# ANDOVER TOWN COUNCIL
# Policy and Resources Committee Meeting

## Budget 2027/28: First Pass as Agreed by Committees

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| **Committee** | Policy and Resources Committee |
| **Date of meeting** | 2 December 2026 |
| **Agenda item** | 9 (background paper) |
| **Report author** | Tor Warburton CiLCA, Town Clerk and Responsible Financial Officer |
| **Purpose** | For information: background paper to the second draft report |

**Purpose of Report**
To set out the changes each committee made to its 2027/28 budget at the first pass in November 2026, show the combined effect on the Council's budget, and recommend the next steps for the second draft.

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**Recommendations**
That the Committee:

- **Note** the first-pass amendments agreed by each committee, set out in this report and in the budget workbook.
- **Note** that with a 5% precept increase the first pass as agreed shows a deficit of £84,932.26, and that a balanced budget on these figures would need a precept of £787,492.84, an increase of 17.7% on 2026/27.
- **Agree** whether the office rent line (4210/3) is held at £35,000, as minuted, or at £36,785.56 (the 5% draft plus £20,000).
- **Agree** that the allotment first-pass changes to pest control, services and repairs and renewals, which were in the draft the Allotments Committee approved, remain in the budget.
- **Agree** that budget codes are allocated to the new U-Choose and Community Chef lines, subject to Full Council approving the lines (CE 086/11/26).
- **Agree** that the second draft includes the costed payroll establishment, a £1,000 budget for payroll bureau costs (4201/4), a prudent budget for interest income (about £5,360 a year is currently being earned), the LGPS exit payment once known, any savings on meeting room hire and storage from a larger office, and £6,000 for office furniture if an office move is agreed.
- **Agree** how the cost of the May 2027 elections will be split between the Election Costs line (4180/1) and the Elections earmarked reserve.
- **Ask** each committee to look for reductions at its second review, so that the precept increase needed is reduced.
- **Note** the earmarked reserve recommendations going to Full Council, and that the Financial Reserves Policy is reviewed under agenda item 10.

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**Background**
Each committee reviews the budget headings it is responsible for and puts forward proposals for the next financial year, so that Full Council can approve the budget and set the precept, in line with Section 4 (Budget and Precept) of the Council's Financial Regulations.

The first draft applied a 5% uplift to every line of the 2026/27 agreed budget, with allotment rents rising by the agreed 10% and some allotment lines adjusted for known costs. Each committee considered its draft between

11 and 19 November 2026. This report brings those decisions together.

The budget workbook keeps the 5% draft column, adds a 10% uplift column for comparison, and shows the first pass as agreed by committees. Every line a committee changed is highlighted, with the minute number and a short reason. Lines discussed but not changed are also noted.

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**Overall Position**

| | 2026/27 Agreed budget | 2027/28 5% uplift (draft) | 2027/28 10% uplift | 2027/28 first pass agreed | Agreed v 5% draft |
|---|---|---|---|---|---|
| Policy and Resources | £669,105.31 | £702,560.58 | £736,015.84 | £702,560.58 | - |
| Allotments | £28,875.01 | £30,642.92 | £31,762.51 | £30,642.92 | - |
| **Total income** | **£697,980.32** | **£733,203.50** | **£767,778.35** | **£733,203.50** | **-** |
| **Expenditure** | | | | | |
| Policy and Resources | £430,611.08 | £452,141.63 | £473,672.19 | £501,415.45 | £49,273.81 |
| Community and Events | £72,415.00 | £76,035.75 | £79,656.50 | £111,835.75 | £35,800.00 |
| Grants | £105,000.00 | £110,250.00 | £115,500.00 | £110,250.00 | - |
| Allotments | £85,294.25 | £87,984.56 | £93,823.68 | £89,909.56 | £1,925.00 |
| Planning | £4,500.00 | £4,725.00 | £4,950.00 | £4,725.00 | - |
| **Total expenditure** | **£697,820.33** | **£731,136.95** | **£767,602.36** | **£818,135.76** | **£86,998.81** |
| **Net surplus / (deficit)** | **£159.99** | **£2,066.55** | **£175.99** | **(£84,932.26)** | **(£86,998.81)** |

The committee amendments add £86,998.81 to expenditure compared with the 5% draft. Income is unchanged, so the 5% draft surplus of £2,066.55 becomes a deficit of £84,932.26.

The 10% column is a straight 10% on every 2026/27 line and is shown for comparison only. It does not include the committee amendments.

