008	192,483	191,750	236,480	229,830	229,830	229,830
less agreed budget contribution	22,400	-7,270		-19,000	-12,000	-1,000	-2,570	0			
less supplementary estimates during the year											
April			-28,250	-13,300	-470	-25,700		-56,150			
May		-40,350	7,700				-25,750				
July		-500		-3,500		-8,200	-15,000	29,500			
Sept		-50,000									
October	-75,875	6,000									
2017/18 Budget Proposals			-4,000								
The Welfare Funding (17/18)			-19,560	-34,000							
New Deneside				-18,090							
Add underspend at year end	72,755	95,767	46,861	58,594	48,945	34,167	88,050	20,000			
Balance carried forward	178,906	182,553	185,304	156,008	192,483	191,750	236,480	229,830	229,830	229,830	229,830

Analysis of Reserves											
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Minimum level	75,000	75,000	75,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
<i>Earmarked reserves</i>											
Casual Election	5,000	6,000	0	0	0	0	0	0	0	0	0
Playground Renewals Fund		23,000	41,890	18,600	21,300	41,300	61,300	61,300	61,300	61,300	61,300
Community Fund		17,000	9,000	-6,700	0	1,000	0	0	0	0	0
Flat/ Office Maintenance		3,000	3,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Allotments (c/fwd)		1,000	4,700	3,500	5,300	6,000	6,270	0	0	0	0
Support for Village Plans (Retail Outlets)		37,500	3,600	3,300	0	0	0	0	0	0	0
Gateways P&G Contribution (c/fwd)		1,000	3,500	0	0	0	0	0	0	0	0
In Bloom (from 2017/18)		2,500	1,500	370	1,200	750	7,500	0	0	0	0
Litter Bins					1,000	0	0	0	0	0	0
Bus Shelters					18,200	17,000	0	0	0	0	0
Food Bank						1,000	0	0	0	0	0
Members Small Scheme							42,380	0	0	0	0
Unallocated reserves	98,906	16,553	43,114	42,938	50,483	29,700	24,030	73,530	73,530	73,530	73,530
Total reserves	178,906	182,553	185,304	156,008	192,483	191,750	236,480	229,830	229,830	229,830	229,830