

# KINGSWOOD TOWN COUNCIL

**Meeting: Full Council**

**Date: 28th November 2023**

**Author: Town Clerk**

## **1.0 Item For Consideration: Budget and Precept for 2024 to 2025**

1.1 To give context and general information on how the current budget is being utilized and to make plans for next year.

## **2.0 Background Information**

2.1 The council in its first year was given an operating budget (collected via the precept) of £125,108. The funds are collected on behalf of the council by SGC and paid to the town council in 2 tranches at the beginning of the financial year (as the council has yet completed the setup of its own bank account these funds are currently held by SGC). The precept is calculated using the tax base of 8,345 (average number of Band D properties from which to collect council tax, figure provided by SGC each autumn) and applying a sum per household to pay (known at the precept). This year it was £14.99 per year per Band D household.  
 $8,345 \times £14.99 = £125,100.$

2.2 As the council is new it was difficult to predict the activities and services that Kingswood Town Council might wish to become involved in or offer. But moving into its second year of operation the council needs to consider its budget for next year. The deadline for requesting the precept for next year is in Mid-January and KTC informed SGC formally by completing an S41 form. All councils must produce a budget to justify the precept and this will be subject to some scrutiny by auditors.

## **3.0 Summary of the current year.**

3.1 From the budget of £125,108, approximately £14,820 has been spent to date (payments via SGC) and it is likely that by the end of the financial year the spending will have reached £55,277, leaving the council with an underspend of approximately £69,831. The overriding impact on this has been the lack of an election (saving £33,500) as well as not having an office, some employment costs and general delays in setting up processes.

### **Special Expenses**

3.2 Each year SGC calculates the cost of providing specific services within each parish boundary and collects the maintenance charge for infrastructure (allotments, closed churchyard, bus shelters, open spaces, public conveniences, play areas and playing fields) as a special expense when collecting council tax. In the current year the charge has been £240,895 and this will increase to £258,35, and an increase of approx. 7.5%. It is helpful to know of this additional charge on residents when discussing an increase that KTC might also charge.

### **Community Infrastructure Levy**

3.3 KTC has been informed that it has funds of approximately £65k that has been allocated for supporting community infrastructure projects, as a result of developer contributions. These funds are currently held by SGC and KTC will have an influence over how these funds are allocated. A request has already been received to improve the tennis courts.

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## 4.0 The need to create General and Earmarked Reserves

4.1 The council must operate with some reserves, and the underspend above allows the council to create its first reserve: General Reserves are used as:

- Working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, this forms part of general reserves
- A contingency to cushion the impact of unexpected events or emergencies, this forms part of general balances;
- A means of building up funds often referred to as earmarked reserves, to meet known or predicted liabilities

4.2 Whilst general balances are unallocated, earmarked reserves are held for a specific purpose and to mitigate against potential future known or predicted liabilities. KTC would need to create an Earmarked Reserve for future election costs from the start. The amount in General Reserves is usually between one third and one half of the previous year's precept (so in the case of KTC, between £41K and £62k). The number of and amount in Ear Marked Reserves is unlimited, but subject to scrutiny by the auditor and the electorate.

## 5.0 The wider context in South Gloucestershire

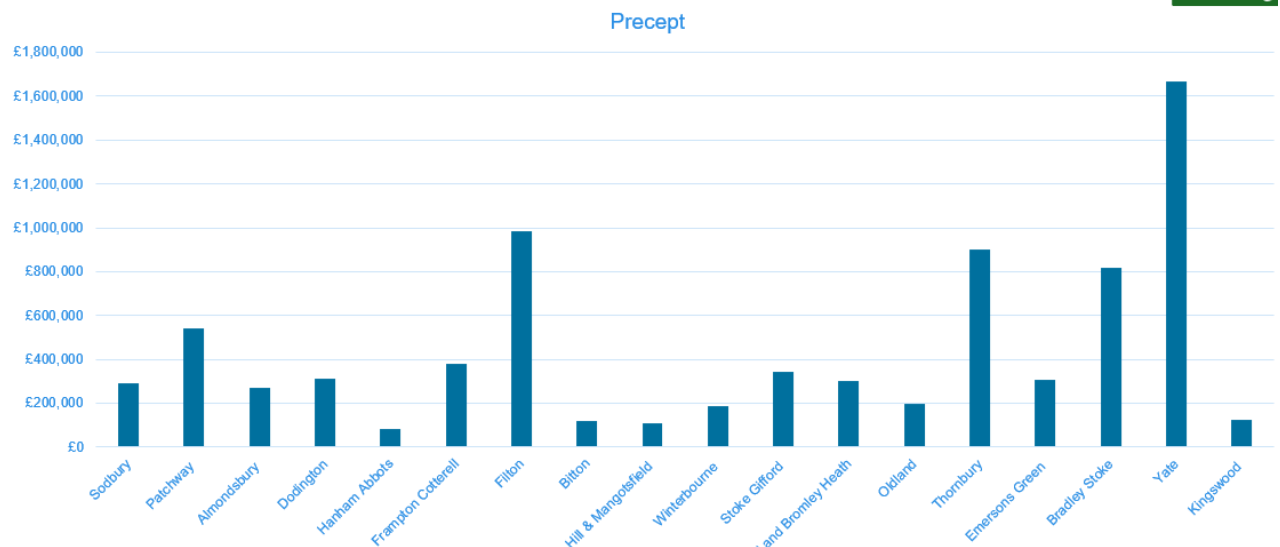
5.1 The presentation that was made at the last meeting from the S106 officer sets the context of Kingswood Town Council amongst the other councils in South Gloucestershire. Whilst having the largest tax base of 8,345, it has one of the smaller operating budgets. See both charts below.

