AGENDA ITEM No 4

TAVISTOCK TOWN COUNCIL
BUDGET & POLICY COMMITTEE
2nd DECEMBER 2025
BUDGET PREPARATION AND PRECEPT SETTING 2026/27

A. PURPOSE OF THE REPORT

To provide the Committee with an opportunity to consider and agree, in principle and subject to final due diligence, the emerging draft Budget for the 2026/27 financial year consistent with the Committee's previous deliberations, and subsequent determinations by Council. Accordingly it should be read in conjunction with prior reports.

B. CORPORATE POLICY CONSIDERATIONS

The effective management of resources and forward planning underpin the delivery of the 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 articulated in the service planning process. All elements of the Strategic Plan are potentially engaged.

C. LEGAL AND RISK MANAGEMENT ISSUES

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

A Phased Budget Report outlining actual and committed spend against budget is reviewed at each Meeting of the Council. The Council will also be aware that previously for several budget setting rounds, a range of material uncertainties have existed including regarding several revenue cost heads (such as insurance, energy, professional fees, employers' national insurance etc), as well as capital heads such as construction and also general inflation.

There are anticipated costs arising from changes deriving from emerging employment legislation and, in particular, continuing pressure on commercial income streams with accompanying potential structural impacts upon prudent (both General and Earmarked) Reserve levels. In its deliberations the Committee will be mindful that, in accordance with the law, revenue expenditure may only be funded from revenue (i.e. not capital) funds.

In the preparation of this report your Officers have been mindful of the organisational Risk Register and the Council's core priority to maintain a prudent approach to, and rigorous oversight of, the management of scarce resources so as to continue to deliver affordable, sustainable and effective public services.

D. RESOURCE ISSUES

The resource issues associated with this report are as set out therein, in the attachments, and in previous reports. The past 5/6 years have been characterised by a highly challenging and rapidly changing financial environment. More especially, the legacy impacts variously of the Pandemic, increased capital project costs, increased utility and professional fees, substantial (unforeseen) emergency works to Council properties, inflation annually running 2.5 times higher than the Bank of England target (since 2021) and downward pressure on commercial income streams.

E. ENVIRONMENTAL ISSUES

There are no environmental issues arising directly in connection with this report. However, all areas of spend are subject to review and recommendation at the time of resource allocation through the corporate reporting framework.

F. COMMUNICATION ISSUES

The content of this report has been developed in association with the Council's Management Team and Accountant. It is based upon a review of the financial position as at the half year (end September) and pursuant to the recent instructions of this Committee and Council.

G. RECOMMENDATIONS

The Budget & Policy Committee consider, amend and recommend that the Council endorse, in principle (i.e. subject to final consideration in January): -

a) The submitted draft Council Budget 2026/27 enclosed as prepared and:
    i. incorporating adjustments arising from the previous deliberations of the Council; and

ii. providing, in particular for:
   a) the return of funding of the programmed annual Rolling Capital Programme (RCP) contribution, to the identified long term minimum requirement of £100,000;
   b) provision for the potential to take on running of the Guildhall Car Park Public Conveniences as proposed.

b) The appended Schedule of Fees and Charges for Council Services;
c) £80,000 of the uncommitted balance proposed to be held within the RCP be allocated to boiler replacement at the Town Hall (£50,000) and Council Offices (£30,000), the remaining £20,000 to be allocated to contaminated ground disposal;
d) A LGR and legislation revenue head be introduced in the sum of £50,000;
e) Two new EMR's being introduced in the sum of £10,000 (Energy Performance Certificate works) and £7,500 Occupiers' Liability.

1. BACKGROUND

1.1 The approach proposed for the Budget setting process has been considered by the Committee and endorsed by Council previously. This report is intended to be read in conjunction with those other documents referred to, together with the Phased Budget Report indicating in-year direction of travel and cashflow, alongside related appendices.

1.2 The detailed challenges facing the Council have been extensively documented in previous reports and reflect the exceptional financial environment over recent years (see also above).

