

Appendix 3 - Todmorden Town Council Budget 2020/21 – Notes to 3 year forecast

1. Budget Principles

- 1.1 Todmorden Town Council is required to set a "balanced budget" whereby estimated expenditure is matched by income generated from Precept related funds and or any other miscellaneous income, without potentially needing to draw on general reserves to meet funding gaps.
- 1.2 As part of that process it is recommended that a three - year forecast is undertaken in order to consider the impact of inflation and to take into account any annual changes that are forecast to take place.
- 1.3 Due account should also be taken of the nature of the Council's operations in terms of financial risk and the need to provide adequately from general reserves for unforeseen emergencies that could materially impact on such level of general reserves.
- 1.4 In addition, it is also prudent to consider establishing Earmarked Reserves where commitments are being made against the budget, whether current or future years.
- 1.5 The Principles that generally apply when establishing estimates are to be prudent and conservative in the approach, using wherever possible past history to inform current delivery and realistic estimates for future growth/provision for changes in service delivery.

2. Todmorden Town Council Service Delivery considerations

- 2.1 Todmorden Town Council does not currently have responsibility for any direct front line services.
- 2.2 Its main focus historically has been on enabling and facilitating improvements for Todmorden Precept Payers by a combination of awarding of grants, principally to the voluntary sector, and contributing to wider based schemes as part of leveraging in more substantial funds for the benefit overall of Todmorden.
- 2.3 Potentially this may focus may slightly change towards some elements of direct responsibility depending upon further negotiations with Calderdale MBC. To meet this potential challenge the current level of available financial resources will need to be increased in 2020/21 otherwise the opportunity to consider delivering some services directly will be lost for the future.

3. Town Council Precept

- 3.1 The principal income source is that of Precept Council Tax charge against Todmorden Precept Payers based on their property banding valuation.
- 3.2 Central Government does not currently cap the percentage level that Town Councils can increase the Precept by, unlike at higher level authorities – typically 2.99% plus a social services increase of 3%
- 3.3 There were indications before the General Election, that this "loophole" for Town Councils will be closed in 2021/22 and Town Councils bought into line with higher authorities and at that stage capped also to 2.99%.
- 3.4 Todmorden Town Council has not historically taken advantage of this "loophole" to raise precept to any great degree. Consequently to provide the financial wherewithal to consider future changes in service delivery, there is a need to initiate a substantial percentage increase this year before the opportunity is potentially lost to do so in the future.

4. Council Tax Support Grant and Parish Grant

- 4.1 In addition to the Precept Todmorden also receives the benefit of two other areas of an additional "grant" income – Council Tax Support Grant and Parish Grant.
- 4.2 Prior to 2013/14, Council Tax Benefit was paid to Local Authorities as if it were Council Tax income so the Council Tax base wasn't reduced because of it. From 2013/14 onwards, Council Tax Reduction

effectively lowers Calderdale's and other preceptors' Council Tax Bases resulting in a lower level of income being collected from Council Tax. Funding to replace some of this lost Council Tax is factored into Formula Grant from Government to the Council and the major preceptors (Police and Fire) with an element of grant relating to parishes included in the Council's share of grant.

- 4.3 Calderdale MBC have provisionally confirmed the figures for 2020/21 and these same levels have been assumed for 2021/22 and 2022/23.

Council Tax Support Grant	-	£23800
Parish Grant	-	£11691

5. Miscellaneous Income

Miscellaneous income is generated from interest receivable on investments, rental for Walsden Cricket Ground and a wayleaves payment from utility company.

A more defined investment strategy should lead to a slightly increased investment income, although not significant given current low interest rates.

