

 2022-23

**Blaenavon Town Council**

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Blaenavon Town Council Budget Report

All Town and Community Councils have a duty to make a Budget calculation in compliance with **Section 50 of the Local Government Act 1992**. They also have a power to issue a precept to a billing authority in compliance with **Section 41 of the Local Government Act 1992**

In January 2021 Blaenavon Town Council agreed its Budget for the 2021/22 financial year. It was decided that based on the considerable progress made during 2020/21, taking into account the Covid 19 pandemic, commitment to partnership working, project initiatives, grant funding from outside sources resulting in unspent funds, then consideration should be given to maintaining the current precept.

To support members in their decision making, a detailed draft budget forecast outlining potential options was presented at the January 2021 finance meeting. This Budget was scrutinised as part of the 2021/22 mid-term audit and commented upon within the interim audit report presented to members in November 2020.

Based on the information presented, and to continue with the progress made during the previous year, a decision was made to maintain the precept at **£130,000.** The 2021/22 Budget was therefore ratified at the January 2021 Full Council meeting.

At the commencement of the Budget year, reserves totalling  **£87,662.83** was carried over into the current financial year. This was enhanced further with **£4,597.53** from the VAT reclaim in May 2020. Therefore, the available financial resources at the Council’s disposal was **£181,064.74**

The appropriate sum under Section **137(4)(A)** of the Local Government Act 1972 for Community and Town Councils in Wales for 2021/22 was set at **£8.41** per elector. In Blaenavon in December 2020 there were 4,638 electors.

**Section 137(1)** of the **1972** Act permits each Community or Town Council to spend on activities for which it has no other specific powers if the Council considers that the expenditure is in the interests of, and will bring direct benefit to, the area or any part of it, or all or some of its inhabitants, providing that the benefit is commensurate with the expenditure.

Community and Town Councils are also permitted under section **137(3)** to incur expenditure for certain charitable and other purposes. The maximum expenditure that can be incurred under both section **137(1) and (3)** for the financial year 2021-22 was **£8.41 per** elector.

This amounted to a spend cap of **£39,005** which also incorporated any spend allocated against **Section 2 Local Government Act 2000.** This was approved by members in January 2021.

The appropriate sum under Section **137(4)(A)** for 2022/23 has been increased to **£8.82** per elector. As of December 2021, there were **4751** registered electors in Blaenavon, thus allowing an increased spend cap of **£41,903.** It should be noted that this amount is not in addition to the precept but part of it.

In January 2018 a new Business Plan was agreed and implemented by the Town Council. This document outlined a statement regarding the Council’s future planning, taking into account its purpose, values, objectives, and key priorities moving forward.

The key aim of the Business Plan was to focus and assist with the Council’s service delivery covering a four-year period. It would also be used annually to plan activities and set the Budget for the coming years. A revised Business Plan for 2022/2027 is currently being prepared and will be ready for sign of in May 2022.

As a result, a project plan was introduced to the Budget forecast offering direction to the Council’s spend plan. The principle aim of this plan was the earmarking of the transferred reserves to support all projects. This has been maintained within the 2022/23 Draft Budget.

Throughout the financial year the Council have been successful in achieving its aims in supporting **Section 2 of the Local Government Act 2000, also Section 144 of the Local Government Act 1972**.

This has been achieved through active planning, together with strong proactive partnership working with local organisations including the principle authority Torfaen County Borough Council, Torfaen Public Service Board, Blaenavon Hwb, Aneurin Bevan Health Board and National Museum of Wales (Big Pit Mining Museum)

During the 2021/22 financial year, whilst being cognisant of its progress and success, the Town Council has continued to grow in terms of other resources. This has seen the introduction of an Assistant Chief Officer providing fifteen hours per week administrative support. The introduction of the role also provides resilience for the Town Council covering the Chief Officer’s leave period. This clearly provides continuity and stability moving forward.

The role of the Healthy Blaenavon Officer has continued to furnish a positive community engagement method of working, the bi product of which has been evidenced by a range of service deliveries which have enhanced the community’s wellbeing during the financial period.

