

**Northampton Town Council**

**Council Meeting 27<sup>th</sup> January 2021**

**Draft 2021/22 Budget – supplemental report of the Acting Town Clerk**

(to be read in conjunction with the recommendations in Minute 6 (b) of the Executive Committee on 19<sup>th</sup> January (page 14 of the agenda)

During the discussion at the Executive Committee on the draft budget for the next financial year, a number of questions were raised at which full answers could not be given at the time. This report is intended to bring councillors up to date on those matters.

**a) Number of properties in each Council Tax Band**

The Borough Council has now advised the number of properties within the Town Council area in each of the various council tax bands as shown below. In the last column the impact of the Budget recommended by the Executive Committee has been added. This table shows that, although Band D is commonly regarded as the average tax paid by households, in the case of Northampton 83% of properties pay less than this and 39% of properties are in the lowest Band A.

<b><u>Northampton Town Council</u></b>	<b>A-</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
Number of properties (after adjustments for exemptions, discounts, etc)	24.69	17,951.61	10,466.68	9,559.91	4,184.17	1,895.13	779.75	517.3	17.75	45,397.00
% of total properties		39%	23%	21%	9.20%	4.17%	1.70%	1.13%	0.40%	
Converted to band D equivalent	13.72	11,967.74	8,140.75	8,497.70	4,184.17	2,316.27	1,126.30	862.17	35.5	37,144.33
Adjusted for collection rate										98%
Tax base										<b>36,401.44</b>
Council Tax based upon the recommended budget of £1,775,500		£32.52	£37.94	43.36	£48.78	£59.62	£70.46	£86.72	£97.56	

When councillors consider any possible variations to the recommended budget, it may help to know that every £25,000 taken from or added to the budget will add or subtract 46 pence from the tax per Band A property or less than one pence per week.

**b) Allotments**

The Order creating the Town Council also provided that eight allotments sites transfer from the Borough Council. The service is currently delivered through the Borough's contract with idverde who provide a dedicated member of staff who manages the allotments and the various tenancy issues. The service covers the eight town council sites plus three in the area of Kingsthorpe Parish Council and two sites in the area of Far Cotton and Delapre Community Council. In view of this situation and the difficulty in separating out the cost to each of the three new councils, it was suggested that the service be shared between those councils. I have spoken with the Acting Clerk to Kingsthorpe and Far Cotton and we agreed to seek full information on the full income and expenditure of this service, including staff costs, plus the total number of lettable plots in the area of each parish so that we can prepare a joint report exploring the possibility and benefits of a joint service.

### **c) Civic Regalia**

As part responsibility for the Mayoralty passing to the Town Council a full list of all civic regalia, robes, muniments etc which form part of the service is being prepared. A question was asked whether there would be advantage in establishing a Trust which could hold and ensure the long term security of the regalia including the historic maces. I have consulted Mr Roger Taylor, consultant with Wellers Law Group, legal advisors to NCALC, who is an expert in this field and delivers SLCC's courses and webinars for Clerks on Trusts and Charities. He has commented as follows:

"I confirm that it would not be possible to form a charitable trust for the civic regalia. Although important to the Town, the requirements for the creation of a charitable trust are not present in such a proposal.

I would also point out that even if it were possible to create a Trust which was not charitable, there is little point in doing so unless it had an endowment to cover the cost of maintaining the items including insurance. Such a Trust would not be prevented from selling any of the items in any event."

### **d) The recommended contingency budget**

For ease of reference the recommended budget is reproduced below with each budget line numbered – comments on most of these lines follow and, if available, any further information will be reported at the meeting.

As explained in my report to the Executive Committee, it is not possible to prepare a budget with the degree of detail Councillors would normally expect to see because the extent of services to be transferred is not yet known. Some of those services are currently delivered as part of a larger integrated service and some are part of wider contracts. West Northants Council are in the process of recruiting to a Management Structure which further changes the responsibilities for some of the services which might be considered. Disaggregating the actual sums likely to be expended next year has not been possible in the time available. This meeting is though the last opportunity the Council has to agree a budget and set a precept for next year. The preparation of a contingency budget has therefore seemed the most prudent approach to take. Many of the service costs included below are also included within the draft budget being prepared by West Northants Council (WNC) and it is possible that the negotiations recommended in Minute 4 could considerably reduce the amount the Town Council has to be meet in its first year. Any resulting savings could then be held in a service reserve to mitigate against the impact of any tapered grant funding WNC may provide in future years. In this context it should be noted that Council Tax Referendum Principles (Capping) will not apply to this or all local council budgets for the coming year. The Secretary of State has however not ruled out introducing such principles for 2022/23 and this possibility is likely to be greater for larger local councils such as Northampton.

