

NEWTON ABBOT TOWN COUNCIL

REPORT TO: Finance & Audit Committee

DATE: 15th January 2025

REPORT AUTHOR: Deputy Town Clerk & RFO

REPORT TITLE: DRAFT Budget 2025/26

AGENDA ITEM No.: 6

1. **PURPOSE:**

To give consideration to the Council's budget for 2025/26 and making a recommendation to the Council on a Precept for 2025/26.

2. **MAIN IMPLICATIONS:**

- (a) **Legal** – The Council has a legal duty to set an annual budget and Precept.
- (b) **Financial** – Contained within the body of the report.
- (c) **Policy** – A responsible budget is necessary to deliver the Council's stated vision, policies, priorities and objectives.
- (d) **Property** – None.
- (e) **Personnel** – Proposed budget contains provision for nationally agreed pay award.

3. **BACKGROUND:**

3.1 The Council is required to approve an annual budget and subsequently Precept upon the District Council to facilitate the delivery of statutory and non-statutory services.

3.2 Each year the Council arranges an Annual Town Meeting in the spring whereby residents and visitors to the town can voice their needs and aspirations for their communities. Except for 2020 when this was not possible due to COVID-19 restrictions, Members have continued to engage with the public by holding this Annual Meeting in October 2021, April 2022, May 2023 and again in May 2024. Accordingly, the Council's future priorities were reviewed whereby it was recommended to continue to support the economic vitality of Newton Abbot and in doing so expressed the intention to continue to address the cleanliness of the town as a whole, alongside recognition of the projects identified in the revised Community Plan 2022-2032.

3.3 The Strategic Planning Forum has considered each year the communities' needs and aspirations as communicated. This year the process started on 24th July with an instruction for the Council's committees and sub-committees throughout the Autumn to consider their requirements with a view to formulating a draft budget at its meeting held on 20th November for consideration by the Finance & Audit Committee. The Finance & Audit Committee is to recommend a budget and Precept to the Council at its meeting to be held on 22nd January this year. The District Council requires all parish and town council Precept requirements by 31st January each year.

4. **THE ISSUES:**

4.1 It is necessary for the Council's budget to include those items which the Council must provide to exist as a local authority – i.e. buildings, staff, equipment, water, energy, insurance

etc. Those items are effectively the base budget, along with services and activities delivered through the committees and sub-committees.

4.2 It is worth noting at this stage that the effect on a Band D Council Taxpayer is directly affected by the Council Tax Base. In the past, due to the number of properties in the town increasing, it has had a positive financial effect on the Council's Precept. The situation for next year is as follows: Effectively, if the Council took no action on its budget/priorities, the following would result -

Town / Parish	Current year tax base number	Current year precept £	Current year council tax £	Next year estimated tax base number	Next year budget for same council tax £	Additional precept for the same Band D £
Newton Abbot	8,767.0	1,594,558	181.88	8,909.5	1,620,460	£25,902

4.3 The overall effect on the Council's Precept is that it increases the amount received for the same amount of Council Tax by £25,902 in 2025/26. This is, it is assumed, because the number of properties within Newton Abbot paying Council Tax has increased.

4.4 Once the base budget has been agreed, it is important to take into account any changes in activity and operational matters, such as in the current financial year there were the costs associated with the nationally agreed salary award being higher than had been included in the budget. In addition, there continues to be a national and international economic crisis which has led to higher levels of inflation that has been experienced in the past. However, it appears that this may have now calmed. Also, the Council has suffered increased costs due to problems in the insurance industry which has led to a reduction in insurers in the local government sector and premiums increasing by sums higher than inflation with insurance companies becoming far more rigorous in their requirements.

4.5 Strategically, it was agreed that all committees/sub-committees would consider their budgets, taking into account the legacy of the COVID effect on many budgets underspending in the previous years. They were requested to give consideration to any necessary growth required due to increased demand/reduction of services provided by principal councils.