6. Expenditure – General comments

- 6.1 There are a number of proposed substantive changes to the budget from 2020/21 onwards that seek to recognise the drive to potentially take on more direct service delivery and provide funds by way of matched contribution that enable higher levels of investment to be attracted to Todmorden from other external sources.
- 6.2 In establishing budgets for specific purposes, if at the end of each financial year these are not called upon, then consideration will be given to putting into Earmarked Reserves. This will help build up a pot of funds that can specifically be used then for either projects on assets that we own, or for leveraging in higher levels of investment into Todmorden that directly benefit Todmorden residents.
- 6.3 As part of its focus on enabling and facilitating improvement at local level, Todmorden Town Council has for many years adopted a policy to assist local voluntary based organisations through active involvement in the awarding of grants.
- 6.4 The reality of this approach is that requests have frequently exceed the originally allocated budget resulting in a situation where often within the year, combined with other budget pressures, the end result is that expenditure has exceeded income. General Reserves have reduced now to a level that is not able to support an “uncapped” approach to the award of grants outside of initial budget set.
- 6.5 A review currently under way of the Grants Policy, proposes a tightening up of this policy and introducing generally a requirement that applicants start to contribute more towards their proposals, and move over time, to be more self-sustainable and less reliant on Town Council core funding.
- 6.6 In addition there have also been instances where Members are keen to make sizeable commitments of contributions towards non Town Council owned assets. It is therefore appropriate to introduce measures of internal control by way of adopting a formal Reserves Policy in terms of both Earmarking Reserves as well as maintaining a specified level of General Reserves, and relative to annual expenditure in order to ensure “emergency” spend can be met.
- 6.7 The proposed increase in budget percentage wise may be viewed as substantial, but needs to be considered in line with what is being proposed to be achieved. Guidance is that Precept should not be increased just to provide a buffer of funds held back in case of need .Consideration should be given each year to whether or not the same level of Precept is required, and where need reduces, the option available to reduce the Precept.
- 6.8 The budget set for 2020/21, and the overall three - year forecast, recognises this in terms of being drawn up to reflect known commitments, anticipated commitments going forward and adherence to the Proposed Reserves Policy in respect of General Reserve levels to be maintained.

7. Expenditure – Specific Changes

7.1 The nature of budget provision forecast for the next three years reflects a number of changes. Because these are new and or amended approaches, key changes are commented on below.

7.1.1 Staff Training

We have three staff, equivalent in time to two FTE. The nature of such a small team is that knowledge tends to be job specific. In the current establishment, only the Town Clerk has previous Local Authority and Town Council experience, but does not hold the CiLCA Qualification. This was a condition of employment to undertake this qualification, which has the added advantage of the Town Council then being able to adopt a “General Power of Competence” under the Localism Act

There is risk in having such specific knowledge. Both the Assistant Town Clerk and Administrative Assistant are keen to improve their “council process” knowledge and therefore it is proposed that all three officers’ study for the CiLCA qualification at the same time.

In addition, there is a general requirement to access MS Office courses for improvement in operational efficiency, and both have offered to undertake the First Aid at Work qualification.

Whilst there is therefore a higher impact on the 2020/21 budget this is reduced considerably for 2021/22 and 2022/23.

It is felt important to stabilise the office support by a wider increasing knowledge and at the same time invest in our staff, especially at a time when shortly both will move up to their final salary point.

7.1.2 HR Support

As the business grows and staffing has increased there is an identified need to source external HR support. The extent of changes in Legislation , with an increasing tendency for Employment Tribunal claims where processes and procedures are not followed, coupled with the need to protect our position through provision of up to date policies , requires an external provider who specialises in this area of work to advise the Council . Budget provision of £1500 has been made in order to contract for this service

7.1.3 Corporate Image

Members have expressed concern about the ineffectiveness of the present Web Site. There are a whole raft of issues to address on this that may require some substantial investment, but is an area that needs to be addressed in the new financial year, when hopefully better IT provision will enable us to progress this.

Officers will initially take this forward in terms of determining what will be required from a practical point of view in terms of content and management of content and to bring forward to General Purposes Committee proposals for consideration

7.1.4 Property

Todmorden Town Council has ownership and responsibility for three sites, Lobb Mill Picnic Site, Patmos Gardens and Vale Baptist Land. It also has granted out a lease to Walsden Cricket Club under a trust arrangement that requires clarification.

Members have expressed a wish to improve facilities at Lobb Mill Picnic Site and accordingly a provision of £5000 has been made.

Tree Maintenance in terms of survey and possible remedial action has been identified at an estimated cost of £1000. The survey is required as part of our Health and Safety approach and to ensure compliance with insurers requirements. This also relates to a Formal Tree Policy to be brought to Amenities Committee before the year end.

The Wheels Park project is in the course of being reconsidered. We already have an Earmarked Reserve of £10000 that is allocated towards funding the next stage of work necessary to get to the seeking grant funding stage.

If successful in taking this forward, whilst ideally we will aim for a non – cost approach to delivery through an outsourced arrangement back to Calderdale MBC, at this stage, it is prudent to make an allowance of £2,500 within the budget ,should we be required to take on certain elements of operational responsibility.

7.1.5 Town Hall/Matching contribution.

This is the single biggest change to future budget requirements. Members have previously given a commitment to contribute £50000 towards the HLF related application submitted by Calderdale MBC. That application was not successful and therefore the commitment predicated on the bid being successful as part of a larger overall investment, has fundamentally changed, and therefore our commitment no longer extant.