1.3 During that time through a combination of Reserve deployment, deferred spend, recruitment freezes, savings and cost mitigation measures, use of commercial income to subsidise community services and sourcing of external funds, the Council has been able to keep increases in the Precept below those of comparable Authorities[1].

[1] For example by size of settlement locally Okehampton and Totnes precepts since 2019-20 have increased iro 87% and 84% respectively. Using a different comparator of Councils in Devon more equivalent in budget and staff to this Council (albeit being larger settlements) of Barnstaple and Newton Abbot, their precepts have increased by 102% and 107% in that time. The figure for Tavistock being 69%.

1.4 Most recently last year, in an effort to reduce impact on the ratepayer in the current financial year:

a) the Rolling Capital Programme contribution was temporarily reduced from the recommended minimum of £100,000pa to £10,000;
b) the General Reserve (statutory 'emergency fund') was temporarily reduced from 12 months' provision to iro 10 months;
c) utility (gas/electric) services were re-tendered (prices are therefore now fixed for 30 months).

1.5 However, as acknowledged at this time last year, in the absence of an upturn in commercial income streams supporting Council services by way of subsidy this approach is not sustainable[2]. In particular the material impact on the current year budget of adjustments to the General Reserve obligation was substantial. Preparation of the draft Budget 2026-27 is therefore underpinned by the Council's commitment to both respecting the ratepayer, and ensuring the organisational capacity to provide services to the community.

1.6 More generally with inflation running at a little under 4%, and projected to continue above target for 2026-27, it is acknowledged that any Precept increase of less than that represents, in effect, a cut in real resources.

2. ISSUES AND OPTIONS

2.1 Insofar as possible in developing the draft budget the intention has been to provide informed projections for:

a. Current (2025/26) year-end out turn by Cost Centre and Budget;
b. Income and Expenditure (Budget) in the next financial year (2026-27).

2.2 The Committee will be aware that, at this (half year) stage, full reliance should not be placed on projected year-end figures for

[2] It is also noted that Tavistock Town Council already delivers a wider range of services than most (perhaps all) equivalent Councils in Devon reflecting that in many other parts of the County services such as allotments, parks, open spaces, play areas, street furniture/street scene, public realm, economic development, markets, heritage initiatives, major events, burial grounds etc are delivered by the principal authority.

income/expenditure, which are necessarily estimates. Some may be more susceptible to uncertainty in this year than others (for example where tender returns are to be sought), or for example the cost base(s) associated with assuming responsibility for public conveniences at the Guildhall Car Park.

2.3 Consequently it is important to highlight that:-

a) Any projected balances as at year end are necessarily contingent on the issues identified above; accordingly
b) The facility to contribute to/maintain the General Reserve, or RCP at year end is potentially related to same.

2.4 In drawing up the Budget your Officers have sought to respect the overall framework and resource envelope of previous years and acknowledge the deliberations at the last Budget meeting.

2.5 The Council will also wish to have regard to the potential for unscheduled and/or unavoidable cost pressures which could arise in view of the scope and scale of its operations/estate, alongside more general cost pressures.

2.6 Furthermore, it will be mindful there are those (currently unfunded) material property related costs that can reasonably be anticipated over the next 1-5 years, as most recently identified by the General Manager within the Community Services Service Plan and endorsed by Council which include the following (not necessarily in priority order):

P2: Future Capital Investment: To consider the design/specification requirements and provide budget cost estimates for projects pertaining to: 1) Replacement of Town Hall boiler system 2) Replacement of TCOs boiler system 3) Replacement of MOC boiler system 4) Refurbishment of tractor shed in The Meadows 5) Removal of contaminated soil in the cemetery compound 6) Abbey Chapel RWGs improvements 7) PRC Chapel cleaning and RWGs improvements and repairs to office 8) Replacement of Monksmead play facilities 9) Replacement in part of Bishopsmead play facilities 10) Meadows play provision *surfacing upgrade 11) Removal of wirescape around Pannier Market perimeter and refurbishment of windows to rear of Duke Street 12) Energy Performance Certificates improvement works*

NOTE: the foregoing does not include spend on equipment such as MEWP or tractor replacements, nor any overspend on extant project commitments such as the Abbey Remains Project or Multi-Use Wheeled Sports Area, or those priorities arising since that time (e.g. Museum Dry Rot).