This has justified the decision made by members during the 2021/22 budget ratification to take ownership of the role and salary namely **£23,247** based on a 30 hour week. The service level agreement with TCBC expired in July 2021 and the role is solely a Blaenavon Town Council position which is continuing to feed into the Healthy Blaenavon initiative in conjunction with other partners.

The role to date has continued to generate small amounts of income from several organisations namely Street Games, Comic relief, Bronafon and TCBC. This has, as members are aware, supported numerous projects during the current financial period. Early indications reveal that the level of partnership income to promote Town Council Projects during the next financial year, is set to be maintained with a surplus of **£19k** remaining from the Street Games Funding which has been carried forward as an earmarked reserve.

As a result of the Town Council’s partnership approach to local service delivery, a joint initiative involving Torfaen County Borough Council (TCBC), Torfaen Public Service Board and Aneurin Bevan Health Board has seen the creation of a Participatory Budget initiative now called the Community Brew Project. This is being delivered via the Vocal Eyes online platform.

As members are aware the Participatory Budget Project service level agreement with TCBC was signed in July 2021 and will be implemented in January 2022. The initial tranche of the first set of funding namely **£31k** has been paid into the Town Council’s account in readiness for community drawdown. This funding has also been listed as earmarked reserves and has been carried over into the 2022/23 draft budget.

Compliance in relation to governance and accountability has been robustly maintained in line with the advice from the Wales Audit Office regarding spends being allocated against the correct powers. Hence monies spent under **Section 137(4) LGA 1972** is zero.

This has been confirmed by the internal and external audit reports which have been presented to members regularly during Council Finance meetings during the financial period.

The majority of the expenditure has been allocated against **Section 2 LGA 2000**. A large proportion has also been allocated against **Section 144 LGA 1972.** These are the two primary powers in existence for expenditure and has supported the service level methodology in terms of Community Wellbeing.

**Draft Budget 2022/23**

The draft budget has been disseminated to members for their perusal ahead of the January 2022 Finance Meeting. The budget will be scrutinised prior to ratification at the January 2022 Full Council meeting in readiness for submission to TCBC for completion of the precept council tax requirements 2022/23.

As members are aware the precept requirement submitted to TCBC for 2021/22 was maintained at **£130k**, this was as a result of carried over reserves from the 2020/21 financial year which was heavily influenced by the Covid 19 pandemic. The reserves carried over amounted to **£87,662**, this was a contributory factor in the decision to finance and maintain the role of the Healthy Blaenavon Officer.

The global picture for the draft 2022/23 budget is depicted below.



As can be deduced, the income and expenditure summaries are displayed with a clear breakdown highlighting where the funds are being generated and expended and on what basis.

The total income generation is **£191,900** in contrast to the total expenditure forecast which is **£261,021.34**. As is evident, there is a shortfall of **£69,121**. As is also evident, this is offset with the projected carry over of reserves namely **£96k** which will leave based on the forecasted spend plan, a closing balance of **£26,878.**

The true carry over figure is as highlighted in blue as **£45k**, this takes into account the **£51k** from the Community Brew Funding and Street Games funding which in reality is not the Council’s precepted reserves. It can also be noted that the true carry over of **£45k** is in compliance with the internal auditor’s recommendation report April 2021 that the Council should be looking to reduce future carry over in line with Audit Wales requirements.

This has been adhered to with a reduction of nearly **50%** based on last year’s figures.

In order to expand further in relation to expenditure, the below tables offer a summary of what the forecasted spend will be based on the expenditure schedules alluded to in the 2022/23 draft budget overview.

**Project Spend**

An overview of the project spend to date which include December 2021 and moving into **Quarter 4** 2021-22 is **£30,317**. The year-end forecast is **£53,817**

In order to maintain the level of service delivery to the community of Blaenavon based on 2021/22, the forecasted project spend for 2022/23 is depicted within the below table.

As can be established based on the spend criteria, the forecasted project spend for 2022/23 is **£73,806.** This includes the Street Games funding that must be spent by the latter part of 2022.

