AGENDA ITEM NO. 5

TAVISTOCK TOWN COUNCIL
BUDGET AND POLICY COMMITTEE

TUESDAY 2nd SEPTEMBER, 2025
BUDGET PREPARATION & PRECEPT SETTING 2026/27

1. PURPOSE OF REPORT

To provide the Committee with an opportunity to consider the basis upon which the draft Budget & Precept for the Financial Year 2026/27 should be developed and related matters. The report should be read in conjunction with any prior reports relating to the financial position of the Council and the periodic/scheduled phased budget reports.

2. CORPORATE POLICY CONSIDERATIONS

The effective management of resources and forward planning underpin the delivery of the Town Council's Strategic Plan 2024-2027. They support its commitment to the economic, efficient and effective use of resources, the promotion of best value and continuous organisational improvement as evidenced in the service planning process. In addition, there is the continuing impact of significantly 'above target' inflation on current and future operating arrangements, income/expenditure and organisational goals and objectives.

3. LEGAL AND RISK MANAGEMENT ISSUES

The Council is under an obligation to consider, approve and adopt a balanced Budget including, where appropriate, necessary authority for the issue of a Precept upon the relevant (billing) Authority.

A phased budget report outlining actual and committed spend against Budget is reviewed at each Meeting of Council. It is important to note that the Council continues to be exposed to impacts consequential on global/inflationary pressures. Some causes are substantially of long standing (such as conflict in Ukraine), others (such as US tariffs) new.

Notwithstanding extensive mitigations it bears repeating these potentially continue to materially add to the legal, risk management, financial, compliance and capacity issues facing the organisation. It is notable that such significant projects as are in train very much depend on the success of external funding/partners for viability with varying levels of risk attaching. The Committee will be aware from the service planning and risk management process, individual project risk registers and this report, of the anticipated level of short/medium term risk taken by the organisation and the consequential importance attached to replenishment of capital reserves.

There also remains prospective/consequential risk attaching to the financial position of other public bodies and the extent of their commitment to continuing service provision in a time of both financial uncertainty, and in the context of anticipated Local Government Reorganisation (LGR).

4. RESOURCE ISSUES

The resource issues associated with this report are set out therein. As last year they principally refer to a continuation of inflationary pressures in expenditure, new items of cost and strains on commercial income together with, in lesser part, operational capacity. Areas affected include availability of finance/sustainability of income streams, staffing/ capacity, legacy requirements, skill sets and the associated impact of/on work programme constraints. Notwithstanding positive progress in the rebuilding of the General Reserve (albeit temporarily reduced last year) the rebuilding of other reserves to prudent levels (or at the moment any level), remains both a priority and a challenge. The Committee will also be particularly mindful of the list of prospective calls on future resources as identified in section P2 of the Community Services Business Plan as adopted by Council.

5. ENVIRONMENTAL ISSUES

There are no direct issues arising from this report. Where projects or initiatives are agreed the relevant reports will address topic specific issues arising in connection with sustainability and the environment.

6. COMMUNICATIONS ISSUES

The content of this report has been developed in association with the Council’s Management Team. More information will become available after the ‘half year’ review and the visit of the Accountant later in the Autumn.

7. RECOMMENDATIONS

This Report is primarily scoping in nature in order that the Budget & Policy Committee and Council can consider:-

a) Any principles it would wish to be applied, or areas of change identified, for the development of a draft 2026/27 Budget proposal and associated Precept together with areas of material risk and/or uncertainty;
b) A preliminary review of matters pertinent to the current in-year revenue budget (please refer to phased budget report submitted to the last Council) and current/projected Capital Programme 2025/26.

To that end, and subject to (a)–(b) above, it is recommended that Tavistock Town Council adopt and endorse the content of the following Report and, in particular, the approach as set out in para 1.4.

1. BACKGROUND

1.1 It is important to note that this report principally seeks to address the proposed budget for the 2026/27 financial year. As such it is separate from, though necessarily influenced by, in-year impacts on current finances (other than where these are specifically referred to in the text) and the uncertainties those pose to the projected financial position as at year end.