However, this commitment, that would not have been fundable from within existing budgets, may nevertheless be required but at a lesser extent, should in the future consideration be given to taking on a more active role in the management and potential future ownership of the Town Hall.

The opportunity to also consider contributing funds to wider based projects that benefit Todmorden, and in doing so help lever in substantial funds, is consistent with the Town Councils Earmarked Reserves approach already in respect of the £25000 Station Lift Access contribution.

This contribution together with others, has helped lever in a multi-million pound investment and is a good example of how such a policy towards building up a reserve for substantial investment- either Town Hall and or contribution to larger schemes, is of direct benefit to Todmorden Precept Payers. It is therefore entirely justifiable in terms of budget provision , albeit requiring increases in Precept to meet this identified need.

7.1.6 Festive Decorations

Our current Christmas Light Decorations are old and approaching the end of their useful life. Whilst an approach has been made to Calderdale MBC to establish whether there is any intention to replace the current installations, this is felt highly unlikely.

Todmorden Town Council is faced then with two alternatives – borrow a substantial amount of funds to replace – Capital Borrowing- or outsource the supply and installation to an external provider, who will as part of a five - year agreement, fund the purchase. At the end of the five - year period ownership of the lights is then transferred to Todmorden Town Council for reconsideration at that time.

In addition, Members may also wish to widen the extent of decorations for use at other times of the year.

If overall provision is increased in terms of additional installations, then it is likely that further investment in power supply provision may be needed. An estimated figure of £20000 has been included in the budget.

7.1.7 Grants

Whilst the adoption of a new Policy should help funds spread further, and impact on more local voluntary causes, the budget this time seeks to recognise what has happened in the past plus separates elements to match likely demand.

The introduction of an Events Grants budget reflects the fact that we do in practical terms support organisations to deliver events, rather than provide the events ourselves.

Major Grants made in respect of PCSO's and Tourist Information Centre are not included in this comparison as are outside of normal grant aiding activity and represent specific longer term commitment in place as opposed to periodic grant applications at lower levels.

For comparison purposes the following table summarises our involvement Grants over the last three years

	2016/17	2017/18	2018/9	2019/20 est	2020/21 forecast
Total Grants awarded	£28787	£38666	£52892	£43764	£52000

7.1.8 Climate Emergency

Whilst this Committee is still in its formative stages and deciding upon future direction and spend, it is prudent to establish a substantial budget to enable it to develop a more ambitious agenda of activity.

8. Future Budget Issues

8.1 At this stage of preparation of budgets for 2020/21, there may still be areas of budget spend that may arrive between now and year end that may not have been considered as part of this process, but it is not anticipated that these would be of major consequence.

8.2 Further investigation is needed to determine the effectiveness of spend in relation to Environmental Projects and to consider whether such services may be more effective and economically beneficial to be delivered by direct employment. This may possibly as part of future considerations in terms of potential staffing requirement, should the Town Council have in the future a more active involvement as property manager/owner.

8.3 The development of a Reserves Policy concurrent with this paper, together with an investment strategy, should also enable a more effective control of future budget availability and increased awareness of Members to potentially not over commit what are in essence still relatively small financial reserves.

8.4 Two major longer term grants for PCSO's £35622 and Tourist Information Centre of £19000 will need to be actively reviewed in the future to assess their benefit.

9. Risk of Forecast budget being sufficient to meet future needs.

9.1 Todmorden Town Council does not currently carry great financial risk because of the nature of its enabling delivery.

9.2 Any movement into direct property ownership of substantive nature eg The Town Hall would carry greater financial risk and that stage a full risk profile would need to be considered

9.3 In the meantime its budget includes a number of discretionary budgets principally linked to the awarding of grants with overall, including the larger longer term grants, a total of £107,000 that could in future years be trimmed back if Members wished to direct into other priorities.

9.4 The Main risk is an overspend on these discretionary awards as well as over commitment to assist with non-council owned assets/schemes. Compliance with the proposed General Reserves Policy should provide some measure of internal control for Members to follow and not over commit the Council.

