

**Morecambe Town Council**

**Morecambe Town Council's**

# **Financial Plan 2024-2025**

**Delivering, protecting and  
enhancing services for the  
community.**



## **Executive Summary**

Morecambe Town Council is confident it can deliver a balanced budget whilst providing a year-on-year saving for its residents through a reduction in the Council's precept of £48.69 (33%), rolling back 47.7% of last year's increase.

## **Foreward**

Morecambe Town Council is committed to continuing to 'deliver, protect and enhance services for the community'. Through a shared vision of protecting the past and working to shape a vibrant future, improvements to the environment, local events, community activities, and a tourism offer, have positively influenced discussions amongst elected representatives this year, and will see Morecambe become an even better place to live, work, and visit.

This report accompanies the full draft budget and contains the recommendations of the Finance and Governance Committee which reviewed all budget lines at its meeting held on 9 January 2024.

## **Background**

The Council is required to set an annual budget to deliver its services, and its income is financed through a combination of the parish precept, service fees, grants and other revenue.

The Council is also required to determine the necessary levels of reserves it will require for the financial year, which commences annually on 1 April.

The precept is the most local element of council tax levied by Lancaster City Council on properties within the administrative boundary, and is ring-fenced for the sole benefit of tax payers within Morecambe Town Council's administrative boundary (which includes Heysham North).

The precept set by the Council must enable it to continue its 'business as usual' functions at acceptable service levels. It must also be able to fund agreed service enhancements, in addition to asset maintenance and operational improvements.

To best support management in the delivery of services, some budget headings, ledger codes and subjective lines have been reviewed and updated. Such reviews facilitate the ongoing and effective management and monitoring of income and expenditure.

## **Legal Obligations**

The Council must set a balanced budget and comply with all statutory requirements pertaining to the setting of its budgets as set out in the Local Government Act 2003, Part 2, Section 25 and 26, which holds under clause 25 (1) that the Responsible Finance Officer (RFO) must report on the robustness of the estimates made for the purposes of the calculations and on the adequacy of the proposed financial reserves.

To satisfy the requirements of the Local Government Act 2003, Councillors must have due regard to this report when making decisions on the budget and precept. They must also approve a precept which:

- meets the Council's objectives and service level responsibilities.
- maintains an appropriate level of reserves.
- provides stability in the event of any unforeseeable demands.

## **Introduction**

Over the past few years the Council has made efforts to establish a realistic budget. Morecambe Town Council has gone through a rapid period of growth over the last three years, with annual precept increases required to reflect this. These would have been less significant if there had been reasonable annual increments applied during the past 14 years.

## **Morecambe Town Council's precept history**

When the Council was founded in 2009, its first precept was set at £19.31. Over the following 12 years this remained virtually static, staying below £20 up until 2021-22. While this produced an overall saving for taxpayers for over a decade, it effectively resulted in real-term budget cuts throughout most of the Council's existence. Simultaneously, this also reduced the Council's ability to build an adequate reserve, as the precept was primarily required to resource the Council's annual expenditure.

During this period the Council's role was primarily a reactive one, responsible for distribution of community grants and management of the occasional event. The level of staffing and budget reflected this.

Across a similar period (from 2007 to present day) the second-tier authority, Lancaster City Council, experienced a near 40% cut in central government funding while the third-tier authority, Lancashire County Council, had to regularly find multi-million-pound savings.

In reaction to these circumstances, Morecambe Town Council resolved to try and play a more proactive role and reduce the potential risk of watching a decline of services in Morecambe. This resulted in consecutive c.50% rises in the precept, bringing it to £44.11 in 2022-23 - still £33.10 below the national average.

For 2023-2024, the Council set a revenue budget of £739K (including VAT). It also raised a £1M Community Action Fund (CAF) to pursue a regeneration project on the former Frontierland site.

Whilst the Council 'froze' the precept collected in 2023-2024 for its revenue budget, it required an overall increase in the precept of 231% to raise the CAF.

Since collecting the CAF Reserve, a new administration has been elected and a new direction established, exploring alternative ways of responding to current community needs.