4.6 It will be noted that the increase in the Council Tax Base for 2025/26 is somewhat more in line with pre-Covid times which is encouraging. This is even with the loss of 97 properties that were transferred into the Ogwell Parish as a result of a boundary change in 2024/25.

4.7 The **Draft Budget** therefore and arising **Precept** for 2025/26 is set out below:-

	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Budget	1,046,000	1,167,000	1,397,815	1,574,185
Add Reserves @ 25%	261,500	291,750	349,454	393,546
	<u>1,307,500</u>	<u>1,458,750</u>	<u>1,747,269</u>	<u>1,967,731</u>
Less cash at bank, say	225,500	174,250	162,711	275,000

Precept = 1,082,000 1,284,500 1,584,558 1,692,731

4.8 The table at 4.7 above illustrates a comparison of previous year's budgets and arising Precept and that for 2025/26. The reason for the difference between the base budget figures is inflation, Employer National Insurance contributions, pay award and consequent on-costs. As a consequence of an Election being called in February 2024 which was not billed until July 2024, the Forum was of the view that the cost of the election should be paid back into earmarked reserves. Consequently, the figure of £1,692,731 was increased by £6,000 to **£1,698,731**.

4.9 The proposed budget and Precept for 2025/26 as above, would have the effect of increasing the Council Tax for a Band D property by **.17 pence** per week (**£8.79** per annum or **.73p** per month). It is considered important to make the distinction between the additional cost in real (cash) terms rather than as a percentage. A Band D taxpayer in Newton Abbot would pay **£190.67** p.a. Previous years below:-

Precept £ 2018/19	M/plier 2018/ 2019	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week (p)	B/ D Cost per day (p)	Diff p per week	Total sum + CTSG
764,206	8,226.0	92.90	9.42	11.29	1.79	25.50	0.18	827,996
Precept £ 2019/20	M/plier 2019/ 2020	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week (p)	B/ D Cost per day (p)	Diff p per week	Total Precept
777,109*	8,365.0	99.18	6.28	6.76	1.91	27.20	0.12	828,539
Precept £ 2020/21	M/plier 2020/ 2021	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week (p)	B/ D Cost per day (p)	Diff p per week	Total Precept
866,039	8,496.6	101.93	2.88	2.91	1.96	27.9	0.06	866,039
Precept £ 2021/22	M/plier 2020/ 2021	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week £	B/ D Cost per day (p)	Diff p per week	Total Precept £
914,707	8,324.3	107.63	5.70	5.6	2.07	0.30	0.11	914.707

**before adding recovery of loss of CTSG and inflation*

Precept £ 2022/23	M/plier 2022/ 2023	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week £	B/ D Cost per day (p)	Diff p per week	Total Precept £
1,082,000	8,527.1	126.89	17.01	15.48	2.44	34.76	32.7	1,082,000
Precept £	M/plier 2023/ 2023	Actual Band D cost	Band D Incr.	Band D %	B / D Cost	B/ D Cost	Diff p per	Total Precept

2023/24	2024	cost	(£ & p)	Inc.	Per week £	per day (p)	week	£
1,284,500	8,548.4	150.26	23.37	18.42	2.89	41.17	0.45	1,284,500

Precept £ 2024/25	M/plier 2023/ 2024	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week £	B/ D Cost per day (p)	Diff p per week	Total Precept £
1,584,558	8,767.0	180.74	30.48	20.29	3.48	49.52	0.59	1,584,558

4.10 The Strategic Planning Forum, taking into consideration the pressures upon the Council in the foreseeable future; the reintroduction of Capital Fund (capital receipt for the disposal of 9 Devon Square and CIL income albeit a very small amounts received recently for reasons due to the legacy of COVID-19); and the Council's decision to firmly focus on the needs of the community and acknowledging the pressures involved with neglect of the environment and the need for action thereon, following the delivery of Newton's Place, recommend a reasonable Precept to be as follows:-

Precept £ 2025/26	M/plier 2025/ 2026	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week £	B/ D Cost per day (p)	Diff p per week	Total Precept £
1,698,731	8,909.5	190.67	8.79	4.83	3.67	52.24	0.17	1,698,731

5. OPTIONS:

5.1 Do nothing, recommend a budget and Precept at the same level as 2024/25. That would be a reduction over the course of the year due to increased costs to the Council, even with the increased Council Tax Base. Allows no growth and will certainly not support the Council's vision to support the future economic vitality and cleanliness of the town. Will severely reduce the Council's reserves below the statutory guidance of 25% of the approved budget.