Ranking	Parish	Council Tax Base	Precept
33	Sodbury	2,199	£291,411
34	Patchway	2,332	£540,271
35	Almondsbury	2,364	£270,040
36	Dodington	2,384	£309,865
37	Hanham Abbots	2,384	£82,325
38	Frampton Cotterell	2,617	£381,303
39	Filton	3,154	£986,694
40	Bitton	3,348	£121,632
41	Staple Hill & Mangotsfield	4,003	£106,800
42	Winterbourne	4,168	£189,050
43	Stoke Gifford	4,442	£345,000
44	Downend and Bromley Heath	4,632	£304,500
45	Oldland	4,938	£197,567
46	Thornbury	5,754	£898,894
47	Emersons Green	6,956	£306,000
48	Bradley Stoke	6,979	£816,125
49	Yate	8,307	£1,668,251
50	Kingswood	8,345	£125,100

5.2 In order to calculate what the precept per year might be in those areas, simply divide the precept by the tax base, to give the annual payment per household.

*ie Stoke Gifford: £345,000 divided by 4,442 is an annual payment per household of £77.66.*

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## 6.0 Planning for 2024 to 2025

6.1 The clerk is able to forecast some of the operating costs for next year, but it is crucial that the council starts giving thought to what it would like to do, as each activity has an impact on other budget lines (IT, insurance, training etc). If the council wishes to employ additional staff the clerk is able to calculate the knock-on effect on other budget lines.

6.2 A draft budget for operating costs (not including any projects) is below, and this assumes that the council employs only a clerk, has an office and is committed to other overheads. It is a total of £97,898, which is less than for the current year, as it does not include the election costs, has lost some of the setup costs, but includes membership of NALC, audit costs, ongoing operating costs for communications and the website etc.

6.3 KTC has had an early indication that the Kingswood tax base might increase to 8,359. Based on this, some calculations are offered below of what the impact on household council tax might be if KTC were to increase the precept to £25, £50, £75 and £100 per annum, as examples:

	Option A	Option B	Option C	Option D
<b>Tax Base</b>	8,359	8,359	8,359	8,359
<b>Band D Payment per annum</b>	<b>£25</b>	<b>£50</b>	<b>£75</b>	<b>£100</b>
<b>Possible Precept to Kingswood TC</b>	<b>£208,975</b>	<b>£417,950</b>	<b>£626,925</b>	<b>£835,900</b>

6.4 To work in percentage increases is misleading, as the numbers are small and therefore percentage increases are large. If KTC was to increase the precept by just £10 per year, it would gain a further £103,000 to enable it to start delivering projects.

6.5 However, in order to justify any increase councillors must consider and agree some realistic projects that can be delivered in the coming year and beyond. It is reasonable to start planning for capital projects (land and buildings, office space etc) that might not be materialized for another 3 – 4 years but needs to justify any increase on the precept to the community and residents, who will be paying the increase.

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## 6.6 Draft Budget without any projects or services:

	2023 to 2024 (current year)				2024/25
	Agreed Budget	Activity to date	Forecasted spend to year end	Variation between budget and forecast spend	Based on predicted costs, but with no new projects
Tax base (actual)	8345				8,359
Band D payment per household per annum	£15				?
Precept	£125,100	£125,108		£0	?
<b>Total from Precept</b>	<b>£125,100</b>	<b>£125,108</b>		£0	?
<b>Employee Costs</b>					
Salary - Clerk /RFO	£36,667	£0	£20,000	£16,667	£48,000
Employer Pension contribution	£9,167	£0	£4,000	£5,167	£9,600
Employers National Insurance	£4,000	£0	£2,200	£1,800	£5,280
Expenses	£916	£150	£1,000	-£84	£1,000
Payroll Costs: Set-up	£200	£0	£200	£0	£0
Payroll Costs: on-going	£500	£0	£500	£0	£400
Avon Pension Fund set-up costs	£2,300	£0	£2,300	£0	£0
<b>Employee Costs Total</b>	<b>£53,750</b>	<b>£150</b>	<b>£30,200</b>	<b>£23,550</b>	<b>£64,280</b>
<b>Office Costs</b>					
Set-up Costs	£2,500	£500	£1,500	£1,000	£1,500
IT Software, Consumables, Support	£2,000	£1,850	£2,000	£0	£2,000
Website	£1,000	£1,075	£1,075	-£75	£300
Website Annual costs	£500	£300	£300	£200	£300
Communication	£1,200	£0	£500	£700	£2,500
Postage, Freight & Courier	£100	£0	£50	£50	£100
Office Space Rent	£7,500	£0	£0	£7,500	£7,500
Printer Cost	£600	£0	£300	£300	£300
Printing Cost	£500	£0	£100	£400	£300
Insurance	£1,600	£192	£192	£1,408	£600
<b>Office set up Total</b>	<b>£17,500</b>	<b>£3,917</b>	<b>£6,017</b>	<b>£11,483</b>	<b>£15,400</b>
<b>Administration/Governance</b>					
Election Costs: Initial	£34,600	£1,050	£1,050	£33,550	£0
Election costs: Future (into EM)	£0	£0	£0	£0	£10,000
Meeting Room costs	£1,000	£0	£1,000	£1,000	£1,400
Councillor Expenses	£500	£0	£0	£500	£500
New Councillor Packs	£500	£0	£0	£0	£0
<b>Governance Total</b>	<b>£36,600</b>	<b>£1,050</b>	<b>£2,050</b>	<b>£35,050</b>	<b>£11,900</b>
<b>Professional Fees</b>					
Subscription membership	£1,300	£923	£1,000	£300	£3,518
Audit & Accountancy Fees	£2,000	£0	£1,500	£500	£1,800
Staff/Councillor Training	£1,000	£250	£750	£250	£1,000
Cont - SGC Parish set up costs	£5,000	£2,370	£2,800	£2,200	£0
Locum Staff set up	£0	£6,160	£6,160	-£6,160	£0
<b>Professional Fees Total</b>	<b>£9,300</b>	<b>£9,703</b>	<b>£12,510</b>	<b>£-2,910</b>	<b>£6,318</b>
<b>Other Expenditure</b>					
Communications	£1,000	£0	£1,000	£1,000	£0
Miscellaneous	£1,000	£0	£1,000	£1,000	£0
Contingency	£5,958	£0	£2,500	£3,458	£0
<b>Other Expenditure Total</b>	<b>£7,958</b>	<b>£0</b>	<b>£4,500</b>	<b>£5,458</b>	<b>£0</b>
<b>Total</b>	<b>£125,108</b>	<b>£14,820</b>	<b>£55,277</b>	<b>£69,831</b>	<b>£97,898</b>

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## 7.0 Possible Projects

7.1 Previously the Christmas lights were provided by SGC and charged via special expenses, but SGC has confirmed that they will not be providing Christmas lights in the future. Therefore, to maintain the displays in Kingswood the town council will need to take this on. There will need to be a separate discussion on how best to achieve this (usually to go out to tender and enter a contract that supplies, erects, dismantles and stores the lights) but it is likely to cost in the region of £15k per annum (and if a “turning on” event is also wanted, then additional event costs). Below is a list of activities or services that the council may wish to consider. These have been put together from conversations with councillors:

Activity/Service	Likely Costs	Notes
Christmas Lights	£15,000	Infrastructure, maintenance and installation and storage, permissions and electricity
Christmas Lights Turn On Event	£10,000	First aid/marshals/road closure/Marketing/prizes
Remembrance Day Event	£4,000	Road closure, marshals, first aid, advertising, PA system, printing, insurance
Floral Display/Greening High Street	£15,000 - £20,000	Grant for contractor
Community Grant Scheme	£ ?	To be considered
Environmental Initiatives/Operatives	£ ?	Employ staff to litter pick, tidy, repair etc?
Youth Provision	£ ?	Support additional youth activities

## 8.0 Recommendation

8.1 For councillors to have a discussion and agree what they may wish to provide next year, and other projects that they might wish to consider beyond 2024.

8.2 To delegate responsibility to the clerk to calculate costs for suggested projects, or employment of additional staff and present a draft budget for consideration at the council meeting on 12<sup>th</sup> December 2023. If necessary, for an additional meeting to be held, in advance of the meeting in January 2024, to ratify the draft budget.

8.3 For councillors, as part of this process, to engage in a workshop (to be arranged) for consideration of a strategic plan, to establish a council and community vision and to develop objectives for the coming years and to convert the plan into deliverable projects.