

BELPER TOWN COUNCIL – 10 NOVEMBER 2020

FINANCE UPDATE AND DRAFT BUDGET 2021-22

REPORT OF THE RESPONSIBLE FINANCIAL OFFICER

1.0 INTRODUCTION

- 1.1 This report follows on from the Review of General Reserves Report considered at the 14 September 2020 meeting with an updated position on the Council's current financial position and an initial draft budget for next year.
- 1.2 Since discussing the options for making savings on the current year's budget in order to top up the Council's general reserves, the Council has received unexpected NNDR bills for the Coppice Car Park and St John's Chapel totalling £79,332. This comes following a revaluation of the Coppice Car Park, presumably as a result of a legislation change that occurred in 2015.
- 1.3 The Council now needs to consider how it will pay these bills the general reserves are at the minimum recommended level as will be shown below.

2.0 THE CURRENT CASH POSITION

- 2.1 As at 29 October 2020 the Council had a total of approx £560,000 in the bank.
- 2.2 It is anticipated that the Council will spend a further £224,683 to 31 March 2020 on budgeted overheads, grants and projects.
- 2.3 There is currently a sum of £193,150 of earmarked reserves, the majority of which is expected to be spent this year. A list of the current reserves is set out in Appendix 1.
- 2.4 The additional income for the remainder of the year is expected to be limited to a maximum of £15,000 to include VAT reclaims and monthly market income.
- 2.5 Therefore, the expected general reserves cash balance at 31 March 2020 is £157,167.
- 2.6 Council has committed to achieving a 30% reserves-to-precept fund by year end which requires the retention of £135,948 into next year in order that the 2 year plan to push this up to the agreed 50% ratio can be implemented.
- 2.7 This leaves a total sum of £21,219 available to pay the NNDR bills.

3.0 OPTIONS

- 3.1 The Council could offer to pay the NNDR bills on a payment plan. An informal offer has been put to AVBC, pending consideration by Council, as follows:

Payment of £21,219 in 2020-21, followed by;
£29,056.50 in 2021-22
£29,056.50 in 2022-23

Bearing in mind that the Council will still have to pay the new bills coming forward for the next two years on top of the backdated bills. However, it will now be able to budget for this expenditure going forward.

3.2 Alternatively, the Council Could decide to pay the full amount from reserves this year and end the year with a lower general reserve balance of £77,835. The Council can then budget for a higher than anticipated level of reserves replenishment over the next 2 years.

3.3 AVBC have come back with a counter proposal that they are happy to implement as follows:

1 immediate payment of £13,230 to clear the outstanding debt for the Chapel.

1 immediate payment of £6102 towards the outstanding debt on Coppice car park.

Direct debit set up of £2,000 from January 2020 for 30 months to clear the outstanding debt on Coppice.

Remainder of the year cost total = £25,332

Bills from 1 April would then be paid via direct debit on top of the £2,000 however they are prepared to reduce those payments to £1,500 per month if the new year bills are higher than predicted. It is possible that covid relief will be reapplied but there is no guarantee of this and no current indication from Government that this will occur.

4.0 LONG TERM POSITION

4.1 The Council will need to consider its options regarding the car park. An option which staff could explore, should Council wish to, is to set up a charitable trust to manage the car park. This would enable the charity to apply for discretionary rate relief but it is not guaranteed to be 100% relief. This would also limit options for the land in the future.

4.2 Council could also consider implementing car parking charges to offset the costs to run the car park. Additional costs would be incurred to set up with a machine and then oncosts for collecting money would need to be factored in.

4.3 Council could introduce advertising hoardings on the site to generate revenue. This can be managed externally by a third party company.

4.4 Council is asked to discuss ideas and instruct officers as to which to pursue in order to bring back further information to a future meeting for a final decision.

5.0 DRAFT BUDGET

5.1 A spreadsheet setting out the draft budget is at Appendix 1 to the report. This now takes into account the Committee budget proposals and expected overheads for the new financial year. The AVBC NNDR repayment proposal figures have been used in this draft.

5.2 Based on provided figures the budget shows a deficit of £158,360.40 against expected income (assuming the precept remains the same as last year as a starting point). This will require the precept to be increased to £611,520.40 (34.9%), subject to no further additions.

5.3 A recommended amount for replenishing reserves is included based on what the current precept is. Clearly the above increase will require an increase in the amount budgeted to achieve the 50% ratio target over 2 years. However, to increase this figure now becomes a self-defeating exercise. It is suggested that Council consider increasing the reserves replenishment figure as part of the 2022-23 budget round once any underspends from next year are known.

5.4 Grants have been budgeted at the same amount where no prior agreement has been made. If Council wanted to increase by 2% across all (except Blend which has already been agreed) then an additional £899.54 will need to be added to the precept figure. Rounding the figures would make the precept request £612,420. This would equate to a 35.1% increase on the current precept.

6.0 RECOMMENDATIONS

6.1 That Council note the current financial position.

6.2 That Council choose how to pay the NNDR bills either by instalment or lump sum.

6.3 That Council consider the options presented regarding the coppice car park and instruct officers on a preferred approach to future management.

6.4 That Council consider the draft budget and precept for 2021-22.