

KETTERING TOWN COUNCIL

REPORT FOR DECISION

Item No FC21/032

Committee:-	Finance and Governance Committee
Date:-	19 th October 2021
Author:-	Martin Hammond, Clerk
Report Title:-	SUSTAINABLE BUDGET 2022-2023
Wards Affected:-	All

∴ 1. Purpose of Report

To start the process of setting a budget and precept for the coming financial year 2022/23

2. Recommendations

2.1. The Committee is recommended to agree in principle:-

- The establishment of an elections fund, to which £10,000 is added every year to meet the costs of elections and bye-elections for the Town Council
- A policy of gradually adding to the Council's reserves by up to £25,000 each year for the next four years.
- A travelling assumption that a modest increase in the Council's precept is likely for the 2022/23 year and to agree what that might be, subject to agreement by full Council in due course.
- The proposed budget timetable and process, as set out in section 4.2 below.
- A short form corporate plan be developed to sit alongside the budget and guide future policy and budget decision making.

3. Information

3.1. The Town Council's budget for 2021/22 is £134,000, a sum set by the outgoing Kettering Borough Council on its behalf last December. The resulting precept means that the Band D equivalent council tax demand is £8, or 15p per week. A summary is provided in Appendix A

- 3.2. It is looking like the Council's actual expenditure in 21/22 is likely to be just under £110,000, although this depends on the actual election costs incurred in 2021, which are still being calculated by North Northamptonshire Council. If so, then the Council will be able to retain a reserve of £25,000 at the start of the next financial year. (it started with a contingency/reserve of £15,000)
- 3.3. If the Council's current budget was projected forward into 2022/23, without any additions, then it is likely that only £80,250 would be required, plus whatever contribution was agreed to be made to the level of reserves (see para 3.4 below) leaving significant headroom within a standstill precept. This is because
- The £34,000 budget for elections will not be replicated. It is suggested that £10,000 be put aside each year to build up a fund to meet the 2025 election costs and as a contingency against any bye-elections arising in the meantime.
 - There will be a saving of £5000 in employee costs as the Council is not required to make pension contributions for the current clerk.
 - The costs of allotments was over-stated in the budget and will be no more than £2000 on current assumptions; a saving of £5000.
 - Some one off costs were incurred as the Town Council was being set up, which will not re-occur.
- 3.4. The Council started life with a modest £15,000 contingency, which is its reserve. Good practice suggests that reserves should be equivalent to between 3 and 12 months of expenditure, depending on the level of spend. It is suggested that the Council should aim to build up a reserve gradually, aiming at a 6 month balance initially over a two year period and then a twelve month balance by the time of the next election. This policy would entail making a contribution of about £25,000 during 2022/23, to add to the anticipated £25,000.
- 3.5. The narrative above of course doesn't address new things the Council will want to start doing in the future, and, therefore, whilst there is headroom within a stand still budget of about £25,000 (once reserves are supplemented) this might not be enough in itself to meet all the Council's ambitions. Members' views are therefore sought on the extent to which an assumption about any increase in the precept should be factored into budget planning.
- 3.6. The Council's current precept of £8 for a Band D property is fairly modest. Corby Town Council raises £18.70 to fund a budget of £293,800 and Wellingborough Town Council's precept and budget are £11.81 and £180,235 respectively.
- 3.7. Every additional £1000 raised costs a Band D property owner 6p a year (in the range of 4p-12p across all council tax bands). Members should also note that growth in the number of properties within the Town Council's area will also slightly reduce the precept per property.
- 3.8. Items which have already been discussed and which will impact on next year's budget are
- Supporting the Annual Remembrance Day commemoration; shared this year with NNC, but likely to fall wholly on the Town Council in 2022 £2000
 - Replacing annual twinning grants with another grant regime TBA
 - Investment in toilet provision in Kettering Town Centre TBA
 - Enhancing the general market TBA

- Supporting events and entertainment in Kettering TBA
- Climate change mitigation measures/awareness and education TBA

Members may have further proposals and the process described below provides some structure for those to be put forward, either by sub committee and working groups or by individual members and groups.

3.9 The budget last year - and to some extent this will be true this year - was prepared in isolation of any over-arching corporate plan. A corporate plan can establish the Council's main objectives and priorities and set the tone and structure for future decision making and to steer the Council's approach to future opportunities and policies. It can also help local residents and taxpayers, and partner organisations, understand what the Town Council is for. If members are happy for this exercise to be undertaken in parallel with the budget making process this year, then a short form corporate plan can also be submitted to Council for its approval in January.

4. Consultation and Engagement; budget making process

4.1. The Council has a duty to provide local taxpayers with details of how money will be spent if the budget exceeds £140,000. Members will need to agree the optimum way to achieve this in due course.

4.2. The following timetable for making the budget and any consultation associated with it, is proposed:-

Event	Date	Purpose
Finance and Governance Committee	19 th Oct 2021	Agree principles to inform budget preparation Provisionally identify new areas of expenditure.
Budget preparation period	20 th Oct to 18 th Nov 2021	Period for members to make proposals for items to be included within budget
Finance and Governance Committee	25 th Nov 2021	To consider and make recommendations to Council for the 2022/23 budget and precept To agree form of consultation. To agree how to communicate details of final budget to taxpayers.
Council	15 th Dec 21	Agree draft budget for consultation. If possible, a draft corporate plan can also be submitted.
Consultation period	2 nd Jan-18 th Jan 2022	Consultation period – nature to be agreed
Council	19 th Jan 22	Agree budget and corporate plan
NNC deadline	21 st Jan 22	Deadline for submitting precept request to NNC

5. Finance, Legal and Resource Implications

5.1. The Council has a legal duty to set a balanced budget and will need to do so in time to allow NNC to incorporate the precept into its own council tax setting process.

6. Policy Implications

6.1. This report proposes the establishment of a corporate plan to accompany the budget and provide a policy framework.

Background Papers

Financial accounts and commitments

Parish Council Practitioners Guide

APPENDIX ONE

BUDGET OUT-TURN AND STAND STILL PROJECTION

Budget heading	Budget 21/22	Emerging Out-turn 21/22	Estimate 22/23
Employees	43500	41380	38000
Office accommodation	13400	11000	12000
Elections	34000	34000	10000
Mayoral allowances	2500	2000	2500
Member expenses and training	1000	1890	1000
NCALC subs	7000	6657	6750
Admin, audit, banking, insurance and ITC	7600	9056	5000
Allotments	7000	1000	2000
Markets	0	0	1000
Twinning	2000	0	0
Neighbourhood Plan	1000	1000	0
Remembrance Day	0	1000	2000
TOTAL	119000	108983	80250
Contingency/contribution to reserves	15000	25117	25000