

BRIDGNORTH TOWN COUNCIL

TOWN COUNCIL MEETING 27 SEPTEMBER 2022

Budget Issues for 2023/24

Background

The minutes of the Finance Committee of 12th July record

“Members briefly discussed the potential risks and pressures on the 2023/24 budget and precept. Members felt that a short paper setting out the broad issues would be useful background to next year’s budget cycle. The Chairman agreed to take this forward with the RFO and/ or Interim Town Clerk.”

This paper sets out some preliminary thoughts.

The Finance Committee meets again on 11th October to discuss the first cut of our base budget for 2023/24.

Issues

The fundamental issue we face is **inflation**

- We budgeted for pay awards to average 3% for 2022/23. However Local Government Employers have already offered a flat increase of £1,925 to each spinal column point, the deletion of SCP 1, an additional day annual leave and a 4.04% increase in allowances. This means that at a minimum pay inflation will be around double what we allowed for this year
- The Consumer Price Index is currently showing a year-on-year increase of 10.1% (July 2022) and has been forecast to peak by some commentators at around 18% in January 2023. Whilst the key drivers behind the increase are food and energy costs it nevertheless has a significant impact on our non-pay costs. The cost of building materials etc is rising and many of our service contracts have CPI inflation clauses built into them. On the other hand, we currently have fixed price deals on our energy costs (gas expires December 2024, electricity April 2023)
- Pay awards for 2023/24 are an unknown quantity. We will need to take a risk-based decision on the contingency we build in. Too low a figure puts pressure on our general reserves and the 2024/24 precept whilst too high a figure has the reverse impact.
- The “cost of living” pressures on households may mean that the council tax collection rate will fall (arrears, bad debts) and our headline precept percentage change will be higher. This happens because the amount raised by the average Band D property falls.

Immediate matters include

- Whether we eliminate of our planned 2022/23 budget deficit next year
- We agreed to fund the youth club in Innage Lane after the budget was set for 2022/23 meeting the cost from general reserves. If funding is to continue the cost will need to be built into our base budget.
- We increased the Severn Park car park fees in April with an intention of not increasing them in 2023/24. The new fees mean that our income from these fees is running significantly ahead of budget this year which will relieve some pressure.
- Income from casual lettings and market fees is ahead of budget so far this year but how that will change as the “cost of living” bites is uncertain
- There appears to be an issue with cemetery fees – cremations are much more popular than burials this year which reduces our income.
- Our direct labour force is at full establishment. Changing the way we work to improve efficiency will only result in significant cost savings if we reduce our labour force or seek additional contract work to use the spare capacity released.
- Grants – we increased the Grants budget by £20k this year – is it sustainable?
- The training and development of our employees to enable them to “work smarter”

Longer term issues which may impact on next year include

- Administrative capacity to develop a strategic plan
- Additional investment in maintaining our buildings resulting from the Quinquennial Review
- Investment in energy saving measures
- Development of the cemetery
- Improvements to the Town and Castle Halls

In practice much of any required investment might be met from earmarked reserves, capital receipts or grants.

Appendix A sets out a PRELIMINARY look at what some of the issues identified above might mean for our precept for 2023/24. The figures have been sense checked by the Proper Officer/RFO. They will change as detailed work on next year’s roll forward budget is completed

The figures suggest a best case precept increase of around **8.5%** and a worst case increase of **21.1%**. The projections do not take account of any changes in the collection rate. (Shropshire Council will not estimate this until late December)

Service reductions – the elephant in the room

We've looked at service reductions before, but we do need to take a view about which items are on or off the table so that our officers can plan accordingly. A non-exhaustive list includes

- CCTV provision
- Public toilets
- Locking the Castle Grounds and Severn Park
- Summer portaloos in Severn Park
- Floral provision
- Civic events

There is a debate to be had about the wider public benefit these services provide V their cost.

The way forward

Members are asked to note the issues identified and give a steer on our approach to

- The immediate issues identified
- Which (if any) service reductions should be explored.

Nicky Cooper
Chair of the Finance Committee
18th September 2022