The two main project spends derived from precepted money, falls under the Healthy Blaenavon and BTC Project funds which are **£12k** and **£6k** respectively.

This will offer the Council a broad platform to allocate funds based on the knowledge accumulated during the past two years and identify which projects the money could be spent against in order to support the community and align itself with the Business Plan for 2022/27.

The recognition by One Voice Wales during the past 4 years based on the Council’s forward thinking approach and innovative practices are a good indicator that our community engagement, place based approach and project planning is an exemplar methodology.

The BTC project fund is a cursory amount that can be used by members and officers to support local initiatives, an example of this approach is the Unity Bench Project

It can be safely argued that this is an area that must continue to expand and not retract. An example of the project planning summary aligned with Healthy Blaenavon is depicted as follows.

* Second recipe book design and print including Christmas on a budget section.
* Singing group combined with memory café
* Film club - Golden oldies
* Monthly parent and toddler film showings in Workmen’s Hall.
* Family cookery sessions supplied by Cook stars.
* Chair yoga.
* Community dance sessions.
* Edible landscaping covering two sites with interpretation boards.
* Summer Rock school
* Event planning employability course with Recrock for young people and adults.

The above planned initiatives will be implemented during 2022/23 and a projected cost for these will be between **£8k - £10k** and will be an earmarked reserve.

The below table depicts project spending for 2022/23 in more detail.



**Grants and Donations**

A further commitment by the Town Council has been the introduction of the small grant scheme which merged the Grant Aid Scheme and ordinary donations into one funding pot. In 2021/22 this was **£7,008** and has been maintained within the 2022/23 draft budget.

The total amount spent on grants up to and including December 2021 is currently **£11,625**, this includes the final grant funding of **£5k** to the Townscape Heritage Project. The agreed grant funding within the 2021/22 budget was **£20,758**

Moving into **Quarter 4,** this has been considerable, based on the current precept of **£130k**. In financial terms, this equates to **9%** of this year’s precept.

It should be noted that the Town Council, whilst committed to supporting local organisations for the improvement of the Town and its residents, is not a Credit Union. All donation requests are considered and authorised on a case by case basis. This should remain in place to maintain fairness and equality surrounding all determinations whilst also being cognisant of the Wales Audit directive on value for money principles.

An overview of the Small Grant Scheme within the 2022/23 draft budget is depicted within the table below:



It can be seen from the table that the grant recipients are based on annual Town Council contributions that sit alongside the small grant scheme. As per the forecasted total expenditure for 2022/23 this amounts to **£19,058**. In financial terms, this equates to £14.6% of the current precept of **£130k**

**Establishment**

The cost of establishment has been consistent with previous years. Some notable reductions have been in relation to heating costs based on correct tariff contracts being applied. Increases have been noted in terms of IT equipment, stationery and councillor / staff training which are compulsory spends.

There have been no other extraordinary spends of any note. A consideration for the forthcoming year will be the projected rise in energy costs. These have been forecasted within the establishment cost for 2022/23.

An energy cost review is currently being completed to secure the best deals available based on current tariffs. It is planned to present these at the January 2022 Finance meeting to secure fixed term energy contacts.



Another area for consideration is the installation of IT equipment to support the legislation relating to the facilitation of Hybrid meetings. Quotes are still being finalised from IT companies based on future proofing the current equipment, WI-FI capability and IT support costs relevant to the new installation. The estimated costs for this to date is around £5k but this may increase. The current IT equipment within the main office is circa 10 year old and laptop 5 year old.

The below table provides a broad estimated overview of the establishment costs for 2022/23. Generally, the cost of establishment is circa **£23,000**. I have prepared a forecast for the 2022/23 Budget which has included funds to cover IT equipment together with office furniture that will need replacing moving forward, this has seen an increase to **£32k**

**Salary**

The salary attributed to the Chief Officer, Assistant Chief Officer and Healthy Blaenavon Officer is governed by the National Pay Scales as authorised by the National Association of Local Councils **(NALC**) and the Society of Local Council Clerks **(SLCC).**

A Salary review was conducted by the Town Council in March 2021 relating to the Chief Officer and a recommendation was that the Chief Officer moves to **SCP 35** - **£38,890**. This is based on FTE hours and was made effective from the 1/4/21

The Chief Officer is currently conducting two roles namely Chief Officer to the Council, Responsible Financial Officer. This role also includes the line management of two other officers.