2.7 In the interests of clarity in-year income shown in the current year accounting records is that which has been invoiced (i.e. not income that has been necessarily actually yet received).

2.8 If Members of the Committee have any questions on the detail of the report they are requested to raise them as soon as possible and, in any event, by 2pm on the day of the Meeting so that any necessary investigations can be undertaken.

ACCOMPANYING INFORMATION

2.9 Attached to this report are Appendices setting out, in various formats (such as by Cost Centre and Code, and by Summary), details of the proposed:

i. Budget Detail by Combined Account Code for 2024/25, 2025/26 and proposed for 2026/27 (Appendix 1);
ii. Budget Detail by Cost Centre for 2024/25, 2025/26 and proposed for 2026/27 and Summary by Centre (Appendices 2-3);
iii. Rolling Capital Programme (RCP) (Appendix 4) – provisional for the reasons identified above (Appendix refers);
iv. Phased Budget Report to 30th September, 2025 (Appendix 5);
v. A Schedule of proposed Fees and Charges 2026-27 (Appendix 6);
vi. Fixed Asset Register (Appendix 7);
vii. Schedule of Earmarked Reserves (EMR) (Appendix 8).

2.10 Following the deliberations of the Committee and Council in the current round of Meetings, a report will then be brought to Council when the Council Tax Base is known recommending the final 2026-27 Budget and Precept.

Note - it is difficult to reliably anticipate the Council Tax Base at this time. Increased pressure on benefits for low income households (and extension of benefit eligibility by the Billing Authority) together with higher mortgage costs mitigate toward a reduction in tax base. However, subject to take up, new housing developments coming on stream, could point toward a modest uplift. Accordingly and as with the current year, prudence mitigates that, for budgeting purposes, the Council Tax Base for next year can appropriately be treated as not less than (equivalent to) that of the current.

3. CURRENT FINANCIAL YEAR

3.1 Before moving onto the draft budget for the next financial year the Committee will wish to review and anticipate the position both now (half-year figures applying – actual) and at 2025-26 Year End (projected), as indicated on the enclosures.

3.2 In doing so it will be mindful that the Budget shown for the current financial year in the appended report (Appendices 1-3 refer) has been adjusted to reflect the potential changes in out-turn, together with the implementation, as applicable, of previous decisions of the Council.

3.3 Attention is drawn, amongst others, in particular to: -

INCOME

In broad terms projected outturn is consistent with budget subject to, in particular:

a) Code 1010 Rent Received – please note the figure shown reflects rent invoiced, not necessarily that received. Also that with Michaelmas now past, three quarters of income has been invoiced. As indicated by the Phased Budget Report there is a current projected shortfall of a little under £43,000 reflecting in particular pressure on rental levels in a challenging economic environment, and an increase in void durations on both commercial and residential lettings. Market Road Cottages are now ‘let’. Projected outturn has been adjusted. If this does not change between now and financial year end the quantum is not dissimilar to that incurred last financial year (£36,506) suggesting similar overall performance.

b) Code 1020 Letting Income Invoice – this has been supported by positive performance on Bedford Square hire. However, it should be noted that Town Hall income, though performing reasonably against present target, reflects a target which (at £30,000) is £10,000 less than set 3 years ago.

c) 1040 Market Tolls and 1044 Market Lock ups, again reflecting the broader economic position these are anticipated to come in at or slightly, but not appreciably, under target.

d) 1077 Grants Received – the budget will shortly reflect the Historic England grant of £195,449. If successful in its grant application there may be a further contribution from National lottery Heritage Fund (figure applied for iro £249,000) either this financial year or next. Both relate to the Abbey Remains Project. Similarly grants for the MUWSA[3] are yet to be confirmed. The Committee will note that, in both these cases, there is a necessary additional complexity to ensure correct management of VAT liabilities to reflect the non-standard governance arrangements.

e) Code 1090 Interest Received – the figures shown reflect interest rates which are presently trending down but have remained higher for longer than previously anticipated, resulting in positive anticipated performance against budget.

