

THE CHARTER TRUSTEES FOR BOURNEMOUTH



Report subject	Budget and Precept 2022/23
Meeting date	24 January 2022
Status	Public Report
Executive summary	The Charter Trustees are required to set their 2022/23 budget, council tax requirement and resultant precept for submission to BCP Council by 31 January 2022.
Recommendations	It is RECOMMENDED that: (a) The proposed budget for 2022/23 as set out in Appendix A be approved (b) The council tax requirement and precept of £147,773 be approved
Reason for recommendations	To set the budget, council tax requirement and precept for 2022/23.

Honorary Clerk	Graham Farrant
Report Authors	Matthew Filmer, Responsible Financial Officer
Wards	Council-wide
Classification	For Decision

Background

1. The budget for 2022/23 and resulting council tax requirement and precept must be agreed by a formal meeting of the Charter Trustees. For BCP Council, the billing authority, to produce the requisite calculations required for council tax billing under the Local Government Finance Act 1992, the precept must be agreed by 31 January 2022.

Budget 2021/22

2. It was reported at the meeting of 25 October 2021 that the 2021/22 budget would be underspent due to the effect of covid-19 and the associated restrictions on activity during the year. The current projection in Appendix A is that underspends across civic budgets will result in an in-year contribution to reserves of £17,925 compared to the budgeted drawdown of reserves of £7,994.
3. Any in-year position would be added to the reserves carried forward from 2020/21 of £40,065.

Budget 2022/23

4. The proposed budget for 2022/23 is detailed in Appendix A and results in a council tax requirement and precept of £147,773.
5. At the meeting of 25 October 2021, the Charter Trustees agreed to nominate members to form a budget workshop in order to provide guidance to officers in drafting the 2022/23 budget and so facilitate the budget setting process at today's meeting.

Review of individual budgets

6. In the main, individual budget lines have been maintained at 2021/22 levels in order to ensure that the base budget is fit for purpose once activity returns to normal after the pandemic.
7. The budget workshop discussed the need to review the staffing recharges from BCP Council to better reflect the support given to the Charter Trustees from the Democratic services team.
8. The 2021/22 time allocations for the Head and Deputy Head of Democratic services, Mayor's personal assistants and macebearers were based on the team spending 80% of their time supporting the Bournemouth and Poole Charter Trustees, of which 60% of was allocated to the Charter Trustees for Bournemouth. Following consideration by the Democratic team the split for 2022/23 will be an equal 50:50 split across the two Charter Trustees. The impact of the decision reduces the

Staffing recharge from £89,200 (2021/22) to £78,843 (2022/23). Details of the charge are provided in Appendix B to this report.

9. A £100 budget for investment income remains, based on a forecast of the average interest rate that BCP Council achieves for its investments and applied to the average level of reserves the Charter Trustees will hold for 2022/23.
10. An additional recharge from BCP Council has been included for the use of the chauffeur vehicles which has been estimated at £2,000 per annum. This is calculated based on the cost of the vehicles, its expected useful life and a proportion split based on historic usage across the two Charter Trustees and the Chairman. It should be noted that in previous financial years usage of the vehicle had not been charged to the Charter Trustees.

Reserves

11. The table below summarises the projected reserves position for the Charter Trustees for Bournemouth as of 31 March 2022, and the recommendation is to not budget for any reserve movement during 2022/23.

Figure 1: Projected Reserves

	Forecast 2021/22 £	Proposed 2022/23 £
Opening Balance 1 April	(40,065)	(57,990)
Movement in Year	(17,925)	0
Closing Balance 31 March	(57,990)	(57,990)

Percentage of Proposed Precept 2022/23	39%	39%
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12. The projected level of reserves as at 31 March 2022, taking into account the in-year underspend due to covid-19, is £57,990. This represents 39% of the proposed precept for next year. The RFO would recommend a level to be held in reserves of 20% in order to provide for unforeseen expenditure.
13. Once the financial year has ended and the precise level of reserves achieved in 2021/22 is known, the Charter Trustees could decide how they wish to utilise any reserves in excess of the minimum recommended balance, for example supporting one off expenditure.

Tax Base 2022/23

14. The council tax requirement, or precept, that funds the budget is apportioned across the tax base to arrive at a charge per property. The tax base is the number of chargeable properties in the Charter Trustee area converted into Band D equivalents.
15. Usually, the expectation would be that the tax base increases year-on-year as new homes are built. However, the tax base for 2021/22 reduced significantly due to the effects of the pandemic which increased the costs of local council tax support and affected collection rates. Since then, the tax base position has improved increasing from 61,887.0 to 63,940.9.

16. The increase in the tax base of 2,053.9 Band D equivalent properties, or 3.3% of the tax base, has the effect of reducing the charge made to residents in the Charter Trustee area because there are more properties over which to spread the precept.

Council tax requirement and precept 2022/23

17. If the draft budget as set out in Appendix A is approved, it would result in the following precept and Band D charge.

	2021/22	2022/23	Decrease	%
Precept £	147,956	147,773	(183)	-0.1%
Tax Base	61,887.0	63,940.9		
Band D Charge £	2.39	2.31		

18. The council tax decrease of 3.3% equates to a decrease of £0.08 per annum on a Band D property.
19. Consideration was given to leave the Band D charge at the 2021/22 level of £2.39 and offset by a budgeted contribution to reserves but with the material change to staffing recharges set out in paragraph 8 it is recommended that this cost reduction can be passed on to residents. Potential cost pressures in the medium term are expected in the main to be offset with the assumption of further increases in the tax base as well as the use of reserves to deal with one off cost pressures.
20. It should be noted that the Charter Trustees are not subject to council tax referendum principles for 2022/23.

Summary of financial implications

21. As detailed in the report.

Summary of legal implications

22. The Charter Trustees must set their council tax requirement in accordance with the Local Government Finance Act 1992 and subsequent legislation.

Summary of human resources implications

23. None

Summary of sustainability impact

24. None

Summary of public health implications

25. None

Summary of equality implications

26. None

Summary of risk assessment

27. None

Background papers

None

Appendices

Appendix A – Charter Trustees of Bournemouth Proposed Budget 2022/23

Appendix B – Salary Recharges 2022/23