1.2 The Council has previously agreed development of a Medium Term Financial Strategy and it is anticipated this will be initiated as/when the depth and range of prospective scenario's regarding Council finances become less volatile and resources permit. The Council also continues to take mitigating measures to manage financial risk.

1.3 In recent years priority issues addressed in budget setting included unprecedented challenges around commercial income (most recently continuing structural stress on retail), uplifts in energy, professional service and construction costs (inflation), insurance costs (changed insurance market), and unanticipated emergency property repairs alongside consequential adverse adjustments to reserves. This current year has been less exceptional and it is to be hoped that the next financial year may represent a return to a more historically typical operating environment. Whilst this was also the case last year the core challenge remains. Namely to rebuild capital reserves (to protect the community, heritage and environmental asset base of the Council) and build other protected reserves to afford the ability to respond to community, service and other challenges – be they associated with LGR, contraction of commercial opportunities, or other.

1.4 Looking ahead, the approach being proposed for the Budget setting process for the 2026/27 financial year remains significantly aligned to established practice, namely:-

a) Stage 1 – The Committee consider the principles to be applied in, and priorities attached to, the development of the 2026/27 budget (together with such other matters as may require specific consideration at this stage with regard to current "in–year" spend);
b) Stage 2 – Subject to, and informed by (a) above at the next available (ie post half year mark) meeting the Committee consider the projected out–turn for the current financial year (based upon adjusted half year figures and recognising already agreed in-year cost savings if available), together with a draft revenue budget and together with overall capital allocations;
c) Stage 3 – Subsequently to consider and recommend:
    - the 2026/27 Tavistock Town Council Budget;
    - the Town Council Precept 2026/27.

1.5 Notwithstanding that the strategic/long term major capital improvement programme of the Council has now concluded, and the recent emergency works programme is over, there remain significant projects that are not yet fully funded – most especially the Multi Use Wheeled Sports Area and the Abbey Remains Project. These sit separately from the extensive schedule of upcoming (near to mid term) repairs, replacements and other works previously identified by the Council in the Community Services Business Plan (Projects - P2 refers).

1.6 In terms of the position reported last year:-

a) the Town Hall and Events Team has a Manager vacancy alongside limited resource to support the Guildhall. Overall staffing levels had until recently 'normalised' (albeit with extended activities required in relation to the Guildhall). This, alongside the vacancy referenced and maternity leave may prove challenging. As presaged last year, the Committee may wish to re-consider, in light of the now established (previously interim/under review) arrangement for TTC operating the Guildhall, the applicable resource envelope;

b) The Public Conveniences offer in Guildhall Car Park is in development with West Devon Borough Council (WDBC) albeit it may now be impacted by the scope and nature of the wider reorganisation agenda;
c) The development and implementation of arrangements to meet environmental standards for let properties requires progression and a provisional budget allocation;
d) To address any prospective emergency repair works as may arise.

1.7 Looking ahead and as indicated previously there remains uncertainty:

a) Commercial income – the extent to which attendant changes in customer (eg out of town/on-line shopping) and commercial (eg bank closures) activities may have impacted the longer term financial operating model of the Council, with particular reference to the resilience of its commercial income streams;
b) Of the impact/quantum (and duration) of continuing inflationary pressures;
c) As to what demands LGR may/may not make upon the organisation alongside the potential for adverse Government intervention (such as the prior increase in Employers National Insurance).

1.8 Therefore the challenge to 'business as usual' outlined in prior reports continues. One other point – the report does not materially cover at this time any potential items of significant capital spend. This reflects the position that:

a) the Council is committed to rebuilding its reserves after recent unforeseen emergency works – at the time of writing it has no uncommitted capital reserves and contribution to the Rolling Capital Programme was temporarily reduced by 90% this year;
b) there is uncertainty around some extant revenue cost bases;

c) such capital projects as are envisaged (such as Betsy Grimbals Tower/Still House refurbishment, and any replacement (multi-use wheeled sports facility) are predicated upon substantial third party grant funding with any Council contribution not exceeding £50,000 and £40,000 per project respectively.