Discussions have been held with elected representatives regarding the reallocation of CAF funds, and careful consideration has been given to all options by the Council's Finance and Governance Committee, with their recommendation following.

## Reserves

Councils are recommended to hold a minimum of 25% of annual expenditure as a General Reserve.

Prior to 2021 and the significant period of growth that followed, the Council held little to no reserves:

- In 2021/22 general reserves were held at just 8% against a projected c.£450,000 expenditure.
- In 2022/23 general reserves were held at just 7% against a projected c.£550,000 expenditure.

In order to raise the CAF in 2023/24, the Council pooled all its reserves. Had the Council not raised the £1M CAF, it would still have had to raise the precept by approximately £70 per Band D household across the following two years to resource the expanded services delivered by the Council and create a minimum general reserve of 25% against projected annual expenditure.

## In-Year Adjustments

To ensure the budget remains fit-for-purpose throughout the Council's changing operational landscape, there have been in-year adjustments made during Q1 and Q2 to the budget to facilitate the ongoing and effective management and monitoring of income and expenditure. This includes changes to accommodate overspends in areas such as elections fees which had not been anticipated to be so high.

At close of Q3, it is possible to forecast the most accurate outturn of anticipated income/expenditure for Q4.

Key recommendations for current year budget changes are:

- 1) The Council's projected income of £30,000 for its events schedule is unlikely to be achieved in this financial year and an adjustment to the budget should be made to account for this. There has been a sum of £6,017 received from events earlier in the financial year. However, with the absence of an Events Officer, the Council has not had the capacity to fully optimise its income in this area. With that being said, the Council did receive a grant of £9,950 for the Coronation Carnival which has been offset against event costs.
- 2) Whilst the Council has pursued its accreditation to become a registered Lantra training provider (in order to deliver staff public realm training in-house to save costs), the Council has not had the capacity to receive any candidates from Lantra as of yet, and therefore the anticipated income of £25,000 is unlikely to be realised by year end and an adjustment to the budget should be made to account for this.
- 3) The Council has received a grant of £18,072, and must ensure that there is a similar amount remaining within its expenditure column to account for its outgoings in Q4. If the Council wishes to continue offering additional grants to local community organisations in Q4, then it will need to make an adjustment to accommodate this.
- 4) Giving consideration to the projections above, and other adjustments, the Council would be best placed to vire a sum of money from the public realm equipment budget to ensure income vs expenditure is balanced by year end. This sum (originally intended to

cover capital expenditure such as the purchase of a new fleet vehicle) will need to be accommodated in the new financial year instead.

5) The Council accepted during Q3 that further costs would be incurred associated with the occupation of the new offices. Whilst the Council originally discussed coding these costs to the underspend in the Staffing budget, the budget has been adjusted to account for this expenditure in the 'Office Equipment' budget line. There have also been additional unanticipated costs in the year including the purchase of tablets for members (within the IT infrastructure budget). Up until this year, the Council has not owned the majority of its office furniture, and (following a request from Lancaster City Council to return loaned equipment) new furniture and equipment have been purchased, and cosmetic repairs to infrastructure have been undertaken in-house (with costs including new desks, chairs, cupboards, carpets and decorating supplies).

6) It is recommended to vire the CAF to General Reserves for Q4.

## BUDGET LINE EXPLANATIONS

### CORPORATE SERVICES

#### STAFFING

Staffing payments for corporate services include annual salary adjustments, medical/occupational fees, reasonable adjustments for protected characteristics, contractual obligations, team building costs, training, parking, contingencies for cover staff, and other possible costs which may arise from unexpected circumstances such as terminations.

*Budget delegation: Proper Officer (in line with Contracts of Employment, reasonable adjustments, team building, parking, and obligatory training such as health and safety) + Personnel Committee (Medicals, terminations, and continuous personal development plans)*

#### OFFICE EQUIPMENT / CONSUMABLES / ADMINISTRATION / EXPENSES

Up until this year, the Council has not owned the majority of its office furniture, and (following a request from Lancaster City Council to return loaned equipment) new furniture and equipment will need to be purchased to accommodate a growing team.

