

Northampton Town Council

Executive Committee

19th January 2021

Report of the Acting Town Clerk

5. Draft Budget and Precept 2021/22

Purpose of report: To invite the Committee to recommend a budget and precept to the Council Meeting on 27th January

Recommended: That the Council at its meeting on 27th January be recommended:

- i) to approve the draft budget in the sum of £x,xxx,xxx and to agree a precept on West Northamptonshire Council for 2021/22 in that sum;**
- ii) That, as a matter of priority, the new Town Clerk undertakes detailed reviews of all services which are transferred to enable the Council to consider any possible modifications and enhancements to those services**

a) A Contingency Budget

The Meeting of the Council on 27th January is the final occasion at which the Council can agree its budget for the coming financial year and agree a precept upon West Northants Council.

For the reasons explained in the previous item, it is not possible at this moment in time to provide Councillors with the degree of itemised estimated income and expenditure for all budget heads which they might usually expect to have before them as a number of key component decisions, not least relating to services to be transferred, which are yet to be finalised. The budget included with this report is therefore very much a contingency budget to meet the deadline for setting a precept and at the same time provide adequate financial flexibility to the Town Council after the May elections to determine its own priorities. It is also very important to bear in mind that, although the Government has not applied referendum principles to town and parish council precepts for 2021/22, it has urged restraint and has advised that it could consider introducing such measures (which are more likely for the largest town councils) for future years. It is therefore important that the Council's first year budget is not set unreasonably low as this could seriously inhibit its opportunity to provide the level of community services which the town needs in future years.

There are likely to be four key elements to the preparing the Council's budget and precept:

- administrative costs of the Council (including staffing costs);
- existing Borough operational budgets for transferred assets and services;
- provision sufficient to allow additional or enhanced services desired by the Town Council and to avoid the Council having to consider a large increase in year two; and
- a contingency to initiate reserves for the council. The Town Council will initially possess no reserves and will potentially need to establish significant reserves to meet any unforeseen

expenditure and liabilities. Members may recall that Weymouth Town Council are including £250,000 in each of its first four years.

The Cross Party Working Group (CPWG) is recommending a draft base budget for the Town Council but it is this Council which must make the final decision.

The latest advice (4th December 2020) as to the likely Council Tax base for the Town Council is **36,401 Band D** equivalent properties.

The CPWG budget includes several important aspects. Firstly, the following staffing provision:

b) Staffing

	Salary	NI	Pens	Total
Town Clerk	77,783	10,734	23,335	111,852
Full time admin post	29,577	4,082	8,873	42,532
Part time admin post (25 hrs per week)	15,594	2,152	4,678	22,424
Part time finance assistant (25 hrs per week)	19,372	2,673	5,812	27,857
Total	142,326	19,641	42,698	204,665

Other staffing costs (recruitment, travel, relocation, training/development)	16,000
Total	220,665

This is the minimum level of staff necessary for the Council to become fully effective after 1st April, however, moving forward, as previously discussed with Councillors at the informal briefing in November, I believe that provision will also need to be included for additional staff in the first and second years if the Council is to have adequate capacity to be capable of delivering the range of services which Councillors have indicated they would wish to provide. Although the new permanent Town Clerk will clearly wish to consider and advise on their preferred staffing structure, I believe the requirement will be for indicative additional posts such as:

Admin apprentices x 2

Head of Finance and Administration (appoint in Year 2)

Head of Environmental Services (possible post depending upon service transfers appoint in Year 2)

Economic Development Officer (Market, Town Centre initiatives) (Year 2)

Head of Community Development (appoint in October/ November 2021)

Community Development Officers (say 6 -8 spread over 2/3 years)

This will require a budget of £60,000 in the draft budget for 2021/22 with perhaps £200,00 in 2022/23 and £300,000 in 2023/24. When considering this level of staffing, the Committee will be aware that this is dependent upon the level of property and other services which are finally

transferred from the Borough Council and represents a considerable reduction in the level of management costs normally applicable to principal councils.

c) **Mayoral and Member costs**

The following is the current Borough Council budget for Mayoral services together with a contingency figure for Councillor Allowances* to enable the Council to consider whether it wishes to pursue this option once it has received the report and recommendations of the independent Parish Remuneration Panel which the Borough Council has already agreed to convene.