During the last 12 months the role has continued to develop considerably in terms of service delivery linked to project initiatives. A substantial growth area for the Council including duties of the Chief Officer has been the escalation of partnership working, project management, professional development, staff recruitment, election / co – option duties, external investigations, and staff supervision.

This has by definition increased demand particularly around financial governance and accountability together with project management. There is currently no work placed pension contributions being met in relation to the Chief Officer or any other officer. The opt out facility has been implemented in line with the Pension Regulator legislation. If the workplace pension was in place, then the Council’s contributions would need to be **25%** of the officers’ annual salary. This has been alluded to in the 2022/23 draft budget.

The National Salary Award for 2021/22 has still not been finalised and this will need to be applied to all officer salaries when ratified by the Government.

The appointment of an Assistant Chief Officer in August 2021 working 15 hours per week has increased the annual salary. Taking into account the 30 hours being worked by the Healthy Blaenavon Officer this means that the Council employ just over two full time equivalent posts.

The total officer salary projected for 2022/23 is **£71,130**. Including NI payments from the Council and taking into account the legal obligation to budget for gratuities payment, the annual salary increases to **£82,285.**

The salary payroll is administered by TCBC which costs approximately **£250** per year. The table below depicts the salary requirements for 2022/23 not including a potential pay award.



**Other Costs.**

In terms of other costs that the Council are obligated to budget for namely Councillors’ allowances, election costs and VAT, these are depicted within the below table.

In relation to election costs, year on year this is a figure that must be budgeted for but is rarely used. As this is a local election year, then the costs attributed to this will be realised. I have been in consultation with the elections officer at TCBC and will be having further meetings ahead of the elections the first being on the 26/1/22.

Based on the advice received to date, the projected election cost for the Town Council covering two wards will be in the region of between **£8k- £9k**. I have budgeted for the higher estimate.



In terms of VAT, based on the 2021/22 figures, I have estimated this to be **£6k** which will be claimed back in line with HMRC regulations. This is then shown as an income and in essence it cancels itself out.

**Precept Overview**

In order to support the proposed 2022/23 Budget, an understanding of precept calculations is necessary. This will underpin and offer a wide range of considerations and options to support the Council’s decision making in terms of setting the 2022/23 precept.

In 2019, the Council approved a precept increase to **£130,000**. This decision supported the 2019/20 budget proposals. Clearly, this was the correct decision based on the proposed level of spend at that time.

Based on the growth of the Town Council and the level of service delivery it now provides, the Draft Budget for 2022/23 dictates that the current precept of **£130k** is increased to **£185k**. This will also allow for growth and future development to continue well into the 2023/24 financial period without a further precept increase being considered.

This proposal must be signed off at the Full Council meeting on the **24/1/22** in order to meet the Local Authority’s deadline for Receipt of Precept Requirement which is the **4/2/22**.

In terms of the precept charge, the tables below offer a detailed breakdown covering the cost per household related to property bands. They also offer a breakdown regarding the volume of properties within Blaenavon indicating which Band Category they fall into.

A useful indicator is the volume of properties that are receiving a **25% and 50%** discount in relation to Council Tax payments.

The increments have been presented in financial terms as cost per household and not a percentage. This has been split into **Weekly**, **Monthly** and **Yearly** charges.

The current precept agreed by the Town Council is **£130,000.** A payment of **£43,333.33** is received every four months from TCBC commencing at the end of April each financial year.

This sum is collected on behalf of the Town Council by TCBC as part of the Council Tax Bill. This figure is based on the charge for a **Band ‘D’** dwelling and is in addition to the TCBC Council Tax payment.