		<b>NBC Recommended budget 2021/22</b>	<b>Recommended Revised Budget</b>
1	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
2	Contingency for additional staff recruited during 2021/22 including Community Engagement Officer and two Administrative Apprenticeships		60,000
3	Professional services/subscriptions (audit, insurance, legal fees, etc)	40,000	60,000
4	Running costs (including payroll/finance system costs, postage, office supplies, telephones, etc	40,000	50,000
5	Mayoral and Member costs	130,000	130,000
6	Election costs	70,000	70,000
7	Accommodation costs	180,000	180,000
8	Other miscellaneous running costs and contingency	30,000	50,000
9	Amounts to develop future services in 2021/22 and/or transfer to reserves	400,000	
10	First contribution to reserves		200,000
11	Contingency for new services and service enhancements following a Community Needs Analysis		200,000
12	Community Grants		125,000
13	Allotments (excluding staff costs)		26,000
14	Contingency for potential transferred services		403,500
15	Closed Churchyards		Not yet available
	<b>Total</b>	<b>1,111,000</b>	<b>1,775,500</b>

### **Line 2 Additional Staffing**

The staffing provision included within the budget recommended by the Borough Council (Line 1) is the minimum level of staff necessary for the Council to become fully effective after 1<sup>st</sup> April. However, moving forward, additional staff will be required 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 and respond effectively to the results of the Community Needs Analysis explained under Line 9. Although the new permanent Town Clerk will clearly wish to consider and advise on her 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 £250,000 in 2022/23 and £350,000 in 2023/24. When considering this level of staffing, the Committee will be aware that this is dependent upon the number of property and other services which are finally transferred from the Borough Council, some of which could include their own management support costs. However, the overall management costs of the Town Council will remain comparatively low given the total likely expenditure and does represent a considerable reduction in the level of management costs normally applicable to principal councils.

### **Line 3 Professional Services**

The degree of legal advice the Council will require to deal adequately with the transfer of properties including a possible long lease of the historic part of the Guildhall will increase beyond that originally envisaged when the initial budget was prepared. It is also likely that some professional surveying advice will be required, so this budget item has increased accordingly.

### **Line 4 Running Costs**

The Executive Committee has already received a first oral report on the Council's ICT, accountancy software, accountancy support and training and telephony needs and a further report will be presented to its next meeting. This budget line represents a more accurate estimate of the likely costs in year one.

### **Line 5 Mayoral and Member costs**

This budget includes the current full cost of the Borough Council's Mayoral service plus a contingency for possible Councillors' Allowances, to enable the Council to consider the matter at its meeting on 1<sup>st</sup> March 2021. It is accepted that the extent of Mayoral activities are likely to reduce when the Town Mayor only represents the area of the Town Council but it is not possible to predict accurately at this stage how much that reduction will be.

	<b>£</b>
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
<b>Total</b>	<b>129,711</b>

The question of Councillor Allowances arose from a question asked of the Borough Council prior to this Council becoming formally constituted. This related to the payment of childcare expenses and other councillor expenses in order to encourage as great a mix of candidates for election as Town Councillors as possible. The power available to the Borough Council to pay a Carer's Allowance or expenses incurred in the Councillors' duties is not available to local Councils who only have the option of paying a Basic Parish Allowance which must be the same sum for all councillors, except for the Chair. Local Councils must first consider the recommendations of their Borough/ District's independent Parish Remuneration Panel (PRP). The Borough Council is discussing dates for such a meeting with the chair of the PRP. It is expected that a decision can be taken at the next Council meeting and this provision will enable the Council to do so.

#### **Line 6 Election Costs**

This is the sum Borough Council officers believe the Town Council will be charged for the conduct of its elections on 6<sup>th</sup> May 2021.