2. ANALYSIS

External Environment

2.1 There remain a range of external variables that have the potential to impact upon the Council over the course of the next budget period. These include, but are not necessarily limited to:-

a) Global/National Factors - such as political issues in the US, conflict in Europe and the Middle East, the Autumn Statement by the Chancellor of the Exchequer, the approach of the Government to local authority funding and services, interest rates/inflation. The unknown (at this stage) impact of US tariff policy on global trade in general, and the UK national and regional economy in particular, adds uncertainty in those areas which potentially impact Council commercial income streams. Not least growth vs recession, interest rates, inflation/stagflation, consumer spend, increases in voids, depressed rentals, more exercises of breaks/ shorter leases etc. Also and albeit not well developed yet, the proposal of the Government to abolish upward only rent clauses (published in the English Devolution and Community Empowerment Bill ("The Bill") in commercial leases would also represent a material change in longstanding operating practice if introduced.

b) Local Government Reorganisation (LGR)
Last year this report said *'In the circumstances, and bearing in mind Devon is the only County in the West of England to retain the three-tier (perhaps soon to be 'four') model of local government principally originating in the 1970's, the repurposing (if not reorganisation itself) of local democracy in the county within the foreseeable future must remain a possibility. On a point of continuity the new Government has continued the preference of its predecessor for the metropolitan model of regional Mayors as the strategic regional 'partner of choice.'*

Much has since changed! As those observations since came to pass with the Government announcements two months later the potential impact of that subsequently proposed LGR on Council finances (and operating model) is not meaningfully quantifiable at this time. Past experience for the sector elsewhere suggests that it can either be minimal - incremental/evolutionary, or swift and revolutionary. The dramatic growth in the budget and size of several Somerset Councils over two years is an example of the latter.

Two simple examples make the point. In 2021-22 the staffing budgets for Bridgwater and for Yeovil were £283,680 and £310,763 respectively. By way of comparison Tavistock in that year was £634,470 and was not fully staffed. On 1st April 2023 reorganisation occurred in Somerset. By 31st March 2025 the respective staffing budgets for Bridgwater and Yeovil had risen, over 3 years, by in the order of 600% to £1,850,903 and £1,763,005 respectively.

In addition to the uncertainty posed by 'what' might be 'devolved' is the question of 'when' – ie before or after the creation of new unitary authorities (and what views they may take on the matter).

In the alternative in some respects Tavistock may be differently affected to some of its Devon peer group – it already runs parks, play areas, public realm, markets, allotments, some toilets, burial grounds etc. However, it will still need to be prepared for risk and uncertainty. Part of that preparation, it is suggested, should be the establishment of a meaningful localism earmarked reserve (as distinct from the annual localism revenue budget provision) which can be made available if/as required to support priority assets/services for the Town.

Bearing in mind that increases to the minimum wage have dramatically increased entry level staffing costs (with basic on-costs only grade 1 now costing iro £30,000pa), and the Somerset examples above, it can be seen that 'meaningful' provision would:
- need to be significant if it were to be worthwhile; and
- likely need to be made and grown in advance of anticipated devolution.

The attitude and approach of principal authorities prior to, during, and after reorganisation area by area may prove a critical variable. Moreover, at the time of writing, the position is unclear regarding any impacts arising from the progression (or not) of the Devon and Torbay Combined Authority proposal in light of the foregoing.

c) Inflationary Pressures – this has already been referenced. However it bears reiterating – for example inflation 2015-2020 rose by 8.7%, but for 2020-25 by 27.3% according to the Bank of England. Forecasts undertaken on behalf of the Treasury suggest, at the time of writing, CPI to be expected to be running at around 3.2% in the fourth quarter of the financial year notwithstanding it is presently on the rise at 3.8%.