This charge is shown on the Council Tax Bill as **Blaenavon Community Council.** The figure shown is an annual charge. As an example, the charge for a **Band ‘D’** dwelling currently is **£66.67.**

* The Council tax base figure for 2021/22 was **1950**
* The Council tax base figure for 2022/23 is **1963** (email sent to members confirming this number)

The cost breakdown based on a **‘Band D’** dwelling is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Precept****£** | **Cost per Year****£** | **Cost per Month****£** | **Cost per Week****£** | **Total Band ‘D’ Properties in Blaenavon**or **5.23%** of all Properties in Blaenavon |
| **£130,000** | **£66.67** | **£5.55** | **£1.28** | **149** |

The formula used to calculate this is as follows:

Precept / Tax base = **£130,000 / 1950 = £66.67 per year**

Precept / Tax base = **£130,000 / 1963 = £66.27 per year**

Precept / Tax base = **£185,000 / 1963 = £94.24 per year**

The formula used to convert this into a weekly figure is based on Band value proportions which are:

**A=6 B=7 C=8 D=9 E=11 F=12 G=15 H=18 I=21**

So, for example currently, on a Band **‘D**’ dwelling the calculation is **£66.67 / 52 = £1.28** per week

Convert to a Band **‘A**’ dwelling the calculation is **£ 1.30 / 9 = £ 0.103 x 6 = £0.86** per week.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Precept****£** | **Cost per Year****£** | **Cost per Month****£** | **Cost per Week****£** | **Total Band ‘A’ Properties in Blaenavon**or **5.23%** of all Properties in Blaenavon |
| **£130,000** | **£44.72** | **£3.73** | **£0.86** | **1,414** |

**Proposed Precept.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Proposed Precept****£** | **Cost per Year****£** | **Cost per Month****£** | **Cost per Week****£** | **Total Band ‘D’ Properties in Blaenavon**or **5.23%** of all Properties in Blaenavon |
| **£185,000** | **£94.24** | **£7.85** | **£1.81** | **151** |

So, for example, on a Band **‘D**’ dwelling the calculation is **£94.24 / 52 = £1.81** per week

Convert to a Band **‘A**’ dwelling the calculation is **£ 1.85 / 9 = £ 0.205 x 6 = £1.23** per week

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Proposed Precept****£** | **Cost per Year****£** | **Cost per Month****£** | **Cost per Week****£** | **Total Band ‘A’ Properties in Blaenavon**or **5.23%** of all Properties in Blaenavon |
| **£185,000** | **£64.13** | **£5.34** | **£1.23** | **1,414** |

The following tables depict this in more detail. There are currently **2,908 chargeable** dwellings in Blaenavon. The dwelling **‘Band’** breakdown is as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **A=1,424****48.97%** | **B=973****33.46%** | **C=225****7.74%** | **D=151****5.19%** | **E=101****3.47%** | **F=28****0.96%** | **G=4****0.14%** | **H=1****0.03%** | **I=1****0.03%** | **2,908** |

There are approximately **1,229** dwellings in Blaenavon or **42.3%** who are registered as **‘Discounted Dwellings’.** This is broken down as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **% Discount** | **Band** **A** | **Band** **B** | **Band** **C** | **Band** **D** | **Band** **E** | **Band** **F** | **Band** **G** | **Band** **H** | **Band** **I** |
| **25%** | **738** | **367** | **61** | **31** | **20** | **4** | **2** | **0** | **0** |
| **50%** | **1** | **0** | **0** | **2** | **1** | **0** | **0** | **0** | **0** |
| **Total** | **739** | **367** | **61** | **33** | **21** | **4** | **2** | **0** | **0** |