Heading	Budget Required 2020	Comments	2021	2022
Staffing Matters				
Staff Training	£3500	CiLCA *3, £2550, MS office * 2 = £600 First aid at work * 2 £350	£750	£750
Staff travel	£750	Attendance at CiLCA courses	£250	£250
Staff Recruitment	£500	Not expected but contingency	£500	£500
Employees				
Salaries	£54068	Assumes 3% annual increase and at full scale	£55690	£57361
Consultancy	£1000	Allowance made for any specialist consultancy required	£1000	£1000
Overtime	£1250	Allowance made for some peak cover	£1250	£1250
Admin Agency	£500	Allowance made in case of need	£500	£500
Employers NI	£4989	Based on 2019 ENI thresholds	£5139	£5293
Pensions	£1069	Based on Max 3% employers contribution	£1101	£1134
Administration				
Subscription	£2000	NALC/YLCA annual subscription	£2060	£2122
Stationery	£1250	General office requirements	£1288	£1326
Advertising	£500	Publication of Mayor Making Day and Misc	£515	£530
Postage	£1000	Cost of sending papers to Member plus general office	£1030	£1061
Printing/Photocopier	£750	Costs of printing and photocopying	£773	£796
Communications	£400	Telephone lines – expected to reduce if move to Town Hall	£412	£424
Office & IT Equipment	£750	Expected to, reduce if move to town hall	£773	£796
Computer software and support	£4193	Licences for accountancy and IT support Estimate - possible subject to tender Town Hall move may reduce	£4319	£4449
Audit	£2,000	Internal and External Audit – est to allow for increase owing to increasing budget	£2060	£2122
External Accountancy support	£750	External support year end close down of accounts and payroll provider	£735	£798
Books and Publications	£250	CiLCA reference books and MS Office guides	£258	£265
Insurance	£2000	Annual Insurance premium	£2060	£2122
Other admin fees	£250	Allowance for unknown additional fees	£258	£265
Members travel and Expenses	£500	For external meetings attendance by Members	£515	£530
Town Hall Hire	£650	Hire of Town Hall for additional Committee meetings- may change if move to Town Hall	£670	£690
Election Expenses	£5000	Contingency within year if one ward requires by election	£5000	£5000
Corporate image	£3000	To upgrade and develop web site including social media presence	£500	£500
HR Support	£1500	To source external HR support	£1500	£1500
Miscellaneous Contingency	£1000	Administration contingency	£1000	£1000
Mayor's Office				
Mayors Allowance	£2000	Allowance for discretionary spend in carrying out duties	£2000	£2000
Mayors transport	£750	Taxi/travel costs for Mayor	£750	£750
Mayors invite cost	£200	To meet attendance cost at other events e.g Yorkshire Day	£200	£200

Mayors day	£3500	Provision of Food/Drinks etc re Mayor Making	£3500	£3500
Town Centre Security				
Town Centre Security	£35622	Contribution of 50% towards two PCSO's based on annual increase c5%	£37403	£39274
Property				
Land sites	£500	Allowance for minor repairs	£500	£500
Lobb Mill	£5000	Allowance for upgrading site	£500	£500
Town Hall/Matching Contribution	£35000	To provide for combination of contribution/future proposals	£35000	£35000
Patmos Gardens	£500	Allowance for unplanned works	£515	£530
Wheels Park	£2500	Allowance assumes take on of some elements of operational responsibility	£2500	£2500
Tree Maintenance	£1000	Annual Tree Inspection	£1030	£1061
Vale Baptist Land	£500	Allowance for unplanned works	£515	£530
Amenities				
Donations and Grants (137)	£20000	General Grants	£20000	£2000
TH Hire Refund Grants	£8000	Town Hall Hire Grants	£8000	£8000
Education Grants	£2000	Grants with specific Educational focus	£2000	£2000
Events Contribution	£11000	Grants to fund Todmorden Town Centre based Events	£11000	£11000
Tourism	£19000	Contribution to Tourist Information Centre	£19000	£19000
Publicity	£500	Allowance to increase profile of TTC through paid for use of social media.	£515	£530
Festive Decorations	£20000	Estimate for New Xmas / other celebrations lighting schemes	£20000	£20000
Events	£2000	Christmas Event	£2000	£2000
Entertainment Arts and Recreation	£11000	Entertainment and Arts related Grants	£11000	£11000
Environment Projects	£11600	Covers costs of Grounds maintenance for Patmos, Vale Baptist and Lobb Mill	£11600	£11600
Miscellaneous Contingency	£2500	Contingency	£2500	£2500
Development				
Subscriptions	£200	Subscriptions to external bodies	£200	£200
Neighbourhood Plan	£750	Contingency for possible additional finalisation of plan costs.	£0	£0
Miscellaneous /Contingency	£250	Contingency	£500	£500
Climate Emergency				
Publicity	£2000	To produce materials for publicising	£2000	£2000
Room hire	£500	To hold external meetings	£500	£500
Special projects	£3500	As required by the group	£3500	£3500
Admin Support	£2000	To cover additional admin support	£2000	£2000
External support	£2000	To allow for speakers and for external advice	£2000	£2000