EXPENDITURE

i. Code 4001 Salaries – agreement was reached as between the employer and employee side for the 2025-26 financial year in the figure of 3.2% national award. In the current financial year there has also been the impact of increased employers' National Insurance contributions, and the increase in the National Living Wage. The modest projected overspend (when including other staff related budget heads) reflects the impact of staff turnover and ill health necessitating interim agency working (see appreciable costs associated with 4005 (Temporary/Agency Staff)). A separate report on this Agenda reflects the potential

[3] Multi Use Wheeled Sports Area

impact of maternity leave this year/next and related budgeting. The Council will be aware of the interim adjustment to the establishment whereby a Duty Officer post has been kept vacant to provide funding for a fixed contract role delivering compliance, cemetery and other duties. Also due to vacancies the scheduled reduction from full time to part time hours for a revised flexible working arrangements has been delayed 'til toward calendar year end.

ii. Code 4014 Electricity and 4015 Gas – these contracts were retendered earlier this year to run to January, 2028. It is expected to mean a saving against budget this year on gas.

iii. Code 4025 Insurance – this is currently subject to a continuing contract with annual uplifts.

iv. Code 4011 Rates – the arrangement for the Molly Owen Centre 'cottage' is still to be processed by the relevant authorities.

v. Code 4012 Water – note – the expenditure shown this year (showing as very low) is distorted by a series of rebates, so a corresponding adjustment to the budget will not be made next year, when billing returns to 'normal'.

vi. Code 4120 Ex WD Public Toilets – reflects that transfer is not yet complete. After payment of cleaning costs to the current provider any surplus will be carried forward.

4. NEXT FINANCIAL YEAR REVENUE

4.1 Informed by the projections included in the prior section, and the previous deliberations of this Committee and the Council, some of the core assumptions which have been adopted/issues identified insofar as the projected draft Budget for the next Financial Year (2026/27) is concerned, relate to:-

i. **INCOME**:

a) Grants (in particular regarding the Abbey Remains Project – both awarded and anticipated) are addressed separately and will be listed under the RCP at year end subject to receipt.

b) Code 1010 Rent Received – as outlined above, and in recognition of a difficult trading environment on the one hand, and resolution of a delinquent debtor situation on the other, this has been adjusted back to a budget figure more consistent with prior years.

c) Code 1020 Letting Income – please note that within this budget head the target for Town Hall letting has been increased from £30,000 to £35,000 after reductions in recent years. The same quantum increase has been applied to Bedford Square bookings which have been outperforming.

d) Code 1040 Market Tolls – four years ago Council took the opportunity to review Market Tolls and increase them by a little over 11% (from £9.00 to £10.00 per trading space). The following year a further increase was made of 5% to £10.50 (i.e. iro 16.7% cumulative) and then to £11.00.

   Reflecting that Market Traders, alongside the high street as a whole, are generally finding the trading environment challenging, no increase was made this (2025-26) year. Next (2026-27) year a 50 pence per table space[4] increase is proposed in acknowledgement of increased staff and premise overheads. Note: there will also be a corresponding increase to lock ups which falls due as leases (2 yr) come to term. Last year the Market Reeve was previously tasked with increasing occupancy over budget by 5% to boost market income rather than increase fees.