Alongside cost increasing pressure on income continues in play which has impacted disproportionately in relation to both commercial income (which has reduced), and precept. The recent tendering of energy budgets has secured an anticipated saving against budget (subject to usage, weather and other variables) which is positive. However, even so spend in that area still remains substantially above pre Ukraine War levels.

Once more the Council will need to make an assessment as to the potential impact of current and projected inflation upon operating costs in the next financial year alongside the extent to which existing budget heads appropriately reflect the current cost base.

In that regard inflationary pressures may arise variously, including through:

i. Increases in the cost of routine goods and services (whether stocks, equipment, professional, contracting/sub-contracting or other services etc);
ii. Projects – in particular those of a specialist and/or construction type (where typically construction cost increases have in recent years substantially exceeded CPI in general) – foreseen or not;
iii. Increases in Council operating costs such annual changes in salaries/wages driven both by sector negotiations nationally and legislative requirements

(eg minimum wage threshold changes, employer national insurance rates etc).

It is unclear what inflation in these areas might prove to be – either overall, or sector by sector over the next financial year.

d) Recruitment and Retention, both within the sector and more generally, continues to be a challenge in a relatively 'tight' labour market. This can be anticipated to accelerate as local authority pay continues to fall increasingly out of kilter with pay in general and also the rest of the public sector specifically due to local authority employer pay policy. This is potentially accentuated by the approach of local authorities nationally to treat different categories of employees differently leading to skills shortages and remuneration package disparities. Although a return to 'normal' pay award arrangements has been seen in 2025-26 it is unclear if this represents a welcome reversion in long term trend, or not.

e) Statutory Constraints – The Secretary of State has the power to introduce regulations to "cap" the ability of the Town/Parish Council sector to raise the Precept above a set amount. Whilst this is still a "reserve" power, the impact, if implemented, should not be under estimated. To this can be added the uncertainty associated with the policy of the new(ish) Government for the sector in general and, more specifically, so far as local government finance and planning in particular are concerned. There also remains the potentially major costs associated with meeting energy performance standards for let buildings.

f) VAT – the Committee will be aware of longstanding uncertainty regarding the position of HMRC in connection with the potential that Markets (which can currently provide space without being subject to VAT) might be brought under the VAT provisions in respect of fees and charges. If test cases were to be successful this could require changes in relation to operating arrangements and consequential costs. There is also the periodic complexity of VAT treatment in connection with the diverse range of projects run by the Council and necessary adjustments consequential on the changed demise for the Guildhall. Goose Fair continues under review in this regard.

g) Economy – the comments made in recent years still substantially stand in relation to Council services (in particular Pannier Market and commercial properties) and the broader position regarding stresses in retail, inflation, tightness in the jobs market, and poor levels of productivity nationally which add weight to the importance of making realistic projections for the assessment of economic impacts. Furthermore, the 'high street' is under substantial structural pressure from altered/altering customer behaviour. Accordingly it is suggested it would not be prudent to project the level of reliance upon commercial income that has reasonably been the case in the past. That further gives rise to an incidental, yet material, impact on the General Reserve provision.

h) Interest Rates – at current levels provide some support through deposit rate returns. There is however currently a general expectation of a downward trend with associated uncertainty regarding impact on core inflation (and reduced income available to offset other costs).

i) Localisation of Council Tax – this facility was withdrawn by the Borough Council in 2020 equating to an ongoing loss of income for the Town Council approximating then to iro 4% on a Band D property. As such it is no longer an issue. However, it remains technically possible that (irrespective of growth in housing units actually delivered) the council tax base may reduce as more households become eligible for benefits and the tax base adjusts accordingly. This is not currently anticipated in Tavistock in view of the extent of new build occurring and anticipated, but it is recognised this can have an offsetting (reducing) effect on Council Tax revenue in some circumstances.

j) Wage settlement – the current national employers' offer (2025) comprises an employers offer of 3.2% which equates to projected inflation for the financial year at that time, ie at best standstill offer. On the positive side it is an increase across all levels so inherently fairer than previous settlements in that regard.

