

**SHREWSBURY TOWN COUNCIL  
FINANCE AND GENERAL PURPOSES COMMITTEE  
4 December 2023**

**Officer:** Andy Watkin – Head of Resources (RFO)

**BUDGET PROPOSALS**

**Purpose of the Report**

The Council annually in January must set its budget for the following financial period (2024/25) along with the precept. The forecast for the current year (2023/24) is also prepared.

This process commences following the October F&GP to start compiling information, gathering thoughts and ideas on services ahead of future meetings, and other impacts to the budget and forecast.

**General Principles, implications and assumptions**

In order to predict the outturn forecast, the current run rate is used along with experience and current market conditions to arrive at a forecast. The forecast leads to the production of the budget and assumptions applied increasing or decreasing revenue items. Factors to consider are:

a) Forecast Outturn of the 2023/24 budget

Apply current run rate and factor in seasonal and trends.

Pay award agreed and applied variable rate depending on pay 3.88% – 9.4%

b) Impact of Spending Review and local budgetary pressures

The recent spending review did not have any specific implications although there is a real terms reduction for the sector which will impact Shropshire Council and trickledown to STC. Nottingham City Council are the most recent to issue a section 114 notice.

Business Rates not specifically mentioned so expectation is a CPI increase of 6.7%

Safer Street 4 funding has finished. STC committed to funding until end of 23/24 using existing budgets. Consideration needed for level of provision for 24/25 and enter core budgets with funding implications.

c) Inflationary pressures and impacts on the revenue budget

Inflation per ONS statistics is in decreasing from last year's high of 11.1% to 4.7% this is due to utilities and fuel but some costs such as food linked to agriculture remain high, it will remain above BOE target and forecast to decrease to 3% over the next 12 months.

The Council's basket of goods is different, and comparison of prices is as follows:

- Diesel -12.5%
- Petrol 2.9%
- Waste 4.8%
- Electricity 27.9%
- Gas 57.2%
- Seeds/ferts 4.1% (average)
- Maintenance 9.0% (average)

Apply 5% for seeds/ferts, reduce the fuel budget by 5%, maintenance and repair costs factor in 10% and a general percentage of 5% across the other costs unless an external provider has more accurate figures such as WME for utilities, business rates 6.7%.

The pay award is agreed nationally by the unions, no indication given as current year only agreed but a more prudent estimate of 5% should be included having underprovided prior year and negatively impacted the revenue budget.

Capital projects and use of reserves will reduce balances and investment returns compared to likely forecast.

#### d) Interest rates

The Bank of England base rate appears to have peaked at 5.25% and is forecast to remain high for at least 2 years dipping to 3% end of 2025. Bond yields are decreasing, and a lower rate should be expected and factored in.

#### e) Tax base calculations

The tax base for 24/2 has been requested from Shropshire Council as this determines the precept. The current year figures are 26,402.73 @ £63.26 = £1,670,237.

The band D rates was increased by 5% last year a £3.01 increase from £60.25.

### **Proposed Fees & Charges**

Recommended for approval by the Recreation & Leisure Committee. The Bank of England has an inflation target of 2% and this has been applied with the following exceptions:

- Markets up 6%, inflation pressures not added in full prior year it was staggered increase.
- Clubs under licence the current rate of inflation at time in October of 9%, high cost input.
- Reductions have been requested last week by representatives from the fun fair operators or reduced for adverse weather and do not open. The increase was £10 1.8% to £565. Looking back to YE21 the charge was £525 and increases have been £10 annually.

**Revenue expenditure items from committees/members for consideration**

Ideas for changes, improvements and reductions to services sought from the public and members.

Suggestions received to date:

- No formal suggestions, from discussions with members any pressing matters have been dealt with from revenue budgets and awaiting conclusion of visioning exercise to aligning specific ideas with future budgets.
- Capital projects can be considered for allocation of earmarked reserves available.

**RECOMMENDED:**

- (i) **General principles implications are noted and agreed**
- (ii) **Fees & Charges approved**