e) Code 1090 Interest Received – the figures shown reflect best estimates regarding anticipated interest rates, and maintenance of appropriate Reserve levels. However, it is clear that if inflation returns closer to target then income from interest will reduce, by how much and how rapidly is not clear. The figure settled on anticipates some reduction in interest rates aligned to keeping more funds whenever possible, even if on a short term basis, in a base rate linked account. Lower receipts are projected.

ii **EXPENDITURE**

a) Code 4001 Salaries – this is somewhat difficult to predict inasmuch as there are a number of potentially variable factors, not least:
   - What any National Pay Award 2026-27 might actually be. In general Local Government (entry

[4] Equating to a projected increase of approximately £20,000 on budget

level posts apart) has significantly fallen behind the public sector pay increases as a whole in recent years. Some relevant factors include:

- the potential impact of any revised threshold the Government sets in relation to the National Living Wage on the structure of the National Pay Award;
- The additional cost of upcoming legislative changes to Employment Law in general (estimated by the BBC to equate to an average cost of up to 1.5%pa for employers, but it is not yet clear how this will fall in this sector). There is also the potential that the continuing Government pressure to move away from 'contracts for work' in favour of 'contracts for employment' materially impacts related parts of this Council's underlying operating model with associated adverse cost implications.
- The continuation of the temporary arrangement deploying budget from a vacant Duty Officer position to a temporary cemetery and compliance role in the Works Department.
- Any other changes arising from the November fiscal event.
- The indicative outcome of the triennial revaluation of the Devon Pension Fund on Employer contributions (2025) which suggests that, potentially, the secondary rate (past deficit) now falls away for the next 3 years. This potentially provides relief for employer pensionable contributions by a reduction of in the order of 3.8% of that component which goes some way to offsetting the introduction of a proposed contingency (iro £24,000) to assist in areas such as maternity or in circumstances where pressures require agency working such as seen recently;
- The provision proposed overall anticipates increased costs (pay award/increments etc) of up to 5%. Details of the employers' final offer expected toward the end of January/February next year.

Note – by way of background, in practice it is possible that any future National Award may again follow recent (this year apart) practice (i.e. a fixed amount per employee and not a % of salary so as to advantage the lower paid) meaning staff at different levels will receive a different % uplift. Accordingly, recruitment and retention in non entry-level roles can be anticipated to continue to become a potential risk factor as job evaluation schemes struggle to adjust. There has been some staff turnover in this area during 2025-26.

b) Code 4004 Wages - this budget has been increased to reflect projected costs.

c) Code 4005 Agency Staff – in view of the organisation moving to full staffing levels no provision has been made but, as the current year indicates, this is a risk area.

d) A new revenue Code 4000 is proposed titled 'LGR (Local Government Reorganisation) & Legislation'. This is to provide a meaningful, if modest (equating to 1.5 entry level staff members) budget to address unforeseen issues that might flow from changes in Local Government more widely, or legislative impacts such as those referred to above. Because this is a revenue budget if it is deployed in-year a decision to replenish or not for future years will then need to be made. However, if not deployed, it can simply roll forward into the next financial year thereby avoiding any ongoing detriment to the Precept whilst retaining flexibility. Without it, and in view of the absence of available reserves, the Council will lack agency to respond on behalf of the community to changes in local public services should it wish/need to do so during times of considerable uncertainty. Whilst this is less than the provision your Officers would wish to recommend (which would typically also include an Earmarked Reserve), in the circumstances it seeks to address a balance as between the legitimate interests of the ratepayer and the obligations financial probity places upon the organisation.

e) 4011 Rates – the figure shown includes provision for the anticipated increase of 3.7% under the current rating regime (subject to fiscal events).

f) Codes 4014 Electricity and 4015 Gas. As noted previously, these were subject to re-tender in July 2025. Best estimates suggest a reasonable future budget for electricity (which has not seen significant price benefits against prior rates is £60,000 (last year spend being £60,107). For gas, where there were some rate savings, a suggested £35,000 is proposed given the need to accommodate the potential for a 'normal' winter. This has been a volatile area recently in terms of cost per unit (which is now fixed for the contract term) accompanied by unseasonably warm winters (which, most especially, distort gas costs).

