Kenilworth Town Council Budget 2024/25

Introduction

In setting a budget for 2024/25 Kenilworth Town Council ('KTC') seeks to ensure as far as possible the Council is able to:

1) operate an efficient Council;
2) invest in priorities that help make Kenilworth an even better place in which to live, work, learn and visit, and
3) deliver value for money for taxpaying residents.

Background

a) The majority of KTC's expenditure is almost an unavoidable cost of being a lowest tier local authority. For example, £179K/£250K or 72% of total expenditure is budgeted to be spent on Administration, Governance and Civic activities in 2023/24. This means only 28% of KTC expenditure is currently spent on improving community life in the town.
b) For a small local authority like KTC maintaining and developing staff is vital to the efficient running of the Council. This contrasts with Warwick District ('WDC') where a vacancy rate of 15%+ continues to hamper the efficient running of the Council.
c) The majority of KTC's income comes from precept or Council tax raised from residents. In 2023/24 £22K/£249K or only 9% of income comes from non-precept sources.
d) The number of households paying Council tax ('the tax base') is assumed to stay static at 9,984. The tax base is advised each year by WDC but, as at 5th December, the figure for 2024/25 has not been advised. Any increase means more precept income for KTC.
e) Whilst KTC can control the income it raises from the precept, it has no influence over the level of Community Infrastructure Levy ('CIL') money that is received as a result of the number of new properties built in the town. This has implications for both the amount of interest earned from holding CIL funds and the administration costs that can be recovered for processing CIL grant applications.
f) KTC precept is a very small part of the Council tax paid by Kenilworth residents. For a Band D property it's less than 2% of the total.
g) 21/15 town/parish councils in Warwick district have a higher Council tax precept than KTC. In 2023/24 KTC precept for typical Band D property was just 61% of the average town/parish council tax precept in Warwick district.
h) As set out in KTC's reserves' policy, responsible governance requires that KTC has at least £75K in unrestricted reserves, i.e. not earmarked for any specific purpose.
i) The money that KTC has in reserves is taxpayers' money and to be used for the benefit of the town not accumulated for no apparent purpose.

The 2024/25 Income and Expenditure Budget

The attached spreadsheet proposes a total budget as follows:

		2024/25 Opt A	2024/25 Opt B
Income	Precept	£240K	£250k
	Non-precept sources	£29K	£29k
	Transfer from reserves	Nil	£20k
	TOTAL	**£269K**	**£299k**

The precept income assumes no change in the tax base (as advised at 5th December 2023) and a typical Band D household paying £23.99/24.99 per annum.

The non-precept income includes (new for 2024/25) the recovery of KTC's CIL fund administration costs at the rate of 3.5% of an estimated £200,000 of CIL funds granted in 2024/25. Advice has been taken from both the Local Government Association and WDC to justify this charge, subject to KTC staff maintaining a timesheet system to justify the administration costs (principally staff time) incurred pre, during and post CIL grant awards.

		2024/25	2023/24
Expenditure	Administration & Governance	£182K	£167K
	Civic	£12K	£12K
	Community grants and projects	£102K	£71K
	TOTAL	**£296K**	**£250K**

The increase in Administration & Governance costs can be accounted for by increased staff costs, both salary and pension provision, of £17K compared to 2023/24.

The increase in 2024/25 in community grants and projects is primarily because of a proposed grant of £30,000 towards the operating costs of theKenilworthCentre. This award would be the year 1 grant out of a total of £75,000 to be awarded over the next three financial years.

As a result of this additional investment in community activities the proportion of KTC total expenditure spent on making Kenilworth an even better place in which to live, work, learn and visit will increase from £71K/£250K to £102K/£299, i.e. from 28% to 34%.

Impact on future reserves

The proposed transfer from reserves of £20K in 2024/25 will result in a modest reduction of KTC's reserves. It is forecast that KTC's reserves will remain healthy and there will be no breach of KTC's reserves policy.

	31/3/23	31/10/23	31/3/24 Forecast	31/3/25 Forecast
Current Year Fund	}£163K	£238K	£118K	£98K
General Fund	}	£65K	£50K	£50K
CIL Fund	£274K	£405K	£114K	Unknown
Other Earmarked Reserves	£122K	£89K	£49K	£49K
TOTAL	£559K	£797K	£331K	£197K

The forecast reduction in Current Year Fund of £120K from 31/10/23 to 31/3/24 arises mainly from £70K spent on KTC Administration (mainly salaries), £20K paid for Jubilee House service charge and £30K on other costs, including community grants. The reduction of £20K between 31/3/24 and 31/3/25 represents the proposed transfer from reserves.

The forecast reduction in CIL funds assumes that £291K will be released, as already agreed, to Kenilworth Multi Academy Trust, WCC (for the Pavilions and Clarke's Road bridge) and to Warwickshire Wildlife Trust, before 31/3/2024. As at December 2023 it is not possible to forecast with any degree of confidence what CIL funds will be received in 2024/25 but it is budgeted that CIL grants of £200K will be awarded.

The forecast reduction in Earmarked Reserves prior to March 2024 is mainly because of around £40K to be paid to WDC for the costs of the May 2023 local elections.

Risk Analysis

66% of KTC's proposed income in 2024/25 will come from the Council tax precept to which no risk is attached. However, there are still income risks that a) interest rates may fall leading to less interest income and b) less CIL money may be received because of fewer houses being built. KTC has no influence over these issues and the only mitigating actions would be either to reduce investments in community projects or increase the funds transferred from reserves.

As far as expenditure is concerned, the major risks are that a) the funds set aside for elections are inadequate, b) the Jubilee House service charge is greater than expected and c) the demand for community grants is greater than budgeted. The level of investment in community projects will be strictly controlled (unless Council agrees to a further reduction in reserves during the 2024/25 Council year) but there is little mitigating action possible, other than drawing from reserves, that can be taken for either increased /additional election costs or a higher than budgeted Jubilee House service charge.

Summary

The proposed Council tax precept of either £23.99 or £24.99 per annum in 2024/25 for a typical Band D household in Kenilworth still ensures that Kenilworth residents pay relatively little compared to other residents in the district for services provided by their nearest local authority.

However the very modest increase in precept compared to the current year will enable the Town Council to invest a bigger proportion of its expenditure directly in activities that improve the quality of life for local Kenilworth residents and the experience of visitors to the town. Both of these goals are strategic priorities for the Council.

The proposed budget will also result in the Town Council still having an acceptable level of reserves.

Cllr Richard Dickson
Chair of Finance & General Services Committee 2023/24
December 2023