   The recent nature of recent other sector settlements (ie a lump sum and not a common % increase) has also meant that for a generally lower wage employer such as Tavistock (as compared to a locally high wage employer like West Devon), has led to:

- a consequential and proportionately greater adverse effect on overall organisational cost base;
- structural inequalities – for example there are supervisory posts in the Council which around 10 years ago received approximately 25% more than those staff supervised, that is now down to closer to 7% and diminishing.

This means the erosion of entry level pay grades and the consequential degrading impact on the organisational job evaluation scheme caused by the National Living Wage commitment. Looking to next year the projections the Council makes for the wage settlement will very much reflect whether the view is taken inflation will fall appreciably, or not, the likelihood or not of industrial action, and the view taken by the unions and employers in finding an equitable solution both for the sector specifically, and now increasingly in comparison with other public sector pay more generally.

It may also be noted that the previous Government's commitment to rapidly securing the national living wage (nlr) at 66% of the median wage added further pressure to lower wage employers pay bills. It is understood the new Administration has yet to confirm a position on this.

When assessing the position in due course the Council will need to decide, for the next financial year, if:

- The number and type of posts will continue broadly as at present;
- What it expects a pay settlement for 2026-27 might arrive at.

Provision in a percentage broadly similar to that applying for the current financial year at this time may therefore be prudent.

k) Increased Regulatory Burdens – there are no anticipated significant new changes in this area, however some such as relating to building energy performance (see above) and the Protect Duty etc are 'working through'.

l) Partnership Working – the successful achievement of Council goals and objectives and support for the community continues to be increasingly dependent (but not exclusively) upon developing and sustaining effective partnerships with other public sector bodies (e.g. Devon County Council, West Devon Borough Council, Cornwall Council/World Heritage Site Office) and voluntary/not for profit organisations (e.g. Tavistock Heritage Trust, Chamber of Commerce, BID Company, etc) to support the delivery of shared goals and objectives. Some of which may appropriately be led by the Council, some by others. Recent examples of co-working include the development of a Neighbourhood Development Plan for the Town, securing World Heritage Site Key Centre status for Tavistock and emerging work around the Guildhall Public Conveniences.

It should also be noted that many of these organisations are themselves impacted by public sector/funding cuts exacerbated in most cases by inflationary pressures or indeed may shortly cease to exist in current form (eg LGR).

There are also those partnerships with funders – such as National Lottery Heritage Fund, English Heritage, West Devon Borough Council (S106 monies) etc.

Organisational Environment

2.1 Projects and other initiatives:- the Committee will recall the challenges facing the funding of the Rolling Capital Programme (RCP) in recent years arising from circumstances/events that were outside of Council control/not foreseeable.

2.2 In particular the Council will recall that for the current year to minimise impact on the ratepayer it was agreed to reduce the Rolling Capital Programme from the normal £100,000 to just £10,000. In view of the responsibilities attaching to the buildings, land and public realm for which the Council is responsible that is clearly not sustainable year on year.

2.3 Accordingly, for the timebeing, Minute No 74 (2022-23) continues to apply, ie excepting extant emergency works no new capital commitments will be made without having funding in place or the accompanying identification and prioritisation process.

2.4 The funding position of any new necessary/desirable projects is not at this time yet capable of being clarified but the Budget setting round will assist in this regard.

2.5 Cost base - there also remain uncertainties over certain revenue costs in addition to those previously listed. In particular:

- Public Conveniences – this will become clearer as discussions on pre-transfer refurbishment (including 'make good') and operational cleaning contract costs progress;
- Any cost/resource based initiatives which might flow from the work being undertaken around sustainability and the environment in general;
- The cost of bringing Council properties up to necessary standards meet statutory energy performance requirements (this remains a risk area);
- Addressing organisational capacity and compliance issues, including preparing for LGR;
- Any provision for Travellers (previously discussed in the range of £5,000-£10,000;
- commitment to rebuilding reserves;
- Risk areas, such as emergency property repairs, unforeseen spend, income sustainability, VAT etc;
- Contributions to projects principally funded via grant assistance;
- Various other goals and objectives agreed by the Council and as listed in the Strategic/Service Plans.

