

Haverhill Town Council meeting 24th January 2017

2017/18 Budget and Precept.

Commentary

The Town Council's Finance Committee considered budget options on 10th January 2017. The three options discussed were:

1 – A budget which protected services for the people of Haverhill and allowed a temporary rise in general reserves in order to stabilise future precept increases to 2% or less, through to 2020. The increase for Band B households under option 1 would be £8.80 a year.

2 – A budget which meets government demands for keeping precepts below 2% from this year. This budget required significant cuts in services and potential job losses. Future increases right at the cap limit of 2% would remain necessary, along with the potential for further cuts to events and services. The increase for Band B household under option 2 would be £1.76 a year.

3 – A budget which responded to immediate financial pressures but did not look forward and take account of known cost pressures that will still need to be addressed. This would avoid immediate and significant cuts but would leave an ongoing pressure to keep precept increases at the cap limit of 2% and implement cuts. The increase for Band B household under option 3 would be £7.63 a year.

The Committee expressed a strong opinion that the people of Haverhill had seen enough cuts from Borough and County Council provision and that it was unfair to now cut into the provision of the big community events as well. The feedback for events such as the Big Day Out, Halloween Trail and Christmas fireworks was always very positive, with attendances growing and the additional cost of option 1 – **£8.80 a year for a band B household** – was far less than the cost which would be incurred if residents had to buy tickets to such events.

As such, the Finance Committee recommends Option 1

Option 1 – recommended budget

This HTC 2017/18 budget has been designed to deliver the same level of service to residents despite increasing costs and reducing income. The Council has already implemented savings: The proposed planned expenditure for 2017/18 is £1,171,860. By contrast, in 2014 the Council's annual budget was £1,264,529 - more than £92k higher than it is now.

Budget figures

	2016/17	2017/18
	£	£
Income	266,886	258,813
Expenditure	1,070,357	1,171,860
From Reserves	0	22,000
Balance	803,471	891,047

Precept	810,895	901,900
Band D	113.10	124.41

Increase	1.21%	10%
General reserves	£231k	£242k

This budget is recommended because it provides a simple but significant increase that covers the significant additional costs the council faces in 2017/18 and backfills the reduction in income. It also provides a modest £10,800 contribution to reserves which provides a cushion against the impact of >2% inflation in subsequent years.

This budget positions the Council to stay under the budget cap in the following three years despite inflation:

Year	Band D	% change	General and Earmarked Reserves	
2016/17	£113.10	1.2%	£231k	£1,030k
2017/18	£124.41	10%	£242k	£1,008k
2018/19	£126.90	2%	£236k	£1,008k
2019/20	£129.44	2%	£235k	£1,008k
2020/21	£132.00	1.98%	£246k	£1,008k

Background: Following the DCLG announcement on 15th December, the draft budgets can finally be set out without allowing for an additional £18k for referendums. However, the potential for capping is now very high for 2018/19 and it is imperative for the security of the services we offer to the people of Haverhill that the Council takes the opportunity to future-proof against capping. There are three drivers for this:

- 1 – Cost of living: The Bank of England inflation forecast for the next two financial years is that inflation will be above the 2% capping limit in both years, at 2.7%. Over two years this has a cumulative effect of 5.47%. This means a 1.43% cut in expenditure would still be needed despite 2% rises in the precept, to balance the books if capped.
- 2 – Double Devolution: Anticipation that very local services will be cut from county or borough provision with some form of un/underfunded offer to parishes to assist them taking on very local services.
- 3 – Ambitions of the Council to do more for the town: The emerging Town Centre masterplan, the evolution of the Youth Strategy and the opportunities presented by the proposals in the draft ONE Haverhill Partnership business plan all encapsulate aspirations Councillors have for improving Haverhill. The ability to push these to fruition relies on having funds as leverage to get other partners contributing too, as well as giving the town council a stronger say in when and how things are delivered.

Non-precepted income has reduced. The biggest element of this is a £32,000 reduction in the removal of the final tranche of Local Council Tax Support Grant (LCTSG). This has been long-heralded but remains just as impactful. Since April 2014, the cumulative impact of the withdrawal of this funding is £322k, equal to £44 per household, which the Council has mostly absorbed in cost savings. At the same time the Council has also absorbed inflation and significant increases in National Insurance and fund auto-enrolment pensions.

The Finance Committee therefore recommends setting a precept of £901,900 to fund a budget of £1,171,860. The balance to be met by £22,000 from Earmarked reserves and £258,813 in trading and other income.

This means that the Youth Strategy, including the successful Youth Skills Project, can continue. This has helped over 100 young people gain apprenticeships, qualifications and employment. The free community events through the summer, the Halloween trail and Christmas fireworks can continue to be free to everyone to enjoy. The Parish Handyman can continue their role in tackling litter, fly-tipping and overgrown hedges and verges for which other authorities have refused to take responsibility. The Council's £30,000 of grants to community groups each year can continue and the Arts Centre will continue to offer a varied range of arts and entertainment, from Panto to Ballet as well as being a hub for community groups to meet.

How funds are spent in Haverhill