*Budget delegation: Proper Officer*

#### PROFESSIONAL SERVICES

The council does not employ specific staff to undertake specialist roles relating to legal, IT, HR and planning areas. Therefore, budgets have been in place to commission advice in these areas when it is needed.

*Budget delegation: Proper Officer (LALC) + Personnel Committee (HR) + Finance and Governance (Legal)*

#### OFFICE RENT

The Council's current rental obligations to Lancaster City Council are £15k pa. In 2024-2025, there will also be two years' of rates to be collected.

*Budget delegation: Proper Officer*

#### INSURANCE

Other councils are experiencing significant increases in their insurance premiums - the final premium amounts will not be known until the renewals are completed following an update of the Asset Register.

*Budget delegation: Proper Officer*

## AUDITS

During the past two years the Council has received challenges to its end of year audit. This has resulted in substantial delays to the conclusion of the audit, and significantly increased the workload of officers, resulting in a backlog of day-to-day work. This budget has increased in order to accommodate heightened auditor's bills and an appropriate level of staffing to simultaneously resource challenge correspondence whilst providing continuity to normal operations.

*Budget delegation: Full Council (IA + EA Costs) + Proper Officer (Staffing Costs)*

## TRAINING

Training for members and volunteers (particularly for events) is essential in ensuring the safety of the public is upheld and the Council has appropriate oversight and scrutiny.

*Budget delegation: Proper Officer*

## IT INFRASTRUCTURE

There will be a full review of IT infrastructure in the new financial year.

*Budget delegation: Proper Officer + Full Council*

## CIVIC EXPENSES

Town Councillors do not receive any annual allowance. This budget accommodates expenses (such as parking and childcare) that may be incurred whilst undertaking council business.

*Budget delegation: Proper Officer*

## COMMUNICATIONS

### WEBSITE

Residents often complain of difficulty navigating the website and understanding the services provided by the Town Council. This budget accommodates a redesign of the Council's website, a rebrand, and ongoing hosting, maintenance, and development, ensuring the Council's 'shop window' is fit for purpose and accessible.

*Budget delegation: Full Council*

### GENERAL COMMS

This budget includes subscriptions to design software and activities to raise awareness of the Council's activities.

*Budget delegation: Proper Officer*

## COMMUNITY ENGAGEMENT

This budget will provide an annual sum to ensure full engagement with the community is undertaken with regular consultations, and the production of an annual report that can be delivered to all households.

*Budget delegation: Proper Officer*

## TOURISM

Residents have expressed concern at the closure of Morecambe's Visitor Information Centre and Councillors have expressed an interest in exploring opportunities to support the tourism sector within the town as Eden Project Morecambe approaches. This budget will support that purpose.

*Budget delegation: Full Council*

## GRANTS COMMITTEE

This budget provide community grants to local organisations.

*Budget delegation: Grants Committee (Up to £3K limit) + Full Council*

## CULTURAL SERVICES

### FESTIVALS / EVENTS (GRANTS AWARDED)

This budget provides community grants to local organisations for events and festivals.

*Budget delegation: Festival and Events Committee (Up to £3K limit) + Full Council*

## MORECAMBE LIGHTS

This budget provides a sum (agreed in principle) to support Baylight.

*Budget delegation: Full Council*

## COUNCIL EVENTS / PARTNERSHIP

This budget provides a sum to cover expenditure for council events and partnerships.

*Budget delegation: Festival and Events Committee (Up to £3K limit) + Full Council*

## STAFFING / CASUAL

This budget provides a sum to cover expenditure for an Events Officer and casual staff for events.

*Budget delegation: Proper Officer (in line with Contracts of Employment)*



## TOWN MAINTENANCE / IMPROVEMENTS

### STAFFING (PERMANENT)

Staffing payments for public realm services include annual salary adjustments, medical/occupational fees, reasonable adjustments for protected characteristics, contractual obligations, team building costs, training, parking, and other possible costs which may arise from unexpected circumstances such as terminations.

*Budget delegation: Proper Officer (in line with Contracts of Employment, reasonable adjustments, team building, parking, and obligatory training such as health and safety) + Personnel Committee (Medicals, terminations, and continuous personal development plans)*

### STAFFING (CONTRACTUAL)

This budget provides a sum to cover expenditure for two public realm temporary workers for six months.