#### **Line 7 Accommodation Costs**

This is the estimate for potential service charge to be paid by the Town Council for a long lease of the historic part of the Guildhall. An assets group has been established with representatives from West Northants Council to discuss the lease details and income going forward. There could be potential for the Town Council to generate income to offset the service charge or to utilise the areas for community groups for a reduced charge but there is more detail to be agreed between the parties. There are also likely to be retained common areas, the details of how these will operate will need to be negotiated and agreed. There is also the opportunity to agree a licence or lease for occupation on 1<sup>st</sup> April 2021 of an initial smaller area with an option to lease larger areas once the services for which the Town Council will be responsible are known.

### **Line 8 Other Running Costs**

This figure represents possible revenue costs. The Borough Council's initial estimate has been increased to take account of the additional staff the Town Council is likely to engage or have transferred. There is no provision for capital expenditure on computer hardware, printers and office furniture. There is an expectation that the Council is likely to be based in the offices in the Guildhall currently occupied by the Leadership and political parties and that furniture and hardware at present located there will be transferred.

### **Lines 9 and 10 Contingency for New Services and Reserves**

The Borough Council's recommended budget included £400,000 as a contingency for possible future services and reserves. It is the firm advice of the Northants CALC that, as the Town Council will inherit no reserves of any kind on day one, it will be extremely prudent to adopt a policy of creating by instalments a reserve of approximately six month's revenue expenditure. The first year's contribution to this being £200,00. This leaves £200,000 of the original contingency shown at line 9 which is explained in the next item.

### **Line 11 Contingency for New Services and Service Enhancements**

This contingency will first have to meet any final costs for managing the allotments and closed churchyards which by law must pass to the Town Council. The Council has already agreed as part of its recruitment of a permanent Town Clerk that it wishes to conduct a Community Needs Analysis of its whole area as a priority in its first year. The balance of this budget will meet any new or enhanced services the Council decides to deliver in response to the results of that analysis. This could be by enhancing an existing WSN service, addressing a gap in the current provision for one or more of a number of demographics or new initiatives such as in the fields of community safety, health and well-being or combatting climate change which councillors have raised in earlier briefings.

### **Line 12 Community Grants**

The budget recommended by the Executive Committee included two sums for grants: £75,000 for Councillor Community Funding of £3,000 per town councillor and £50,000 for general community grants. These sums would be in addition to any grants which WSN may decide to allocate. The Town Council does not however have the ability to grant authority to spend money to any individual councillor so any Councillor Community Funding could only operate by individual councillors making recommendations as to how their "allowance" be allocated but the final decision must be taken by the relevant committee or sub committee in accordance with the Council's policy for making grants which must include ensuring that the benefit to the community was commensurate with the level of funding proposed. Having two budget items for grants perhaps confuses the actual position so it would seem appropriate that they are amalgamated as here in one grants contingency.

### **Line 13 Allotments**

This budget represents actual expenditure by the Borough Council on goods and services to the various allotment sites. It does not include rental income or management costs which are included in the much wider idverde contract. See also paragraph (b) above.

#### **Line 14 Contingency for future consideration of Transferred services**

Minute 4 of the Executive Committee deals in some detail with possible services which could transfer at a later date to the Town Council. The figure included here is the actual net cost of those services which the Borough Council agreed in principle at its meeting on 2<sup>nd</sup> November 2020 to consider transferring, namely the market, town centre management, events and entertainments, floral decorations (“In Bloom”), festive lighting and Christmas and street furniture. There was some uncertainty at the Executive Committee as to the full costs of the floral planting service. There is an amount of £66,000 included in the West Northants Council budget towards Bloom. In previous years there has been a larger budget available. If the Town Council has aspirations to support a successful Northampton in Bloom Campaign and in particular expand the provision to include the whole of the Town Council area then a budget to deliver an enhanced provision in the region of £60,000 would be required due to the capital investment of barrier and hanging baskets in those areas where there is not currently provision as well as covering the cost of the planting and maintenance.

For the reasons outlined in the opening paragraphs of this report, it is not possible to provide more accurate estimates at this stage but most of these services are also currently included in the draft budget of WSN so it is possible that a future transfer based upon the service being fully or partly funded by WSN can be negotiated.