2.6 Clearly not all of the above can be fully funded and/or resourced; whilst others must be delivered by virtue of the strict contractual or legal obligations they impose. Therefore, if/as necessary it is suggested that the Council continue the control mechanism for those items which represent 'discretionary' spend (such as NDP, environmental initiatives Platinum Jubilee previously etc).

2.7 Namely, to utilise the 'Localism' budget head to dedicate an affordable sum on which Council may draw to fund associated projects and items each year. The Committee may wish to again recommend the sum of £20,000.

2.8 More generally within the organisational context the attention of the Committee is drawn at this time in particular to:-

a) Precept Level:-
   - the Council has previously confirmed its overriding priority to be rebuilding reserves to acceptable, and then safe levels;
   - Commercial income streams are addressed elsewhere in this report;
   - It is noted that, with changes in bank base rates, public sector borrowing (restricted to capital purposes), is now expensive by the standards of the last decade or more (albeit interest rates on deposits have become favourable). Borrowing is, in any event, restricted to capital purposes only;
   - The strategy adopted when last setting the budget was to do what was necessary to safeguard the financial future of the Council and then review the position (by way of context each 1% Council Tax increase would raise in the order of in the order of £10,000) if/as circumstances permit. A similar approach is recommended.

Other Material Factors –

b) Council Tax base – (this links to (i) above) over the past 10 years there has only been one year in which the Council Tax base for the town reduced. The amount of current new development for the town further mitigates against that. However, as a result of inflationary pressures impacting benefit claimant numbers in some authority areas this has led to tax base reductions with consequential upward pressure on the Council Tax. As referenced previously, inflationary pressures could have a similar impact although this is not presently anticipated here. It is suggested that for Tavistock (and given the extent of new development) a prudent approach might be to again work on the basis of no change whilst acknowledging a potential risk.

c) long leases: the Council has concluded negotiations with one of its Tenants in connection with the rationalisation of long leases securing equity for both parties;

More generally the Committee will be mindful of the potential for increased distress amongst tenants if/as a recession (or economic downturn) develops and the commercial options to provide support where appropriate.

d) Commercial & Other Income – last year, as previously, this report indicated in relation to commercial income streams

- it remains to be seen if downward pressure on rental (shop) income stabilises or reduces acknowledging the possibility of accompanying potential for increased voids or losses;

- Market income is ….harder to predict…..;

This has been referred to above. Similar issues potentially apply going forward in relation to inflationary pressures and any economic downturn. It is also acknowledged any continuing challenges on the high street would further impact commercial tenants and associated income streams. Given the (highly untypical within its sector) reliance of the Council upon commercial activities and associated income, the assessment of the resilience or otherwise of commercial income streams is of central importance to budget planning.

e) Staffing – the Council has a current job evaluation scheme/pay and grading model in place. However, as referred to above, in common with all other such schemes its fitness for purpose diminishes annually due to legislative changes that reduce the objectivity/fairness of the scheme, most especially at entry levels and above. This situation cannot be remedied without amendment to both scheme parameters and the overall budget envelope. At the point Government interventions cease/diminish (or when other the employers collectively 'move') it is suggested that, in the interests of fairness, the Scheme be revisited.

More generally it continues to be the case, as reported last year and previously, that:

'Organisationally there remains a structural shortfall in areas of administration, regulation and compliance

alongside a lack of higher level administrative skills (such as policy development, research, analysis, communications, grant sourcing, project management, community/capacity building, compliance etc). The resource base is insufficient to address these at this time. It is to be hoped that when finances are stabilised (hopefully within 3 years) there may be opportunity for this new Council to audit skills against objectives (and budget) to ensure 'best fit'. '

Some improvements have been made in the areas of out-services through the allocation of (at present temporary) additional resource by Council.