The Budget forecast for 2022/23 has been compiled based on the precept increasing to **£185,000**. The precept breakdown based on £**130,000** for 2021/22 was as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Precept Cost - £** | **Band A** | **Band B** | **Band C** | **Band D** | **Band E**  | **Band F** | **Band G**  | **Band H**  | **Band I** |
| **Year** | **£44.72** | **£52.17** | **£59.62** | **£66.67** | **£81.99** | **£96.90** | **£111.80** | **£134.16** | **£156.52** |
| **Month** | **£3.73** | **£4.35** | **£4.97** | **£5.55** | **£6.83** | **£8.07** | **£9.32** | **£11.18** | **£13.04** |
| **Week** | **£0.86** | **£1.00** | **£1.15** | **£1.28** | **£1.58** | **£1.86** | **£2.15** | **£2.58** | **£3.01** |

The precept breakdown based on £**185,000** for 2022/23 is as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Precept Cost - £** | **Band A** | **Band B** | **Band C** | **Band D** | **Band E**  | **Band F** | **Band G**  | **Band H**  | **Band I** |
| **Year** | **£64.13** | **£74.82** | **£85.28** | **£94.24** | **£117.00** | **£127.92** | **£159.64** | **£191.88** | **£223.60** |
| **Month** | **£5.34** | **£6.24** | **£7.11** | **£7.85** | **£9.75** | **£10.66** | **£13.30** | **£15.99** | **£18.63** |
| **Week** | **£1.23** | **£1.44** | **£1.64** | **£1.81** | **£2.25** | **£2.46** | **£3.07** | **£3.69** | **£4.30** |

As can be seen from the tables above the majority of dwellings in Blaenavon fall within the Band **‘A’** and ‘**B’** categories totalling **2,397**. **1,105** of these properties or **46%** receive a **25%** Council Tax discount.

As a comparison, the precept raise from **£130k** to £**185k** will increase the annual Council Tax payment on a **Band ‘D’** property from **£66.67** to **£94.24** or **£27.57.**

On a **Band ‘A’** property the annual increase will be from **£44.72** to **£64.13** or **£19.41.** For ease of reference, I have broken down the increases across all bandings to include the weekly and monthly costs. **51%** of Band ‘A’ properties receive a **25%** discount therefore reducing the increase to **£14.55** or **£1.21** / month.

On a **Band ‘B’** property the annual increase will be from **£52.17** to **£74.82** or **£22.65**. For ease of reference, I have broken down the increases across all bandings to include the weekly and monthly costs**. 38%** ofBand ‘B’ properties receive a **25%** discount therefore reducing the increase to **£16.98** or **£1.41 / month**

To conclude, the proposed 2022/23 draft budget has been calculated using data from the 2021/22 Budget whilst being cognisant of the Town Council Business Plan 2018/22.

This calculation is also based on continuing the flight path that the Council has followed during the past 12 months. A projected figure of **£45,000** from this year’s Budget has been earmarked to carry over into next year’s Budget. This does not include the funding from Community Brew and Street Games.

A variance of between **10% - 15%** of the agreed Budget is generally allowed to be carried over into the following year. This can be higher if the Budget shows the details of spend for earmarked reserves. The budget report has depicted a cohort of the relevant spend plans.

Consideration for emergency reserves must also be taken into account and this figure based on the current precept is circa **£18k**

The recent level of spend has been based around community engagement involving projects, this has enhanced the Council’s ability to become more confident and proactive in its decision making around service delivery.

This has focused hugely on following an agreed budget strategy that the Council are able to work within, thus enabling it to operate in a more consistent and co-ordinated way.

The progress made to date in terms of service delivery using this methodology has supported numerous projects and regeneration initiatives via positive match funding. This should be continued moving forward taking into account the recent recommendations from Audit Wales.

During the past 12 months Blaenavon Town Council has maintained its ability to remain ahead of the curve in its commitment to delivering services at a local level whilst adhering to its mission statement below:

**“To improve the quality of life for residents by ensuring that Blaenavon is a desirable, thriving and sustainable place in which to live, visit and do business”**

Based on the fiscal information that has been made available and alluded to within this report, my recommendation in my role as the Council’s Responsible Financial Officer is to increase the precept to **£185,000.**

Report submitted for consideration at the Finance Committee meeting dated the 12th of January 2022

Kevin Warren. MInstLM. FCMI.

Chief Officer.