g) Code 4016 Cleaning and Rubbish - an increase has been applied. On recent performance this budget head may come under further pressure.
h) Code 4020 Miscellaneous Expenses – the change in budget reflects changes agreed last year to separately identify Goose Fair costs (4122 refers);
i) Code 4021 Tel Calls/Broadband - an increase to reflect increasing costs.
j) Code 4025 Insurance - as noted previously an annual escalator applies to rates during the contract term.
k) Code 4034 Public Relations - has been increased to £3,000 to reflect the added contract for services as previously discussed in this arena.
l) Code 4036 Property Maintenance – this has been retained at the current level following prior increases in response to representations from the Works Manager in connection with legacy works/inflation. However it is acknowledged that this budget head is expected to come under increasing pressure so will require monitoring.
m) Code 4043 Vehicle Running Cost – after adjustment last year, and with replacement vehicles coming on-line, together with some improved basic maintenance capacity in-house this is unchanged.
n) Code 4037 Grounds Maintenance - this was previously (for two years) uplifted in response to representations from the Works Manager in connection with legacy/upcoming works (most especially an additional temporary provision of £5,000 for trees, thereby lifting the base budget from £30,000 to £35,000). Accordingly the budget was going to be re-instated to normal operating levels for 2026-27. However, it has in fact been retained at £35,000 in order to provide (£5,000) contingency for necessary memorial

repairs in the Dolvin Road Cemetery following tree losses and accompanying damage.

o) Code 4051 Bank Charges - an adjustment to reflect increasing costs.
p) Code 4058 Professional Fees – Properties. An element of uplift has been applied in anticipation of re-tendering on the same basis as at present. However, if work scope is varied at that time, then this will need review.
q) Code 4067 Community Grants – the budget has been retained to reflect the facility to support eligible community initiatives financially. The Committee will also be mindful of the various other 'in kind' support provided by the Council to community groups. However it has been at this level for some time now.
r) Code 4078 Localism – the allocation has been maintained at the adjusted level (following conclusion of the NDP) last year. If a review of the NDP were to be proposed it would be funded from this budget head in the same way.
s) Code 4092 Toilet Cleaning Cont (WDBC) – the provision reflects the anticipated grant the Council makes to support these particular facilities.
t) Code 4120 Ex WDBC Public Toilets – in anticipation the service is transferred in the next financial year an estimate has been made by the Works Department of potential running cost in the sum of £67,500 (of which £10,000 is water rates). This is derived from historic provider costs, in addition the current cleaning contract for the existing provider has only one year to run. This does not cover the cost of shared restoration works to bring the premises into satisfactory order (RCP refers), and therefore represents an area of uncertainty. There is also the potential that, with the Borough wide cleaning contract coming to an end next financial year, it withdraws from its other obligations for toilet provision in the town with consequential impacts.
u) Code 4123 Letting Agency Fees – this reflects the agreement with Seamoor Lettings.
v) Code 4800 RCP Provision – the Committee will note the return to funding (after emergency measures this year) to the minimum recommended annual funding requirement (£100,000). Please also note the proposed allocation to critical boiler works reflecting the real risk of failure

alongside contaminated land removal. However, as noted above, this overall sum is very much a minimum annual contribution figure for a Council with the property based responsibilities Tavistock has and will require monitoring against anticipated calls on resources.

w) Code 4815 CAP New Plant and Vehicles – purchase of a replacement Mobile Elevating Work Platform vehicle (MEWP) is anticipated this year which will, if approved, be funded from the applicable Earmarked Reserve (up to £45,000). By way of clarification the relevant EMR funds are then replenished by equal instalments over a 5 year period (in the foregoing instance equating to £8,481pa). Consequently, there will (especially when taking the proposed tractor purchase into account (see elsewhere on this Agenda), be a period during which this Reserve is substantially diminished.

x) General – there are a range of other areas where adjustments have been made to reflect anticipated cost increases in areas such as 4010, 4017, 4050.

