

Item 8 - Appendix 3 - Todmorden Town Council Budget 2021/22 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 in the future as CMBC considers whether to seek transfer of some services towards some elements of direct responsibility. To meet this potential challenge the available financial resources were increased in 2020/21, but the impact of Covid 19 on our precept base, means that for 2021/22 we do not wish to increase the tax burden further for our residents at the present time.
- 2.4 However, the reality is that if some discrete elements of service are in the future considered for transfer from CMBC to Todmorden Town Council there will be a need to increase Precept.

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 service 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 brought into line with higher authorities and at that stage capped also to 2.99%. This has not taken place.

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 was not 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 We have assumed the levels for 2021/22, 2022/23 and 2023/24 will remain as they are, **but the deteriorating financial circumstances of CMBC may lead to pressure on this**

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.

Interest rates are so low that they are almost insignificant.

6. Reserves

- 6.1 We took significant steps in the financial year 2020/21 to address the issue of Reserves, including the adopting of a formal Reserves Policy.

- 6.2 We reviewed Earmarked Reserves and importantly agreed a minimum level of General Reserves (our contingency pot for emergencies) to be set at a level of £80,000.
- 6.3 That does not mean it will not be reduced, however decisions to increase budget provision are taken with the aim to maintain this minimum level in mind.
- 6.4 Because of Covid 19, budgets for the year 2020/21, especially related to Grant Funding, are unlikely to be spent, it was appropriate therefore to reduce the budget “in year” and accordingly take the opportunity to increase some elements of Earmarked Reserve as well as create new Earmarked Reserves for Festive lights replacement, Remembrance Parade, Climate Emergency and a Non Precept Grant Reserve to recognise concerns about removal of Council Tax Support Grant and Parish Grant.
- 6.5 These changes were approved at Town Council on 18th November 2020 resulting in the following Table of Reserves .

Description	Balance as of 4 th November 2020	Reserve movement approved 18 th Nov 2020	Proposed New balances as of 31 st March 2021	Forecast Reserves as of 31 st March 2022
Emergency Flood Repair	£20,000	Nil	£20,000	£20,000
Skate Park *	£10,000	-£5000	£5,000	£5,000
Full Elections	£5,000	Nil	£5,000	£10,000
Station Access	£25,000	Nil	£25,000	£25,000
IT Upgrade	£4,900	Nil	£4,900	£4,900
Community Development	£50,000	£10,000	£60,000	£79,750
Festive Lights Replacement	Nil	£7,500	£7,500	£15,000
Remembrance Parade	Nil	£2,500	£2,500	£2,500
Non precept Grant Reserve	Nil	£17,745	£17,745	Nil
Budget Phasing	Nil	£7,268	£7,268	Nil
Covid 19 Assistance	Nil	£5,000	£5,000	Nil
Total	£114,900	£45,013	£159,913	£162,150

Expenditure – General Comments

- 6.6 The budget for 2021/22 continues to recognise through the use of the Community Development Reserve, the need to build up this reserve in that: -
- there remains uncertainty towards the potential of some element of direct service delivery transfer from CMBC service delivery.
 - there potentially is a need to provide funds by way of matched contribution that would enable higher levels of investment to be attracted to Todmorden from other external sources.

- The potential for substantial investment to be levered into Todmorden through the Town Deals Fund may present an unforeseen opportunity for Todmorden Town Council to deliver new element(s) of activity.

- 6.7 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 increasing 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 levering in higher levels of investment into Todmorden that directly benefit Todmorden residents.
- 6.8 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 – such levels of award are now determined by our Discretionary Grants Policy and provides a means by which our overall commitment to Grant Awards is also informed by our General Reserves Policy.
- 6.9 Guidance is that Precept should not be increased just to provide a buffer of funds held back in case of need that is unreasonable – governed by our General Reserves Policy. Consideration should be given each year to whether the same level of Precept is required. Where need reduces, the option is available to reduce the Precept.
- 6.11 The budget set for 2021/22, 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 several changes. Because these are new and or amended approaches, key changes are commented on below.

- Staffing

We have three staff, equivalent in time to 2.4 FTE. The nature of such a small team is that knowledge tends to be job specific. In the current establishment, the Town Clerk has previous extensive Local Authority and Town Council experience, with both other Officers now gaining their own level of knowledge.

A restructure agreed in October 2020 will not only start to spread knowledge further but also improve resilience through the addition of the Responsible Financial Officer role to that of the Assistant Town Clerk, effective from April 2021. At that stage, the Town Clerks hours will reduce to offset the cost of this.

- Proposals made in last year's budget will need to be carried forward.

Members have expressed a wish to improve facilities at Lobb Mill Picnic Site and accordingly a provision of £2,500 has been made, noting considerable tree related expenditure has been met out of the 2020/21 financial year.