5.2 Support the work of the Strategic Planning Forum's meetings held between July & November last year to create the proposed budget set out in paragraph 4.7 and 4.8 above. This is intended to meet the community's needs regarding the ongoing operation of Newton's Place; allows appropriate maintenance and security of the Council's assets; continued attempts to address the clean environment issues; and supports the growth of Newton Abbot.

5.3 Propose an alternative budget **and** Precept, which will need to include details of its implications on the delivery of the Council's statutory obligations and reserves position.

6. CONCLUSIONS:

6.1 The Strategic Planning Forum has considered in considerable detail the Council's vision and aspirations on behalf of the citizens of Newton Abbot (and its hinterland). These aspirations are contained historically in the Newton Abbot Community Plan, revised 2022/32; are revisited and tested each year at the Annual Town Meeting and were very much restated

in consultations on the Newton Abbot Neighbourhood Development Plan, which was adopted following a public vote and is proposed to be reviewed in 2025.

6.2 Acknowledgement has been made to the levels of Community Infrastructure Levy (CIL) to be received over the life of Plan Teignbridge to 2033 (currently under review) which were not inconsiderable prior to COVID-19 but hopefully will return again now the pandemic has been defeated, although the global economic crisis is clearly still having an impact in the short to medium term on house sales. The ambition to deliver Newton's Place II, the creation of a 'One Stop Shop' for community services whilst taking note of other developments in the town led by other organisations still remains very much an unknown at this stage. Again, due to the pandemic and now other economic factors all bodies are continually reviewing their priorities and consequently the Town Council needs to continually review its own. It should be noted here that the extension to the Museum Store Project progresses and will hopefully be delivered with the next 18 months with the support of a considerable grant from the Lottery Fund.

6.3 The Chancellor in her recent Autumn Statement allowed principal councils to increase their element of Council Tax by 2.99% per household (those with social care responsibilities such as the County Council can increase it by a further 2%). If they wish to increase it by more, they are required to hold a referendum. This continues to not apply to parish and town councils. It is worth noting that historically the top ten Band D Council Tax rates in Devon are between £256 p.a. and £161 p.a. with Newton Abbot ranked 12th based on the 2023/24 Band D. Based on what Newton Abbot offers to its residents, £190.67 could be considered as very good value for money.

7. RECOMMENDATION(S):

(a) The Strategic Planning Forum's deliberations results in the budget and Precept for 2025/26 as below which should be referred to the Council at its meeting to be held on Wednesday 22nd January 2025:-

Precept £ 2025/ 2026	M/plier 2025/ 202	Actual Band D cost	Band D Incr. (£ & p)	Band D % Inc.	B / D Cost Per week (£)	B/ D Cost per day (p)	Diff p per week (p)	Total Precept £
1,698,731	8,909.5	190.67	8.79	4.83	3.67	52.24	0.17	1,698,731

(b) The Recommendation of the Finance & Audit Committee meeting to be held on 15th January 2025 would therefore be:-

RESOLVED that the Council at its meeting to be held on 22nd January 2025 be **RECOMMENDED** to adopt a Precept of **£1,698,731** for 2025/26 representing an *increase* of £8.79p p.a. (an annual payment of £190.67/ £15.89 per month/3.66 per week) or 4.83% for a Band D property in Newton Abbot and that Teignbridge District Council be requested to collect on the Town Council's behalf the sum of **£1,698,731**.

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Background Papers: None.