5. OTHER MATTERS

5.1 Fees and Charges – a Schedule of Fees and Charges for 2026-27 is enclosed incorporating recommended changes. Please note these do not include Guildhall (Goose Fair Park and Ride is on for information only, as that is set separately) which are differently administered. However, the impact of these is not anticipated to represent a material factor in balancing the budget beyond Market Tolls.

5.2 Inflation - remains a significant variable in budgeting – both CPI and RPI measures, but also differential (and typically higher) in spend areas for the Council such as construction, contracting, professional fees etc. That is not just about CPI/RPI in the round, but also because for some time now sector inflation relating to core cost centres (such as building works, energy, insurance and professional services) has been running at different/higher levels than CPI. There is also the legacy of prior inflation as fixed price contracts come to term. Accompanying that the approach adopted by the employers in formulating the National Pay Award referenced previously materially disadvantages the Town Council financially relative to high wage authorities such as the Borough Council, for the reasons outlined in prior reports.

5.3 VAT – there is, as reported previously, an ongoing element of uncertainty/risk associated with changes to HMRC guidance in connection with treatment of VAT and Markets. The outcome of recent Court cases, and extent of direction of travel in this regard, continue to remain to become clearer. However, in a worst case scenario if, for example regarding Markets, the option not to tax Market buildings were to be removed there would be a material impact – both upon Market-related Council income streams, and potentially upon a wide range of Market traders. Accordingly areas such as the Pannier Market, Goose Fair and Guildhall are being kept under review. Likewise the Council will be mindful of the needs, in structuring partnership projects, to ensure that arrangements respect the regulatory framework to enable recovery of expenditure where/as appropriate. After a review there was no case for opting to tax the Guildhall in current circumstances.

5.4 Unforeseen calls on funding – there remains the possibility that, in view of the long-standing impact of austerity measures across the Public Sector, or Local Government Reorganisation, the Council may be called upon to take on additional services/costs (for example a library consultation is under way). Similarly, because it has landowner obligations by virtue of the size of its estate, these can lead to substantial and unforeseen calls on funding. Recognition of this is reflected in the Long Term (Emergency/Contingency) Reserves Policy although Capital Reserves continue to require rebuilding. Until a Capital Reserve is rebuilt, this will continue to be a potential risk area.

5.5 Other Provision: –

i. Earmarked Reserves – in addition to established arrangements two new EMR's are proposed to address issues which can realistically be anticipated, namely Code 0347 Occupiers' Liability in the sum of £7.5k (reflecting the need to be able to act promptly in incursion situations such as that arising earlier this year), and also a (Code 0348) £10,000 provision as recommended by the General Manager in connection with EPC compliance following his review of the applicable requirements. Regarding other EMR heads the

likely (-£45,000) impact of MEWP purchase on equipment replacement in due course should be noted.
NOTE the two proposed new EMR's are not yet included on the Schedule, pending adoption, but are factored into the Budget for completeness.

ii. Rolling Capital Programme:- there are two prospective partnership projects the Council is, in principle, supportive of and has indicated it would be prepared to support with match funding to the following amounts:
    - Abbey Remains Project (overall estimated cost £400,000) Council contribution up to £50,000;
    - Meadows Multi Use Wheeled Sports Area (overall estimated cost £350,000) Council contribution up to £40,000.

    Subject to the lead partner on each project (Tavistock Heritage Trust and Tavistock Youth Café respectively) securing the necessary core funding allocated to them the Council has provision, in the RCP, for contributions by it in the sums as listed above, alongside a 'matching' contribution for necessary capital works to Guildhall Toilets.