Tree Maintenance in terms of survey and possible remedial action has been set at an estimated cost of £1000, noting work carried out recently. The survey is required as part of our Health and Safety approach and to ensure compliance with insurers requirements.

The Wheels Park project is in the course of being taken forward. Accelerator Funding has been agreed subject to conditions, at a total project cost of £155,000. An award of £150,000 has been made and therefore there will be a need to draw on the Earmarked Reserve to the extent of £5,000 and hence its reduction from £10,000 to £5,000.

- Community Development

In the budget for 2020/21 we made provision for £50,000 and this was transferred to an Earmarked Reserve.

The Town Council wishes to continue to build up this Reserve to enable future levering in of funds and or enabling some specific projects that may benefit Todmorden.

Given other pressures on budgets and the wish for Members to deliver a nil increase in precept charge to ratepayers, the amount provided for in the 2021/22 budget has been reduced to an amount of £19,750.

- Festive Decorations

The Town Council has successfully bid for Accelerator Funds and its entire Festive Lights Display replenished. The estimated life of the displays is eight years and therefore it is intended to make revenue provision in the budget in an amount of £7,500 over eight years. £60,000 is felt to be sufficient.

There may also be a need to introduce other Festival Light displays outside of the usual Christmas period, so an allowance has been made in 2021/22 .

- Grants

The adoption of the Discretionary Grants Policy will enable a fairer distribution of funds. For 2021/22 we have assumed that a historic level of applications will be made. We will not know the impact of Covid 19 on future grants provision and we may again be faced with significant underspend in 2021/22.

Members were however keen to keep good levels of support in place to ensure we can positively respond, should we see relaxation of Covid 19 restrictions and resumption of community activity requiring grant funding assistance.

Major Grants made in respect of PCSO's £36,439 and Tourist Information Centre £19,000, 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

	2017/18	2018/19	2019/20	2020/21 est outturn	2021/22 forecast
Total Grants awarded (including Mayors Discretionary)	£28,787	£38,666	£52,892	£25,000	£52,000

- Climate Emergency

Whilst the work of this Committee has been delayed ,it is many ways is still in its formative stages and deciding upon future direction and spend, it is prudent to continue a substantial budget to enable it to develop a more ambitious agenda of activity – set at £7,500

- Patmos Gardens – War Memorial

The Town Council owns Patmos Gardens and by definition is responsible for the appearance, repair, and maintenance of the Memorial to those Patmos residents who lost their lives in the first and second world wars.

It has been brought to our attention that significant maintenance work may be necessary, and it is proposed to review this in spring next year. This may also be part of a significant bid for funding and prudent therefore at this stage to include in the revenue budget in an amount of £7,500.

- Todmorden in Bloom

The Town Council has historically assisted Todmorden in Bloom (TIB) through specific grant provision and this is likely to continue.

Apart from the main Town Centre Floral Displays, TIB often carries out work in other areas of the Town and that also included work on Patmos Gardens that is additional to the outsourced contacts we already have in place.

One of the aims last year was not achieved owing to Covid 19 interruption. Further investigation is still 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 a property manager/owner.

In the meantime, the Town Clerk would wish to investigate the options of formally using TIB to carry out additional works and has therefore made provision in an amount of £2500. This would be the subject of a formal agreement being entered into.

- Benches

The review of our asset register indicates ownership of substantial number of benches and some provision needs to be made to repair/maintain and prove new ones - £5000.

- Mobile Phones

Staff are likely to need to continue to work from home and rely on mobile phone access. Minimal contracts at around £17 per month are envisaged.

- Neighbourhood Plan

This has been in preparation for over 5 years and as the local plan nears completion there may be a need to undertake additional work that may not be covered by Locality Grants. – Set at £5,000

8. Future Budget Issues

8.1 At this stage of preparation of budgets for 2021/22, 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 Two major longer-term grants for PCSO's £36,439 and Tourist Information Centre of £19,000 will be subject to annual review in the future to assess their benefit.

8.3 Prudent financial management has enabled Earmarked Reserves to be increased, whilst General Reserves levels are forecast for year end at £99,000 – above the minimum requirement of £80,000 to be maintained

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 e.g. 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 £52,000 that could in future years be trimmed back if Members wished to direct into other priorities.

