

Date of Meeting: 27<sup>th</sup> January 2022

## Forward budget Planning – 2023-2027

### 1. Purpose of Report

To begin developing a draft budget for future years 2023-2027.

### 2. Introduction

During the middle of 2021 the finance software was upgraded to allow for forward budget planning and phased budgeting. The upgrade provides the opportunity to draft budgets five years ahead and allows for the current year budget to be phased over the financial year. The phasing of the budget allows the reader to have a better understanding of the budget forecast at the end of the year and whether there is likely to be an underspend or overspend in a specific cost code. This information will also help determine draft future budgets.

Members considered the first reports for forward budget planning and phased budgeting in June 2021, but since then Committee has concentrated on developing the 2022/23 budget. As the 2022/23 budget has now been approved it gives members the opportunity until July this year to begin developing future years budgets.

### 3. Considerations

The Clerk has prepared the attached report including figures based on the following assumptions:

- For salaries and associated costs assuming a year on year 2% increase;
- For service contracts – gas, electric, water, phones etc. assuming a year on year 2% increase;
- For non-service budgets and grants retaining the same budget for each year;
- The estimated Planned Maintenance Plan costs for each year has been incorporated within the relevant cost codes and cost centres;
- If there has been an increase or decrease in the current years' spend this has been taken into consideration for future years.
- An assumption of a year on year 2% increase on the precept;

The Clerk has included notes to specific cost codes where needed (also attached to the report) to help with members considerations.

Although the above assumptions have been made when determining future budgets members will need to be aware of increased costs associated with salaries as there is currently an on going pay dispute which could result in higher percentage increases (backdated to April 2021), and also the increase in National Insurance contributions of 1.25%. In addition there could be an increase in gas and electricity provision as has been reported nationally.

Members will note the bottom-line figures on the final page of the report. The current year and next year budget figures can not be amended as they refer to the existing year and the 2022/23 budget recently approved by Council. Members are asked to consider the figures for Year 2 budget onwards. Year 2 and year 3 are currently showing a significant general reserves deficit mainly due to the costs associated with the Planned Maintenance Programme for those years. Members are asked to note that the general reserves figures shown in the report do not include existing bank balances, only the difference between the income and expenditure for that particular year, so would not mean that the bank accounts would be overdrawn at the end of the financial year.

#### **4. Recommendations**

**4.1** That committee consider the details provided within the report and begin to determine how to address the general reserves deficit in years 2, 3 and 4 for the draft future budgets.

#### **5. Financial Implications**

The early development of future year budgets will aid in the councils aim to be more open and transparent.

#### **6. Equalities Impact**

n/a

#### **7. Personnel Implications**

n/a

#### **8. Environmental implications**

n/a

#### **9. Consultation**

Consultation will be carried out with residents prior to each years confirmed budget.

**Report Author:** Samantha Roberts – Town Clerk