

Civic, Heritage and Events Committee Meeting – 5 January 2021

Budget Review

Pages 1 - 6

1) Budget Proposal Fifth Draft 2021/22

The fifth draft of the Budget Proposal for 2021/22 is attached as **Appendix 'D'**.

The first page shows a summary of Council's whole budget, while the subsequent pages show those items for which the Civic, Heritage and Events Committee has delegated and advisory powers.

1.1) Review of Year to Date 2020/21

Figures for the Annual and Year to Date (YTD) Budget for 2020/21, together with YTD Actuals at 30/11/2020, are shown in the draft budget proposal.

Members are advised that the YTD deficits identified in the report for the previous meeting in November continue to grow due to the ongoing impact of coronavirus pandemic restrictions. Much of the information below is similar to the previous report, just the figures have changed.

The most significant points to note for this Committee are as follows:

- i) INCOME – Market & Christmas Festival [Net] – YTD Actuals are over £16,500 down compared to YTD Budget. A review of the details shown on Page 2 show that the substantial deficit in Market Income is offset by lower expenditure because of the inclusion of the District Council's 60% share. The cancellation of this year's Christmas Festival and Victorian Market has resulted in a cost saving. However, as previously reported, Members are reminded that Council are likely to receive approximately one third of the revenue which

would otherwise have been due under the original contract, before the coronavirus pandemic and a change to invoicing.

- ii) EXPENDITURE – Town Hall Commercial Management [Net] – YTD Actuals are over budget by over £12,000 as a result of the loss of Lettings Income due to the impact of lockdown and ongoing COVID-19 restrictions on the ability to hold events at the Town Hall. Note that Lettings Income is down by over £18,000 compared to budget and further refunds have been issued recently as a result of the lockdown in November and cancellation of more events. A detailed breakdown of figures is shown on Page 2 of the Draft Budget.

- iii) EXPENDITURE – Civic Expenditure – again, this is significantly under budget. A review of the details on Page 3 of the Draft Budget show how this section of Council's budget has been severely affected by the postponement of civic events. The Mayor has not yet drawn the first tranche of his allowance and travel costs are minimal at this stage. Most significantly, the cancellation of this year's Shakespeare Birthday Celebrations event has meant that Council's contribution of £25,000 to the "pot" has not been required, while the lack of civic events of any kind has also meant there has been not expenditure to date on Event Security.

1.2) Review of Draft Budget for 2021/22

The fifth draft of the budget is still likely to need revising before the final draft is recommended to Council at the meeting on 24 January 2021.

As previously reported, the continued uncertainty over how much longer the lockdown restrictions will continue and the ongoing economic impact of the pandemic also affect the ability to predict many of the income streams and the levels of expenditure which the Council will incur in the rest of the current financial year, let alone the next financial year. Many of the YTD Actuals for 2020/21 have been

affected and made many of the YTD Budget figures become unrealistic or unachievable as a result of the unforeseen circumstances when the Final Draft Budget for 2020/21 was approved by Council in January 2020.

As with any budget preparation, there are various assumptions which have had to be made. However, any of the figures can be amended in the next few months.

The Finance and Audit Committee will undertake a final review of the latest draft budget for 2021/22 at its meeting on 12 January 2021, so all other spending committees need to have completed the review of their budget requirements and also specified any designated reserves they need. The budget will then be recommended to Council for approval at the meeting on 24 January 2021 in order to submit the precept request to the District Council.

Some important details requiring further consideration are as follows:

- iv) Page 1 – Further Funding from Reserves – the figures indicate there will be a substantial budget deficit of £283,148, which will need to be funded from Reserves;
- v) Page 1 – Council Tax Base – this has now been confirmed by the District Council and shows a very small increase of 9.98 compared to 2020/21.
- vi) Page 1 – Annual Rate Charge Per Household – the increase in the precept of 1.5% is based on an assumption that the same level of increase will be applied as was approved for the budget for 2020/21 but this is not intended to set an expectation. Note that this would result in an increase to total Precept of only £8,063.
- vii) Page 2 – Market & Christmas Festival INCOME – this figure has been adjusted downwards from the existing contractual agreement, which has currently been suspended because market trading has been impacted by COVID-19 social distancing restrictions. There is an assumption that markets

will return to "normal" by September 2021 but this is far from certain and this figure may need to be reduced further if invoicing continues as is currently being done based on number of stalls, significantly less than expected under the contract.

- viii) Page 2 – Town Hall Commercial Management INCOME – this figure is based on the Actuals for 2019/20, as the current year figures currently show that income is substantially lower than budget. Again, it is far from certain when restrictions will be lifted and whether booking and income will return to pre COVID-19 levels.
- ix) Page 3 – Civic Expenditure EXPENDITURE – these figures are based on the current year's budget rather than any consideration of actuals affected by the pandemic. **Given ongoing restrictions and the outlook for next year, Members are asked to review this section in detail and reduce the budgeted expenditure for items which are unlikely to be required or relate to events which will not proceed or will be delivered 'virtually' in 2021 (e.g. Shakespeare Birthday Celebrations contribution, Event Security, etc.)**

If any Members have specific queries or concerns about the figures shown in the draft budget, they are asked to submit any requests for more information to the Deputy Town Clerk before the meeting, as these are likely to require further detailed analysis and investigation.

2) Designated Reserve requirement for 2021/22

This matter was deferred from the previous meeting of the Civic, Heritage and Events Committee on 3 November 2020.

As previously reported, following Council's decision in September 2020 to approve the new Committee structure and new Terms of Reference, **the Civic, Heritage and Events Committee is responsible for agreeing its recommended designated reserve requirement for the next financial year and to advise the Finance**

and Audit Committee accordingly, in addition to agreeing its recommended budget.

This “pot” of additional funds will enable the committee to make decisions on additional expenditure during the next financial year, on matters within its budget responsibility, without having to request approval of budget virements from the Finance and Audit Committee.

Note that any funds allocated to new designated reserves for each committee will need to be taken initially from Council’s General Reserve, so these decisions will potentially have an impact on the Reserves Policy. Also note that the Reserves Policy will continue to be reviewed as part of the overall budget process.

If no specific requirement for further funds is identified, it is suggested that Members should consider whether any budget surpluses from 2020/21 may be carried forward and included as part of the designated reserve. **Members should be mindful that any budget surpluses in the current financial year 2020/21 are merely reducing the overall level of the budget deficit and the amounts which will ultimately be required to be funded from reserves.**

3) Review of Town Hall tariffs for 2021/22

This matter was deferred from the previous meeting of the Civic, Heritage and Events Committee on 3 November 2020.

The proposed tariffs based on an inflationary increase are attached as **Appendix ‘?’**. Members should note that the figures are based on a cumulative rounding process so not all figures are changed each year. Therefore those figures which have changed are highlighted.

An annual review of the tariffs is undertaken as part of the budget process because these could impact the expected level of income derived from Town Hall hire. However, given the timescales for finalising the budget recommendation for 2021/22, any changes to the tariffs at this stage will not be reflected in budget figures until the next budget process starts in September 2021.

If Members decide this matter is ongoing and more work is required as part of a detailed review of the strategy for hiring of the Town Hall for future events, **it is still necessary for Members to agree the tariffs which will come into effect for any bookings taken from 1 April 2021.**

Deputy Town Clerk
December, 2020