

RCW/2019

26 NOVEMBER 2019

REPORT TO TOWN COUNCILLORS

AGENDA ITEM 9 - BUDGET

AIM

To consider a draft budget for FY 2020/21

BACKGROUND

1. At the Town Council meeting held on 19 November 2019 Members gave direction to the RFO to keep the precept % increase to between 1.5% and 2.5%. They were mindful that the level of General Reserve should continue to increase. The levels of the current CPI (1.5%) and RPI (2.1%) were taken into account.

DISCUSSION/ COMMENT

2. The budget has continued to be monitored and the relevant amendments have been made to the predicted levels of expenditure and income for 2019/2020
3. Increases have been applied to Grants Other (120/4800 - £2,000 for the VE Day celebrations) and Civic & Ceremonial (110/4535 - £2,000 for the Town Plan)
4. Employer pension contributions have been amended to take into account the increase from 17.8% to 18.2%
5. Increases have also been applied to the following budget lines and the revised budget amounts are stated below:

101/4480	Computing Costs	£3,900
	Upgrade to hardware/Councillor emails	
101/4486	Website Costs	£3,000
	New compliance regulations by Sept 2020	
110/4032	Elections	£4,000
	Election costs have increased	
206/4120	Annexe-Heat & Light	£1,000
	Change of use to hold Town Council meetings	
206/4170	Annexe-Repairs	£3,000
	Change of use to hold Town Council meetings	
6. The Pension Deficit, as per the Actuarial Valuation, has been decreased from £19,000 to £4,400 for 2020/2021. The pension fund has performed well over recent years and the deficit for Bridgnorth Town Council has reduced to £70,800. It is anticipated that the following deficit recovery payments will be:

2020/2021	£4,400
2021/2022	£4,600
2020/2023	£4,700

7. Members attention is drawn to the current McCloud judgement, with regard to the pension fund, which will have a detrimental effect on the deficit costs and the percentage level of employer contributions. The remedy is still unclear, as is the form any remedy will take or when the remedy will be introduced. It could mean extending the underpin to members who are not currently covered. The underpin - When the scheme changed on 1 April 2014 an additional protection was put in place for members who were within 10 years of their normal retirement age (in most cases age 65) on 1 April 2012. This was to ensure that the pension would be at least equal to that which would have been received in the scheme had it not changed on 1 April 2014.
8. Shown below are the estimated costs of the anticipated outcomes of the McCloud case:
- |           |        |
|-----------|--------|
| 2021/2021 | £5,700 |
| 2021/2022 | £6,000 |
| 2022/2023 | £6,100 |
- The employer contributions could also increase to 18.5%
9. Members are asked to note that the pension deficit figure in the budget has been recorded at £5,700. This will ensure that we are 'on the front foot' should the anticipated remedy come into force. If not, it will help to reduce the overall pension deficit.
10. Areas of concern:
- Levels of income for Cemetery and Car Park fees
  - Salaries – A 2% increase has been applied to the budget for 2020/2021. Staff salaries are linked to the NJC terms. No agreement had yet been made. The initial request from the Employees Association is for 10%. There is also uncertainty with regard to the General Election; the Labour Party have indicated that they would increase salaries by 5% for Local Government workers

## OPTIONS

11.3 revised budget summary sheets are attached and provide the following options:

### Flag 1

- The contract for the public toilets stands at £19,000; possible closure of Innage Lane and Fox Corner
- End of 2019/20 level of General Reserve as £191,811
- Anticipated General Reserve of £160,000 at 31 Mar 2021
- A percentage increase of 2.12% in the band D equivalent, from £134.71 to £137.56 (precise details cannot be confirmed until the council tax base figure is confirmed with Shropshire Council).

### Flag 2

- Same as flag 1 but with:
- £5,000 income added from Bridgnorth Community Hall for 2019/2020 and 2020/2021(This is to be confirmed with the Management Committee of the Bridgnorth Community Hall)
- End of 2019/20 level of General Reserve as £196,752
- Anticipated General Reserve of £160,000 at 31 Mar 2021
- A percentage increase of 0.5% in the band D equivalent, from £134.71 to £135.38

### Flag 3

- Same as flag 2 but with:
- The contract for the public toilets has been reinstated to £24,000
- End of 2019/20 level of General Reserve as £196,752
- Anticipated General Reserve of £167,300 at 31 Mar 2021
- A percentage increase of 2.5% in the band D equivalent, from £134.71 to £138.08

### RECOMMENDATION(s)

12. To accept the draft budget contained within Flag 3.  
(RFO's note – This is the only budget that allows for an increase in the General Reserve at 31 March 2021)

Roslyn Williams  
Responsible Finance Officer