

Financial Outlook – Budget Process

Purpose of report: To outline the Town Clerk’s view of the financial prospects for the council, and to satisfy the requirement to prepare a Medium Term Financial Plan.

Recommendation:

1. Council is recommended to note the report and provide guidance to officers.

	Yes	No
Does the decision involve new expenditure?	N/A	
Is there an existing budget for the proposed expenditure (insert code)	N/A	
What procurement level is required?	N/A	
Are there equalities impacts / an equalities assessment required?		No
Does this require a full council decision? (Reports for full council decision should still be sent to the relevant committee where possible.)	N/A	
Is there a background paper or papers? (provide links below).		No

1. In order to assist elected members last year’s figures for precept levels, for all the parishes in Northumberland are attached. It is expected that the taxbase will be broadly similar in 2024-25, although we await its calculation by Northumberland County Council (NCC).
2. Broadly speaking, the taxbase is the amount that would be raised by a £1 increase in the precept. It varies according to the number of households liable for council tax within the parish, and the collection rate, which is calculated by NCC. There is no reason to expect a significant change in the tax base for 2024-25.
3. As ever, members are invited to compare the level of Band D council tax attributed to the Town Council with other similar town councils elsewhere in the county. The benefits of the payments received from the Freemen Trust result in a lower impact on households in Berwick compared to other similar sized towns throughout the county but at the expense of council being at greater risk from the possibility of the amounts received decreasing significantly for reasons beyond the Town Council’s control.
4. For this reason, council chose in 2023-24 to reduce reliance on the Schedule 3 payment from the Trust arrangement, and council is invited to give an early indication to staff if they wish this to be the case in 2023-24.
5. For the first time since the current Responsible Financial Officer took office council has early notice of the likely outturn from the Freemen Trust with regard to the payments due to council. The amount anticipated is likely to be similar to this year – between £140k and £150k.
6. There is no way of predicting the likely impact of the proposed staffing review on staffing costs, (including incremental drift) although the likely outturn for the 2023-24 pay settlement is now known, and sets the tone of the likely pay settlement in 2024-25 – that is to say, there is likely to be further erosion of differentials in the pay scales with the settlement offering between 5% and 8% to lower grades, and 3% to 5% to higher grades. We think it not unreasonable to expect a like for like increase in staffing costs of 6% to 7% in 2024-25, with a further allowance needing to be made for incremental drift once we know the outcome of the staffing review. For this reason, we recommend that the initial budget projections be prepared on the basis of an increase of 12.5% in staffing costs.
7. Utility costs will continue to present a challenge in 2024-25 and we expect to recommend an uplift in the 2024-25 budget, on the basis of limited data available, of 12.5%. This figure may be revised before the final budget is prepared.

8. The cost of supporting public transport is expected to decline in the next two years.
9. A further decision is required in the near future concerning the ongoing cost of CCTV. As yet officers don't have enough data to write an appropriate report for council.
10. Council is invited at this meeting to identify any proposals for savings or growth it wishes to be included in the budget process.

Issues arising from proposal

Covered in report.

Rationale for recommendation

To enable better internal control of purchasing decisions.