	£
Members allowances (£1,000 per Member)	26,000*
Members expenses	2,000
Mayor making event (based on NBC budget)	5,980
Civic & Mayoralty Officer and transport costs (incl. on-costs, vehicle costs and driver based on NBC budget)	62,152
Other general costs (furniture & equipment, stationery, printing, etc, based on NBC budget)	6,035
Mayoral Expenses (based on NBC budget)	27,544
Total	129,711

d) **Borough Council Recommended Base Budget**

The Borough Council at its meeting on 18th January is being recommended to pass on to this Council the following base budget which its officers have prepared in consultation with officers of Northants County Association of Local Councils (NCALC), including myself. This has been based upon the minimum provision desirable for the Town Council to operate efficiently and effectively. Apart from the cost of Mayoral Services, no provision is included for any other services which will or may be transferred.

Northampton Town budget item	2021/22 £

Staffing costs (including Town Clerk, and one full time two part time admin staff), relocation costs, recruitment advertising, travel costs, etc	221,000
Professional services/subscriptions (audit, insurance, legal fees, etc)	40,000
Running costs (including payroll/finance system costs, postage, office supplies, telephones, etc)	40,000
Mayoral and Member costs	130,000
Election costs	70,000
Accommodation costs	180,000
Other miscellaneous running costs and contingency	30,000
Amounts to develop future services in 2021/22 and/or transfer to reserves	400,000
Total	1,111,000

Estimated tax base	36,401
Band D charge	30.52

e) Contingency for new or enhanced services

The base budget shown above also includes for a general contingency of £400,000 to cover future services and the creation of a working general reserve. There is no provision for the cost of transferred services except for the Mayoralty.

The Council will be starting with nil reserves so it will be necessary to create an appropriate reserve as part of its sound financial management policies. NCALC suggests a reserve of approximately half of estimated gross expenditure would be a suitable sum and this would be consistent with the decision which Weymouth TC took when it was created to set aside £250,000 for each of its first four years to create a working reserve of £1M. For this Council I would suggest the annual figure be £200,000 for each of the first five years to build up the same figure.

This will leave £200,000 general contingency to cover any new or enhanced services which the Council may decide to develop in its first year. Members of the Council at their informal briefings have referred to their ambitions to provide a range of new community services covering key topics such as Health and Welfare, Town Publicity and Promotion, Community Engagement and Support, Advice and Support for Young People, Enhancing street cleaning in key locations and Community Safety and Crime Prevention. The Council has further indicated that it would wish to undertake a community needs assessment of the whole area it serves and any initiatives considered in response to that survey. All these initiatives would have to be funded from this contingency of £200,00 and Councillors may therefore wish to consider increasing this particular budget. Each further £100,000 added to the contingency would increase the precept for Band D council tax payers by £2.75.

All the Borough's draft budget has been incorporated into the draft Budget for 2021/22 together with current best estimates of the cost of transferred services as explained in the previous item (see Appendix).

This gross contingency budget of £1,775,500, based upon 36,401 equivalent Band D properties results in a Council tax of equates £48.78 at Band D or £32.52 (62p per week) at Band A (a typical town centre property).

This level of proposed council tax compares with other town and parish councils as follows:

Council	Band D £
Northampton Town Council	48.78
All parish councils in England (average)	75.00
Parishes in Northants (average)	71.00
Far Cotton and Delapre draft Budget	48.40
Kingsthorpe draft budget	32.11
Largest 20 Town Councils (average)	110.00

The Committee is asked to consider this report and to recommend to the Council a precept for 2021/22.

Appendix

Northampton Town Council Draft Contingency Budget 2021/22

	NBC Recommended budget 2021/22	Recommended Revised Budget
Staffing costs (including Town Clerk, and one full time two part time admin staff), relocation costs, recruitment advertising, travel costs, etc	221,000	221,000
Contingency for additional staff recruited during 2021/22 including Community Engagement Officer and two Administrative Apprenticeships		60,000
Professional services/subscriptions (audit, insurance, legal fees, etc)	40,000	60,000
Running costs (including payroll/finance system costs, postage, office supplies, telephones, etc)	40,000	50,000
Mayoral and Member costs	130,000	130,000
Election costs	70,000	70,000
Accommodation costs	180,000	180,000
Other miscellaneous running costs and contingency	30,000	50,000
Amounts to develop future services in 2021/22 and/or transfer to reserves	400,000	
First contribution to reserves		200,000
Contingency for new services and service enhancements		200,000
Councillor Community Funding 25 x £3,000		75,000
Community Grants		50,000
Services (estimates based up current NBC direct service costs, excluding management costs)		
Allotments (excluding staff costs)		26,000
Markets		44,000
Planting, hanging baskets etc		66,500
Events and Entertainments		104,000
Festive Lighting, Christmas etc		145,000
Town Centre Management		44,000
Closed Churchyards		Not yet available
Total	1,111,000	1,775,500