9.4 The Main risk continues to be 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.

10. Three Year Budget Forecast

	Budget Required 2020	Comments	2021	2022
Staffing Matters				
Staff Training	£1750	MS office * 2 = £600 First aid at work * 2 £350- YLCA courses and misc £800	£250	£250
Staff travel	£500	Attendance at CiLCA courses	£250	£250
Staff Recruitment	£500	Not expected but contingency	£500	£500
Employees				
Salaries	£51613	Assumes 3% annual increase and at full scale	£53161	£54756
Consultancy	£250	Allowance made for any specialist consultancy required	£250	£250
Overtime	£500	Allowance made for some peak cover	£500	£500
Admin Agency	£500	Allowance made in case of need	£500	£500
Employers NI/NI/PAYE	£19030	Based on 2020 ENI thresholds	£19601	£20189
Home working allowance	£1000	Contribution to staff costs of remote working – based on HMRC allowance	£1030	£1061
Pensions	£1261	Based on 3% employers contribution	£1299	£1338
Administration				
Subscription	£1750	NALC/YLCA annual subscription	£1803	£1857
Stationery	£550	General office requirements	£670	£690
Advertising	£500	Publication of Mayor Making Day and Misc	£515	£530
Postage	£500	Cost of sending papers to Member plus general office	£515	£530
Mobile Phones	£600	Staff Mobile provision	£618	£637
Printing/Photocopier	£700	Costs of printing and photocopying	£721	£743
Communications	£400	Telephone lines – expected to reduce if move to Town Hall	£412	£424
Office & IT Equipment	£600	Expected to, reduce if move to town hall – Earmarked reserve in case of unforeseen spend.	£618	£637
Computer software and support	£2785	Licences for accountancy and IT support Estimate	£2869	£2955
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	£2200	Annual Insurance premium	£2266	£2334
Other admin fees	£150	Allowance for unknown additional fees	£155	£159

Members travel and Expenses	£250	For external meetings attendance by Members	£258	£265
Town Hall Hire	£400	Hire of Town Hall for additional Committee meetings- may reduce if remote meetings continue for non-full Council meetings	£412	£424
Election Expenses	£5000	Contingency within year if one ward requires by election	£5000	£5000
Corporate image	£500	To further add to web site including social media presence	£500	£500
HR Support	£1500	External HR support	£1500	£1500
Miscellaneous Contingency	£750	Administration contingency	£750	£750
Mayor's Office				
Mayors Allowance	£2000	Allowance for discretionary spend in carrying out duties	£2000	£2000
Discretionary Grants	£2000	Educational Support Grants	£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	£36,439	Contribution of 50% towards two PCSO's based on annual increase c5%	£38,261	£39,274
Property				
Land sites	£500	Allowance for minor repairs	£500	£500
Benches	£5000	Allowance for repairs/maintenance	£5000	£5000
Lobb Mill	£2500	Allowance for upgrading site	£500	£500
Community Development	£19000	To provide for combination of contribution/ future proposals	£19000	£19000
Todmorden In Bloom	£2500	Additionality of land mtce.	£2500	£2500
War Memorial	£7,500	Provision for major repairs	£500	£500
Patmos Gardens	£500	Allowance for unplanned works	£515	£530
Wheels Park	£1400	Allowance assumes take on of some elements of operational responsibility	£1400	£1400
Tree Maintenance	£1000	Annual Tree Inspection	£1030	£1061
Vale Baptist Land	£500	Allowance for unplanned works	£500	£500
Amenities				
Donations and Grants (137)	£20000	General Grants	£20000	£20000
TH Hire Refund Grants	£8000	Town Hall Hire Grants	£8000	£8000
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.	£500	£500
Festive Celebrations install	£5000	Installation by CMBC	£5000	£5000
Festive Celebrations Infrastructure-CMBC	£4000	Provision for further infrastructure need	£4,000	£4000
Festive Celebration 8 year contract	£2100	Ongoing storage and repair	£2100	£2100
Festive Celebration additional Cornhole Infrastructure- yr 1	£1750	Cornholme – 5 columns with new power fitting for displays	£0	£0
Festive Celebration-replacement provision	£7500	Provision into Earmarked Reserves for replacement in year 9	£7500	£7500
Events	£2000	Christmas Event	£2000	£2000
Entertainment Arts and Recreation	£11000	Entertainment and Arts related Grants	£11000	£11000
Environment Projects	£11400	Covers costs of Grounds maintenance for Patmos, Vale Baptist and Lobb Mill	£11400	£11400
Miscellaneous Contingency	£2000	Contingency	£2000	£2000
Development				
Subscriptions	£200	Subscriptions to external bodies	£200	£200
Neighbourhood Plan	£5000	Contingency for possible additional finalisation of plan costs.	£0	£0
Miscellaneous /Contingency	£215	Contingency	£216	£215
Climate Emergency				
Publicity	£1000	To produce materials for publicising	£1000	£1000
Room hire	£500	To hold external meetings	£500	£500
Special projects	£2500	As required by the group	£2500	£2500
Admin Support	£1500	To cover additional admin support	£1500	£1500
External support	£2000	To allow for speakers and for external advice	£2000	£2000
TOTAL EXP	£30354		£290842	294997
TOTAL INCOME	-£296461		-£296461	-£296461
NET EXP	£7083		-£5619	-£1464

The net impact over 3 years is that our budget is covered. In order to cover off the year one shortfall, a “Budget Phasing” Earmarked Reserve of £7,268 has already been created.