    <u>Note</u>:
    - if the projects do proceed the Council is likely to need to be Designated Project Manager and/or Accountable Body for the works aspects of the proposals.
    - a risk factor of up to £60,000-£70,000 shortfall in external funding has been identified regarding the Multi-Use Wheeled Sports Area project. This is not included on the RCP pending finalisation of the position regarding grants and any decision by the Council then whether or not to proceed (and if so on what basis – increased costs, reduction in scope etc) at that time.
    - the current RCP budget line for Guildhall Toilet refurbishment is necessarily an estimate pending agreement from the disposing Authority on the scope of necessary works and contingent on equal match funding from same;

- no provision has been made for addition to the Reserves held regarding either burial ground extension or allotment land.

6. COMMENTARY

6.1 Past budgets could have (with notable exceptions) been loosely characterised by (relatively) stable income streams and, in more recent times, volatile (sometimes very volatile) revenue pressures. Commercial income streams however have, and continue to be, under pressure in line with most businesses and being accompanied by above inflationary increases in associated revenue budget heads.

6.2 Accordingly prudence directs a cautious approach regarding both commercial income and cost pressures, in particular reflecting that most budget heads have increased at less than the prevailing rate of inflation over the past 5 years. Specific areas of pressure which have been identified as priority for uplift are listed above and in the accompanying recommendations.

6.3 Looking to the medium term local Council elections in 2027 and anticipated Local Government Reorganisation in the County mean that the focus, role and/or responsibilities of the Council could change substantially over the next four years. Next year alone the cost of delivering Guildhall Public Conveniences (excluding preparatory restoration and repair costs, which will likely amount to a similar sum) equates approximately to an additional 6.6% on the Precept. Likewise at this stage no direct provision has been made for things such as changes to the Library service, devolved services or cost centres from Principal Authorities/public bodies such as the Police, increased regulatory burdens, CCTV, Protect Duty, Employment Rights Bill, liabilities/services etc. There seems to be an emerging view of the Police and first tier Principal Council (less so from County), as clearly articulated in recent briefings and meetings, that local Councils can and should in effect seek to subsidise them by taking on their financial liabilities at the expense of the ratepayer.

6.4 Reflecting on last year the Committee will recall that when setting the budget for this year a substantially ‘standstill budget’ would have involved a Precept increase of over 20%. That was driven partly from changes to the General Reserve requirement arising from reduced commercial income alongside a range of uncertain cost pressures. An increase of Precept to that level was averted by an unprecedented cut to the RCP accompanied by a material temporary reduction in the General Reserve. It was recognised at the time that both those emergency adjustments introduced a level of risk which was neither acceptable, or sustainable, on a year on year basis. There was also the necessary deferral of a range of potential spending decisions, both at that time and since (see e.g. para 2.6 above).

6.5 That deficit against the General Reserve has not recurred this year, which is now within normal tolerances indicating the Council has re-established an appropriate ‘emergency’ fund. Provision in the draft budget has also been made to support the RCP, albeit only to restore it to the minimum recommended level (which does not provide any unallocated Capital Reserve).

6.6 There remain new cost pressures in areas such as Guildhall Public Conveniences (meaning for example a repair/refurbishment EMR which would normally be recommended, whilst prudent may not be affordable at this time), vehicle replacement, potential impact of LGR and risks attaching to outstanding (and potential new) capital projects – be they repair, replacement or restoration.

7. CONCLUSION

a. In current circumstances the foregoing report represents the most prudent approach for the Council that your Officers and Accountant can achieve to respect both the needs of the ratepayer and the commitments/services of the Council. It potentially sets the scene, unforeseen circumstances/major new calls on resources notwithstanding, for a Precept at or around the prevailing rate of inflation in 2027-28 which would maintain its position relative to comparators (para 1.3 refers).

b. Subject to the deliberations of the Committee and Council, the final Budget proposal will be brought forward when the Council Tax Base for 2026-27 becomes available.

c. The instructions of the Committee and Council are sought.

CARL HEARN
TOWN CLERK
NOVEMBER 2025
TAVISTOCK TOWN COUNCIL