

TOWN COUNCIL

DATE: 27 JANUARY 2021

REPORT OF: FINANCE & GENERAL PURPOSES COMMITTEE
TOWN CLERK

SUBJECT: BUDGET AND PRECEPT 2021/22

PART I

RECOMMENDATIONS

The Finance & General Purposes Committee recommends:

- (a) that the Town Council adopt a budget of £544,660 for the financial year 2021/22.
- (b) that the Town Council issue a precept demand to the collecting authority, Teignbridge District Council of £499,649 for 2021/22.

1. PURPOSE

- 1.1 To receive and consider the final budget and precept proposals from the Finance & General Purposes Committee following its meeting on 21 January, at which it unanimously voted in favour of recommending approval to Council.
- 1.2 This budget includes revenue and capital budgets for the 2021/22 financial year and considers, amongst others:
 - the continuing cessation of the Council Tax Support Grant being received by the council which was last valued at £48,530 in April 2018;
 - the ongoing impact of Covid-19 on income streams, and the relatively sparse corresponding Government support for the Town and Parish council sector;
 - assisting in the Helping Dawlish collaboration of local voluntary organisations to deliver support for the most vulnerable in the Parish during the Covid-19 pandemic;

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- reacting to the previously made climate emergency declaration and maintaining earmarked reserves designed specifically to deliver reductions in the council's carbon footprint:
- increasing community infrastructure levy receipts (CIL) as a result of increased building development within the Parish, which will enable infrastructure investment;
- ensuring that the council is at the forefront of leading in tourism regeneration for the Parish by delivering a Tourism Strategy and lobbying for identified aspirations becoming a reality;
- maintaining a programme of quality events for the Parish, where possible within the limits of Covid-19 regulations; and
- the necessary level of general reserves for the council.

2. BACKGROUND

- 2.1 Dawlish Town Council is required¹ to set a balanced budget and comply with all statutory requirements pertaining to the setting of its budgets. To satisfy legal requirements², Councillors must approve a precept which meets the Council's objectives and service level responsibilities, maintains appropriate reserves, and provides stability in the event of unforeseeable demands.
- 2.2 The Council's budgets are financed through a combination of trading income, services fees and charges and the precept. The former is predominantly received from room hire at The Manor House and Riverside Community centres, in addition to annual rents from third party organisations occupying office space at The Manor House. The precept is the most local element of the Council Tax levied by Teignbridge District Council on properties within the Parish of Dawlish.
- 2.3 Teignbridge District Council each year determines the number of occupied and chargeable properties for the purpose of setting the precept. This is an anticipated number for the forthcoming financial year, and results in an approximation called the Band D equivalent properties count. The Band D equivalent property count for 2021/22 is 5,555.3 which is a reduction of 128.9 from the 2020/21 Band D equivalents of 5684.2. the reduction in the number of properties this year is due to several issues, including:
- The increase in dwellings was just less than half of what had been anticipated by the District;
 - An adverse change in empty properties and completion times for property transactions taking longer than anticipated under Covid-19;

¹ Local Government Act 2003, Part 2, ss 25 and 26

² Local Government Act 2003

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- Additional reliefs for single occupiers and exemptions for those receiving long term care in hospitals and care homes;
- Rising unemployment due to Covid-19 increased the levels of those receiving council tax support;
- A reduction in the anticipated collection rate of Teignbridge resulting in them receiving less in council Tax to hand over to precepting authorities.

- 2.4 Therefore, whilst there may be more houses in the Parish, some of those or existing properties will be receiving more council tax support, not meeting their full council tax obligations, be empty due to various reasons and have exemptions to not pay part or all, of their council tax liabilities. These adjustments then outweigh the number of new build dwellings. Teignbridge confirm this is something they have never seen before, and it is being reflected in other principal authorities as well.
- 2.5 The Council receives **no external funding** from government or other organisations; Teignbridge District Council ceased to receive and pass on the Council Tax Support Grant in April 2019 which amounted to £48,530 or **approx. 10%** of the then Town Council budget.
- 2.6 The Council did not and continues not to qualify for any **government grants** to support loss of income from our community centres due to the rateable value of the buildings being too high, either on an individual basis or combined.
- 2.7 Whilst principal authorities (such as District and County Councils) are subject to council tax referendum principles, meaning they are capped at the amount of increase they can levy at £5 or 2% whichever is the greater, **town and parish councils are not.**

Previous setting:

- 2.8 In 2018/19 the Town Council approved a **0% increase** to its budget and in 2019/20 voted for a budget **decrease of 0.75%** or 59p, instead opting to use Council reserves to cushion any additional expenditure that was required.
- 2.9 The 2020/21 precept increased by 6.71% or **2p per day**. Considering this year's suggested increase, we see an average increase over the 4 budgets of **3.72%**.