Legislation covering Payments under Budget Codes

Code	Heading	Description	Legislation
4000	Employees	Salaries	LGA 1972 S112
4002	Employees	Consultancy	LGA 1972 S112
4003	Employees	Overtime	LGA 1972 S112
4020	Employees	Agency	LGA 1972 S112
4035	Employees	NI/ENI/PAYE	LGA 1972 S112
4040	Employees	Pensions	LGA 1972 S112
4050	Staffing Matters	Staff Training	LGA 1972 S112
4055	Employees	Staff Travel	LGA 1972 S174
4060	Staffing Matters	Staff recruitment	LGA 1972 S112
4065	Staffing Matters	Member Training	LGA 1972 S175
4070	Employees	Home Work allwce	LGA 1972 S112
4100	Administration	Subscriptions	LGA 1972 S143
4110	Administration	Stationary	LGA 1972 S111
4120	Administration	Advertising	LGA 1972 S142
4130	Administration	Postage	LGA 1972 S111
4131	Administration	Printing/Photocopier	LGA 1972 S111
4140	Administration	Communications	LGA 1972 S111
4145	Administration	Office & IT Equip	LGA 1972 S111
4146	Administration	Computer software	LGA 1972 S111
4210	Administration	Audit/Acctcy/Consultancy	LGA 1972 S111
4211	Administration	Books and Publications	LGA 1972 S111
4220	Administration	Insurance	LGA 1972 S111
4230	Administration	Other admin fees	LGA 1972 S111
4240	Administration	Members Travel/Expenses	LGA 1972 S111
4255	Administration	Town Hall Hire	LGA 1972 S111
4260	Administration	Election Expenses	LGA 1972 S111
4270	Administration	Corporate Image	LGA 1972 S142
4280	Administration	HR Provision	LGA 1972 S111
4290	Administration	Payroll	LGA 1972 S111
4310	Office of Mayor	Mayors Allwce	LGA 1972 S111
4315	Office of Mayor	Mayors Discretionary Grant	LGA 1972 S111
4320	Office of Mayor	Mayors Transport	LGA 1972 S111
4321	Office of Mayor	Mayrs Event Invite costs	LGA 1972 S111
4330	Office of Mayor	Mayors Day	LGA 1972 S111
4331	Office of Mayor	Mayors Medals	LGA 1972 S111
4350	Town Centre Security	Town Centre Security	LG Rating Act 1997 s31
4410	Resources	Donations and Grants	LGA 1972 S137
4420	Resources	TH Refund Grant	LGA 1972 S137
4426	Resources	Events Grants	LGA 1972 S144
4430	Resources	Tourism	LGA 1972 S144
4450	Resources	Publicity	LGA 1972 s142
4460	Resources	Festive Lights	LGA 1972 S144

4461	Resources	Events	LGA 1972 S144
4470	Resources	Entertainment Arts & Rec	LGA 1972 S145
4480	Resources	Town Charter	LGA 1972 S111
4481	Resources	Blue Plaque	LGA 1972 S111
4555	Resources	Gaddings Signage	LGA 1972 144
4560	Resources	Environmental Projects	Open Spaces Act 1960s9,10
4565	Resources	Skips Provision	LGA 1972 S111
4610	Development	Neighbourhood Plan	Localism Act 2011
4630	Property	Land Sites	Open Spaces Act 1960s9,10
4631	Property	Patmos Gardens	Open Spaces Act 1960s9,10
4632	Property	Lobb Mill Picnic Site	Open Spaces Act 1960s9,10
4633	Property	Walsden Cricket Ground	Open Spaces Act 1960s9,10
4634	Property	Vale land	Open Spaces Act 1960s9,10
4635	Property	Wheels Park	Open Spaces Act 1960s9,10
4636	Property	Tree Maintenance	Open Spaces Act 1960s9,10
4671	Resources	Festive Lights Cap purchase	LGA 1972 S144
4680	Resources	Wheelspark Cap Exp	LGA 1972 S144
4990	Administration	Misc contingency	LGA 1972 S111
5000	Climate Emergency	Publicity	LGA 1972 s142
5001	Climate Emergency	Room Hire	LGA 1972 S111
5002	Climate Emergency	Special Projects	LGA 1972 S111and 137
5003	Climate Emergency	Admin Support	LGA 1972 S112
5004	Climate Emergency	External Support	LGA 1972 S111