

Agenda item 4

For decision: Budget and precept demand for 2017/18

Author: Jackie Wheeler, RFO and Paul Wynne, Town Clerk

Summary

The work programme for 2017/18 was approved by Council on 7 December. The next steps are to agree a slightly modified staff structure to implement it and the budget to pay for it.

This report explains the components of the expenditure budget and the income required to match that expenditure, this includes the proposed amount of the precept.

The proposed staff structure is at Appendix 1 on the agenda of this meeting and this budget report assumes that the various staff costs will be approved.

The first section of this report discusses the various parts of the expenditure budget. The second section discusses how it is proposed to match expenditure with income. The third section is about managing risk and the fourth section is the recommendations.

1. Total budgeted expenditure for 2017/18

The expenditure required to deliver the work programme for 2017/18 is £1,375,188. This is £34,723 less than 2016/17. The most significant reason for this is that we will not have a large expenditure budget for the Town Hall project in 2017/18 and that we plan to use a large s106 budget for open spaces that will be drawn down from MDC rather than a budget line.

The proposed line by line budget for 2017/18 is at Appendix 1. This enables some year on year comparison. However, because we have removed some budget lines and established new ones, it is not possible to explain the whole picture here. Please contact the RFO in advance of the meeting if there are any detailed queries.

One budget that has increased is the staff budget - by £99,530 to £604,190. The table below summarises and explains this increase.

		Increase/(decrease) on 2017/18 salary budget
Well Being Manager	New full time post April 2017	£34,500
Town Hall Manager, Steward and Project Administrator	Full time posts for full year April 2017	£50,520
Resilience Manager and Town Ranger	Full time post and increased hrs April 2017	£8,620

All staff	Employer's National Insurance contributions and 1% salary increase and annual increments	£25,680
Town Centre Co-ordinator	Removed post April 2017	(£23,790)
	Total increase April 2017	£95,530

2. Total budgeted income for 2017/18

Income comes from four different sources:

		Total income 2017/18
a	Precept (from Council tax payers in Frome)	£1,193,268
b	Income from room hire, rents and investments	£105,920
c	Surplus in the General reserve	£30,000
d	Income from Earmarked Reserves	£46,000
	Total (matching total expenditure)	£1,375,188

a. The precept

The precept is the amount we receive from Council Tax payers in Frome. It is usually discussed in terms of the amount a Band D household in Frome will pay. The Banding (value of the property) range is from A – H with Band D as the middle band. In 2016/17 Frome Town Council's portion of the annual council tax bill is £138.65. It is proposed to increase the amount paid by a Band D household by £5 to £143.65. This is equivalent to just under 10p a week. It is worth noting that over 60 per cent of households in Frome are in Bands A to C, and pay less than this.

This means the precept will be £1,193,268 for 2017/18 - an increase of £53,562 on last year.

b. Income from investments, rents and room hire

Income during 2017/18	£105,920
Of which:	
• Investments	£2,000
• Room hire and rental income from Frome Town Hall	£94,620
• PV panels	£6,800
• Victoria Park Café rent	£2,500

The income from room hire and rents at the Town Hall represents the highest risk in the budget. Based on advice from local estate agents and market research, these income lines are as realistic as we can get now. However, given that we do not have historic income streams as a guide, please be aware that they may increase or, indeed, decrease. The RFO will provide a forecast income in October 2017 once the Town Hall has been running for six months.

c. Surplus in the General Reserve

The General Reserve is for unplanned emergency expenditure such as tree work and work on buildings and the Council's Standing Orders say that it should be £180k. It is forecasted that at 31 March 2017 there will be a surplus of £40k in the General Reserve and it is proposed to use £30k to support the 2017/18 budget.

d. Utilisation of Earmarked Reserves

EMRs are amounts that have been established – sometimes over a period of years – to pay for specific projects. We have, for example, built up a Saxonvale EMR to support this project. Some projects have been completed over the past year and have left small surpluses in some EMRs that are no longer needed. These projects are primarily related to open spaces. Combined, this surplus is £46k. It is proposed to transfer this into the 2017/18 budget for use on open spaces. This is simply a tidying up exercise.

The following EMRs are forecast to be available at the end of this financial year:

Description	Amount	Budget code
EMR Town and District Elections	£13,311	9003
EMR Play Equipment	£9,103	9010
EMR S106 Foundry Barton and Riverside	£49,266	9017
EMR S106 Showfield Equipment	£5,701	9018
EMR S106 Showfield Enhancement	£10,210	9019
EMR Town Centre Improvements	£281,433	9020
EMR Youth & Research & FE	£1,500	9023
EMR River Corridor	£6,143	9039
EMR Saxonvale	£104,775	9056
EMR Public Realm Design	£10,000	new

3. Managing risk

The Council Support Tax Grant for 2016/17 of £109.9k and higher than planned income from the sale of the Palmer Street offices means that there will be an amount not attached to an expenditure budget. However, there are also some risks that we need to manage. At this stage, neither do we know the full cost of the Market Place Regeneration project nor the Saxonvale project. In addition, there is the risk, as noted above, about the level of income we are likely to receive from bookings and rents at the Town Hall. Until these become clearer it is proposed that these income streams remain unallocated and lodged temporarily in the General Reserve.

Recommendations

1. Note the report above including the proposed amounts in the General Reserve and the Earmarked Reserve
2. Approve the budget to deliver the work programme for 2017/18
3. Approve the precept amount of £1,193,268