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**Changes Agreed by Committees**

**Policy and Resources Committee, 18 November 2026**

| Code | Line | 5% draft | Agreed | Change | Minute |
|---|---|---|---|---|---|
| 4180/1 | Election Costs | £28,940.62 | £40,000.00 | £11,059.38 | PR 053/11/26 |
| 4210/3 | Rent - Office | £16,785.56 | £35,000.00 | £18,214.44 | PR 053/11/26 |
| 4204 | New Building Fund | - | £20,000.00 | £20,000.00 | PR 053/11/26 |
| | **Policy and Resources total** | | | **£49,273.81** | |

- **Election Costs:** set at £40,000. The by-elections this year were not budgeted for, and the May 2027 elections are estimated at about £95,000, possibly £10,000 more. Members agreed that elections are a statutory cost and should be fully budgeted rather than met from general reserves.
- **Rent - Office:** the current office is too small. A larger office in the same building would roughly double the rent, partly offset by savings on meeting room hire (about £1,800 a year) and storage (about £40 a month). £35,000 is a placeholder until the figures are known in December.
- **New Building Fund:** £20,000 as in the previous year. Money cannot be put into an earmarked reserve through budget setting, but can be placed in a budget line. The Property Purchases reserve stands at £172,000.
- **Not changed:** HR Consultancy (kept for specialist advice on LGR), Website (confirmed as needed) and Payroll (5% uplift kept for now).

**Community and Events Committee, 11 November 2026**

| Code | Line | 5% draft | Agreed | Change | Minute |
|---|---|---|---|---|---|
| 4700/12 | Defibrillator Provision | £1,050.00 | £1,000.00 | (£50.00) | CE 076/11/26 |
| 4700/13 | Community Engagement | £1,050.00 | £1,000.00 | (£50.00) | CE 077/11/26 |
| 4700/29 | WW2 Event (line to be removed) | - | - | - | CE 080/11/26 |
| 4700/31 | Carols Around the Christmas Tree | £1,050.00 | £1,200.00 | £150.00 | CE 082/11/26 |
| 4700/32 | Andover War Memorial Hospital Centenary | £4,200.00 | - | (£4,200.00) | CE 083/11/26 |
| 4700/33 | Town Charter Celebrations | £1,050.00 | £1,000.00 | (£50.00) | CE 085/11/26 |
| New | U-Choose (code to be allocated) | - | £25,000.00 | £25,000.00 | CE 086/11/26 |
| New | Community Chef (code to be allocated) | - | £15,000.00 | £15,000.00 | CE 086/11/26 |
| | **Community and Events total** | | | **£35,800.00** | |

- **Defibrillator and Community Engagement:** kept at £1,000 without the uplift. The Council gives £500 for each defibrillator, so this funds two; £360 of Community Engagement had been spent at the half year.
- **Carols:** £1,200 in place of £1,050. The 2026/27 budget was increased to £1,180 at Full Council.
- **Andover War Memorial Hospital Centenary:** nil for 2027/28 and later years, as the hospital marked its centenary without involving the Council.
- **Town Charter Celebrations:** £1,000 kept as a contingency for 2027/28, nil for 2028/29 and 2029/30. The 2027 costs are met from the 2026/27 budget.
- **U-Choose and Community Chef:** from 2027/28 Youth Services and Pensioner Services move to the Grants Committee for Service Provider Grants only, so these two projects need their own budget lines. Recommended to Full Council.
- **Not changed:** Andover Pride, Jerk Jam, Poppy Trail (pending a report) and Macmillan Coffee Morning. Christmas Lights will be reviewed on 15 December.

**Allotments Committee, 19 November 2026**

| Code | Line | 5% draft | Agreed | Change | Minute |
|---|---|---|---|---|---|
| 4500/2 | Allotment Maintenance Reserve Fund | £40,425.00 | £42,350.00 | £1,925.00 | AC 094/11/26 |

- **Allotment Maintenance Reserve Fund:** a 10% increase instead of 5%, because of construction cost inflation and the remaining fencing works (Vigo Road and Barlows Lane, about £70,000 to £100,000). A 5% increase was agreed on all other lines.

**Grants Committee, 17 November 2026**

No change at first pass (G 069/11/26 and G 070/11/26). Members asked to remain mindful that spend to date suggests scope for a reduction, and will review the figures again before the budget is finalised.

**Planning Committee, 16 November 2026**

No change at first pass (PC 109/11/26). Officers will report where the original Planning and Highways budget sits following its transfer from Community and Events in October 2025.