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3. BUDGET HIGHLIGHTS

Income

- The Council's main income generating activities have been severely hit by the Covid-19 pandemic. As at 31 December 2020, the Manor House and Riverside Centre's income was down on predicted income at that point in the year by 87%.
- A cautious approach to income from room hire has been taken for the next financial year given the current national lockdown and likely returning to Tier levels once lockdown ends; it is anticipated income will be at least 50% reduced for the first half of 2021/22.
- The generosity of the public in terms of donations to the waterfowl means this income stream is just slightly below where we would expect it to be as at 31 December.

Expenditure

- Dawlish Town Council is committed to being a **fair employer** and honours nationally negotiated pay agreements as demonstrated through its contracts of employment. Whilst the government has announced a public sector pay freeze for those earning over £24,000, those earning below will be entitled to receive £250 in addition to any contractual future increments, where applicable.
- a new **decorative planting** and maintenance regime now being delivered is resulting in significant savings due to more efficient planters which require less watering
- Teignbridge District Council ceased the **rural skip service** and therefore the Town Council has allocated £14,000 to continue the service for the Parish;
- investment in the decorative lights and brook lights in the town;
- planning for the future **redevelopment** of the Town's CCTV system with earmarked reserves being increased in line with inflation;
- continuing programmes of essential **renovation** of the Manor House and the Dawlish Skate park using earmarked reserves;
- action to reduce the Council's carbon footprint and energy efficiency in line with the climate change emergency plan;

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- ongoing **investment** for improving the Parish, including weed spraying and removal, verge cutting, benches, community information notice boards etc.;
- continuing to provide **quality community events** for the town and Parish throughout the year for the benefit of residents, subject to Covid-19 regulations at the time;
- continuing to provide a **community grants** budget of £50,000 to help benefit local organisations. The previous years' allocation of £70,000 had been considerably underspent therefore the balance of monies have been reallocated across the budget;
- delivering a Parish wide **Tourism Strategy** to rebuild and revitalise the town and its businesses, particularly in the aftermath of the Covid-19 pandemic;
- ensuring allocated earmarked reserves and external grant funding is achieved for a redesigned **flagship play park** in the Manor Gardens and an **adventure trail** on the Lawn; and
- ensuring the council can take on devolved responsibilities should it wish to, from the District as and when these arise.

Reserves

The Council anticipates having a free reserve of approx. £241,000, equating to between 5 and 6 months estimated expenditure. This is well within the Auditor's recommendation of having 3-12 months operating costs in reserve, and allows the Council to meet unexpected expenditure in addition to the agreed budget;

The Council has further earmarked reserves, those monies set aside for specific projects taking place next year and in the future standing at approx. £449,000. This includes:

- **Climate Declaration Provision** of £50,000 for projects such as solar power generation on the Council's buildings, efficient boilers and car charging points at the Manor House and other schemes in the Parish that have a benefit to the Council's climate declaration;

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- reinstating the conservatory at the Manor House to provide better provision for weddings, functions and improve the offer of the Manor House as a whole;
- **equipment renewal** at the Sandy Lane Skate Park with a view to obtaining further grant funding to improve the overall design of the park to an all-concrete scheme thus helping to reduce maintenance costs in future years.
- **2022 Fund** to plan for events in the town to mark the Queen's Platinum Jubilee in 2022.

4. CONCLUSION

The overall effect of the budget means that the Council anticipates its own income to be in the region of £45,011 and its expenditure to be £544,660, meaning a required precept of **£499,649**.

This equates to a Band D property paying **£89.94** per year, or an additional **£5.66** (6.71%) increase on last year. This works out to an **extra 1.5p per day** per property.

Since 2018/19, this averages to an annual increase of **3.72%**.

**Finance & General
Purposes Committee**

**Andrew McKenzie
Town Clerk**