f) Council Fees and Charges – a schedule of existing fees and charges and proposed new fees and charges for the 2026/27 financial year will be brought before a future round of meetings for consideration. In the largest single area of income generation (Pannier Market) and both following increases in fees and the challenging economic position generally, your officers are currently reluctant to recommend another increase at this time.

g) Compliance – as previously reported this has been a challenging area. This Committee has been tasked with keeping such matters/capacity under on-going review in order to mitigate and minimise the potential for failures to arise within critical paths. It remains the case that organisational compliance across a range of regulatory and quasi regulatory areas still needs attention to avoid disconnection between operations and good practice once resources become available (but see also partial mitigation in (e) above). There are also potential impacts referred to previously arising in areas such as environmental/insulation standards for lettable properties and the emerging 'Protect Duty'.

3. CONCLUSION

3.1 Projections for half year and year end outturn are being developed. By the time of the next Meeting we expect to be better placed to understand:

- the actual position as at half year;
- emerging trends in income/spend;
- better (but not full) projections for understanding the emerging impact of inflationary pressures.

3.2 The timely and decisive action of the Council over recent years has been successful in making a range of savings and adjustments by way of mitigating a sequence of unprecedented financial threat (pandemic, emergency works and inflationary pressures far exceeding RPI/CPI). In areas where it can it has continued to try to make revenue savings on budget alongside one-off areas annually. However, the future revenue impact of new inflationary pressures is necessarily uncertain and much will depend on the extent to which, and if so how rapidly, inflation returns to target (2%) and the extent to which that is representative of the Councils cost base.

3.3 The Committee will also be mindful that when setting the Budget for the current year a call on Precept of in excess of 20% was initially identified. This was eventually mitigated down by two thirds - not least through a one off reduction of the GR from 12 months to 10.2months. However, if that deficit proves to be structural, then further calls on the GR are unlikely to be either sustainable or prudent.

3.4 The Committee will also be mindful of the statutory restrictions which prevent the use of either capital monies held, or loans, for revenue purposes. In other words revenue spend can only be sourced from revenue income.

Next Steps

3.5 This stage of the Budget setting process represents the principal opportunity to scope and identify the strategic and financial framework within which the Tavistock Town Council Budget and Precept 2026/27 will be developed. Also to agree any principles which might inform more in depth future deliberations, and set parameters for budget development as appropriate.

3.6 Moreover, it provides an opportunity to consider how the Council will set a Precept and/or secure additional income to fund the various matters listed above, most critically (in summary):

a) Addressing
   - current and future year increasing revenue costs (general);
   - the material impact of diminishing projections for future commercial income – both on revenue received and supplementary/replacement precept requirements; alongside consequential impacts upon the General Reserves (GR) requirement.

b) Reinstating a viable annual contribution to the RCP;

c) Linking to the above and the Strategic Plan Review previously undertaken, to only agree and progress affordable capital projects constituting part of the RCP deliverable over the longer term (such as Burial Ground or Allotment extensions);

d) Replenishment of unearmarked Reserves to safe operating levels in order to cope with either shocks (bearing in mind the size and scale of its liabilities) or future needs/aspirations;

e) any new costs with particular regard to
   - energy efficiency,
   - possibly the Protect Duty,
   - Unauthorised encampments on Council land.

f) The cost of any new projects or initiatives which the Council might wish to promote;

g) How best to meet the potential challenges associated with LGR.

3.7 It is therefore anticipated that the most critical judgements the Council will continue to need to make will be choices around the application of scarce resources and how best to secure and deploy them. That will include to estimate what its revenue costs (and commercial income received) are likely to be both for the remainder of this, and for the next financial year alongside acceptable reserve levels to establish a baseline from which to prioritise other calls on resources.

3.8 Looking forward the Council has the opportunity to continue to apply rigour and discipline in its financial management over the next two years, continue to address inflationary pressures alongside a realistic view of capacity and future opportunities and threats, to ensure robust and secure operating arrangements.

3.9 The instructions of the Committee and Council are sought.

CARL HEARN
TOWN CLERK
AUGUST 2025
TAVISTOCK TOWN COUNCIL