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**Effect on the Precept**

| Precept option (illustrative) | Precept 2027/28 | Increase on 2026/27 |
|---|---|---|
| 5% increase (as in the draft) | £702,560.58 | 5.0% |
| 10% increase | £736,015.84 | 10.0% |

| Precept option (illustrative) | Precept 2027/28 | Increase on 2026/27 |
|---|---|---|
| **Precept needed to balance the first pass as agreed** | **£787,492.84** | **17.7%** |

The precept figures are illustrative only. Full Council sets the precept once the tax base is confirmed by Test Valley Borough Council.

If the deficit were met from the general reserve instead, the estimated balance at 31 March 2027 of £202,088.26 would fall to about £117,156.00, roughly 1.7 months of 2027/28 expenditure. P&R noted on 18 November that about 3.5 months already leaves the Council vulnerable, and general reserves should not be used to fund ongoing spending.

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**Points for the Second Draft**

- **Elections (4180/1):** the agreed budget is £40,000.00 and the Elections earmarked reserve holds £108,000. Together these exceed the estimated May 2027 cost. Members discussed setting aside about £38,000 a year towards the next cycle. The Committee should confirm how much of the May 2027 cost comes from the reserve and how much from the budget, so the line is set at the right level.
- **Payroll (4200/1):** the draft keeps the 5% uplift (£315,000.00). The costed establishment report recommends £316,000 and has not yet been considered. With LGR, staffing costs cannot be projected more than a year ahead, and an increase in staffing may come quickly. The Staffing earmarked reserve holds £71,000.
- **LGPS exit payment:** the Council must exit the Local Government Pension Scheme in 2027 as we have no active members and are not allowing new members to join the scheme. The exit fee will need to be provisioned for.
- **Payroll bureau costs (4201/4):** recommended at £1,000 a year from 2027/28. This is not yet in the figures.
- **Office accommodation:** once the office costs are known, reduce the room hire and storage lines by the savings expected. If an office move is agreed, new office furniture will be needed, so a budget of £6,000 should be set aside for this. This is not yet in the figures and would add £6,000 to the deficit.
- **Grants and Christmas Lights:** the Grants Committee and Community and Events Committee will review these again before the budget is finalised (Community and Events on 15 December 2026).
- **Interest income:** there is no budget for interest (3009 Redwood interest and 3010 Bank Interest), although interest is being received. The Council has two interest-bearing accounts: Redwood earns roughly £250 a month (about £3,000 a year) and Unity about £590 a quarter (about £2,360 a year), together about £5,360. £2,935.46 has been received to date in 2026/27 (Redwood £1,753.60, Unity £1,181.86), and £4,790.51 was received in 2025/26. Interest rates may fall, so a prudent figure below this should be budgeted. Budgeting the full £5,360 would reduce the precept needed to balance to £782,132.84, an increase of 16.9% on 2026/27.

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**Earmarked Reserve Recommendations**

The following recommendations carry no budget figure and go to Full Council: a training earmarked reserve, for training generally, to be populated when funds allow (PR 053/11/26); an Andover Pride 2027 earmarked reserve of £1,619 from the unspent 2026/27 Andover Pride budget (CE 078/11/26); and U-Choose funding, to be considered by Full Council on 9 December 2026 (G 070/11/26).

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**Financial Implications**

The first pass as agreed by committees gives total expenditure of £818,135.76 for 2027/28, against income of £733,203.50 with a 5% precept increase, a deficit of £84,932.26. The decisions taken will shape the second draft,

which will be recommended to Full Council for approval and for setting the precept.

**Legal Implications**

The Council must make proper arrangements for the administration of its financial affairs (Local Government Act 1972, s.151) and maintain a sound system of internal control (Accounts and Audit Regulations 2015, reg. 3). Budget monitoring by committees forms part of that system.

The Council calculates its budget requirement under s.49A of the Local Government Finance Act 1992. Issuing the precept cannot be delegated to a committee (Local Government Act 1972, s.101(6)), so this Committee makes recommendations to Full Council.

Any addition to, or withdrawal from, an earmarked reserve must be agreed by Full Council (Financial Regulations, 4.11). Full Council sets the budget and may amend the recommendations of its committees.

**Risk**

- A large precept increase may be difficult to justify to residents; a smaller increase without reductions would leave a deficit that could only be met from reserves.
- The LGPS exit payment and the larger office cost are not yet known and could increase the deficit.
- Using the general reserve to balance the budget would take it well below the level Members consider prudent, during LGR when legal, HR and governance costs are likely.