*Budget delegation: Proper Officer*

### PUBLIC REALM ENHANCEMENTS

At its meeting of 24.11.22 the Environment Committee resolved to submit a budget request of £150K for 2023-24. At the time, the Committee had anticipated five land parcels would be transferred from Lancaster City Council to MTC for community improvement. At its meeting held on 21.9.23 the Council resolved to pursue community asset transfers for two parcels of land (Maylands Sq and Mardale Avenue). At its meeting held on 20.7.23 the Council resolved to allocate £8K of this budget to finance the repair of Morecambe Skatepark. This budget line is retained to deliver further improvements to the public realm in the new financial year.

*Budget delegation: Environment Committee (Up to £3K limit) + Full Council*

### EQUIPMENT / ASSET / FLEET PURCHASE OR LEASE

Equipment and fleet purchases.

*Budget delegation: Proper Officer (delivery of public realm service and hand-held equipment), Environment Committee (Up to £3K limit) + Full Council*

### EQUIPMENT / ASSET / FLEET MAINTENANCE AND REPAIR

Equipment maintenance and repair.

*Budget delegation: Proper Officer*

### MOTOR INSURANCE

Other councils are experiencing significant increases in their insurance premiums - the final premium amounts will not be known until the renewals are completed.

*Budget delegation: Proper Officer*

## WEED CONTROL

This expenditure includes the purchase of products to control the growth of weeds.

*Budget delegation: Proper Officer*

## IT INFRASTRUCTURE / SOFTWARE / MOBILES

A budget to cover costs associated with the delivery of a public realm services, including computers, geo-tracking location apps, and integrated work schedule solutions. A full review of expenditure within this budget line will be undertaken in 2024-2025.

*Budget delegation: Proper Officer*

## PPE

Provision of personal protective clothing for employees.

*Budget delegation: Proper Officer*

## ALLOTMENTS

The Council owns North Heysham and West End Allotment Site. This sum defrays any costs associated with fulfilling its legal obligations.

*Budget delegation: Environment Committee*

## CONTINGENCY

A sum for unanticipated costs which may arise during the financial year.

*Budget delegation: Environment Committee (up to £3K) + Full Council*

## **PLANNING & REGENERATION**

A sum to conclude work on the Neighbourhood Plan.

*Budget delegation: Full Council*

## **RESERVES**

### ELECTION RESERVE

A sum to cover the full cost of a by-election in each ward.

*Budget delegation: Full Council*

## PUBLIC REALM RESERVE

A provision to safeguard the delivery of the public realm service if new accommodation was required to be found.

*Budget delegation: Full Council*

## GENERAL RESERVE

A required sum held to cover the future costs of the Council and improve its resilience.

*Budget delegation: Full Council*

## Precept Calculation

With the budget and reserves as presented, the precept is calculated as follows:

Projected Carry Forward as at 31 March 2024 is £1,000,195.70

Of this balance, £850,195.70 is recommended to remain as a General Reserve in 2024-2025 and £150,000.00 will be used to subsidise the budget and reduce the precept.

It is predicted that expenditure in 2024-2025 will total: £1,164,680.00

Budgeted income will total: £63,295.67

Therefore, the total precept request required for 2024-2025 is: £951,384.33

The tax base is calculated annually by Lancaster City Council. The tax base represents the equivalent number of Band-D tax-paying properties in the town and accounts for homes receiving discounts/exemptions and the different council tax bands, allowing for a 99% collection rate. The tax base for 2024-2025 is 9,752.19. This represents a year-on-year decrease in the number of homes covering the cost of the precept.

The tax base and precept are used to determine the final amount each household will pay through council tax.

Based on the total precept required for 2024-2025, a Band D household would receive a charge of £97.56. This represents a year-on-year decrease of £48.69 (33%), rolling back 47.7% of last year's increase.

Recommendations:

- 1) That the Council approves to set its budget at: £1,164,680.00
- 2) That the Council use £150K from its General Reserves to subsidise the budget.
- 3) That the Council approves to set its precept at: £951,384.33