

**Budgeting Information for 2024/25 for  
Parish and Town Councils and Parish Meetings in Northamptonshire**

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Parish and town councils normally start preparing their budgets in the autumn for the following financial year with a view to setting the precept at their January meeting. This annual summary from Northants CALC provides information on precepts, budgeting, subscription costs, internal and external audit fees, salary costs, and asset and service devolution.

**Financial Year**

The information below relates to the financial year **1 April 2024 to 31 March 2025**.

**Precept Referendums**

Unlike principal councils, parish and town councils are not restricted in the increases that can be applied to precepts. The Council Tax Referendum Principles do not apply to parish and town councils currently and there is no indication that the government plans to introduce “capping” for parish and town councils in the future.

**The Budgeting Process**

All parish councils are under a statutory duty to produce a budget. Please see an article from *eUpdate* (<https://www.northantscalc.com/budget-time-is-coming>) on budgeting.

The Practitioner’s Guide is also a helpful resource on budgeting; the latest copy is available to download at <https://www.northantscalc.com/practitioners-guide-2023>

## **Inflation Forecast**

The latest Consumer Prices Index (CPI) annual rate is 6.7% and there are signs of the pressure easing on inflation. The Bank of England said in September 2023, *“Inflation has started to fall. It was over 11% in October last year and it was just under 7% in August this year. We expect it to fall further to around 5% by the end of this year. Although the prices of some food products are likely to rise faster than this. An important reason we expect inflation to keep falling this year is because energy bills should come down more as gas prices have fallen a lot recently. Higher interest rates will also help to bring inflation down further. That’s because they will reduce the amount of overall spending in the economy. We expect inflation to keep on falling in 2024 and reach our 2% target in the first half of 2025.”*

## **Salaries**

The national negotiations on salaries for 2023/24 have not yet concluded and might not be finished this side of Christmas. When the negotiations conclude, the resulting pay increase will be backdated to 1 April 2023. Consequently, for 2024/25 budgeting purposes, councils not only need to guess the 2023/24 increase, but also what the 2024/25 pay award might be.

For 2023/24 the Employee’s Side asked for an increase equivalent to RPI +2% on all pay scales. The Employer’s Side offered an increase on all salary points of £1,925, equivalent to between 3.88% and 9.42% depending on the salary point, which the main unions voted to reject. Union consultations are ongoing, with the GMB closing a ballot on strike action on 24 October 2023. For budgeting purposes, it might be an idea to use 10% across the board.

Not knowing for certain what the final 2023/24 salary scales are makes it difficult to predict what budgetary provision to make for salaries in 2024/25. Inflation is expected to fall to 5% by the end of 2023, so it seems prudent that budgetary provision of at least 5% (over 2023/24 predicted salaries) is made.

Remember that if your council’s budgetary provision for salaries in 2023/24 was less than whatever the negotiated increase is, you will have a budget shortfall on salaries, which will need to be made up as well as making budgetary provision for future salaries.

As a council grows and takes on more it must conduct a review of the clerk’s terms and conditions to ensure that a) the contracted hours are sufficient to do the job and b) the appropriate salary

scale is being used. Northants CALC is happy to assist with salary reviews. This is the time to carry out such reviews, so that budgetary provision can be made for any consequential changes.

### **Asset & Service Devolution**

Neither unitary council has confirmed any plans for wholesale devolution of assets or services in 2024/25, although both have indicated that the door is open to requests from individual parish and town councils. However, the local government financial situation looks bleak (Birmingham City Council hit the headlines in the summer for issuing a S114 notice) and both unitary councils in Northamptonshire are reporting in-year overspends. It is inevitable that the unitary councils will focus first on their statutory obligations, so discretionary local services are under increasing threat. It is impossible to accurately advise councils what they should put in the budget for 2024/25 to provide for services that may or may not be devolved in the future, but all parish and town councils are advised to ensure that they have good reserves so that if a service or asset is identified for devolution in 2024/25, the council at least has the option to consider it.

### **Health & Wellbeing Budget**

Parish and town councils have a growing role in promoting health and wellbeing, and communities are facing several challenges, including an aging population, rising levels of obesity, access to affordable healthcare, and growing levels of mental health problems. Setting up a budget line for health and wellbeing services could help fund community-based exercise programs, healthy eating workshops, or develop projects to promote healthy lifestyles and behaviours through public awareness campaigns. Even a starting budget of fifty pence per elector would allow parish and town councils to start activities that will make an important contribution to health and wellbeing.

### **Northants CALC Membership Subscription Fees**

The subscription fee your council pays for membership of Northants CALC and for the National Association of Local Councils (NALC) is based on the electorate in the parish.

The Northants CALC AGM held on 7 October 2023 voted in favour of the board's recommendation that the Northants CALC membership fee for the year starting 1 April 2024 and ending 31 March 2025 be increased by inflation (CPIH July 2023 – 6.4%) from 27.23 pence to 28.97 pence per elector and the base rate from £181.43 to £193.05. The fee for 2024/25 is based on the electorate as of January 2024.

The National Association of Local Councils (NALC) membership fee is increased from 7.71 pence to 7.94 pence per elector for the year starting 1 April 2024 and ending 31 March 2025, capped at £2,037.

The illustrative impact of the fees increase at various example sizes of council would be:

Electorate	YE 31 March 2024	YE 31 March 2025	Real terms increase
250	£268.79	£285.32	£16.53
500	£356.14	£377.59	£21.45
1,000	£530.85	£562.14	£31.29
2,500	£1,054.97	£1,115.78	£60.81
5,000	£1,928.51	£2,038.52	£110.01
9,999	£3,675.24	£3,883.62	£208.38

Larger councils (10,000 – 30,000 electorate) are charged a fixed fee for membership of Northants CALC. The AGM also voted in favour of the recommendation that the fixed fee per council for the year starting 1 April 2024 and ending 31 March 2025 be increased by inflation (CPIH July 2023 – 6.4%) from £2,902.93 to £3,088.72 per council. The total fee payable will therefore be (£3,088.72 + NALC Affiliation fee capped at £2,037\*). The equivalent fee for super councils (30,000 + electors) is increased from £5,273.44 to £5,610.94. The total fee payable will therefore be (£5,610.94 + NALC Affiliation fee capped at £2,037\*).

Parish Meetings with less than 100 electors AND no precept are offered affiliate membership for 2024/25 free of charge. The maximum fee that any council or parish meeting pays is capped at £1 per elector.

Note that the membership is VAT exempt, so there is no reclaimable VAT on the figures above.

### **Northants CALC Internal Audit Service**

All parish and town councils (and parish meetings that raise a precept), regardless of size, must appoint an independent and competent internal auditor. Over two thirds of councils in

Northamptonshire already use the Northants CALC Internal Audit Service (IAS) and the fee for the service is based on the council's expenditure for the prior year.

If your council uses IAS you will be invoiced at the start of April 2024 for the audit of the year ending 31 March 2025.

Band	Expenditure	Expenditure	Council Fee YE 31 March 2024	Council Fee YE 31 March 2025	Diff
1	£0	£5,000	£120.00	£130.00	£10.00
2	£5,001	£25,000	£207.00	£220.00	£13.00
3	£25,001	£50,000	£256.00	£280.00	£24.00
4	£50,001	£100,000	£310.00	£330.00	£20.00
5	£100,001	£200,000	£392.00	£420.00	£28.00
6	£200,001	£300,000	£495.00	£525.00	£30.00
7	£300,001	£400,000	£560.00	£595.00	£35.00
8	£400,001	£500,000	£702.00	£750.00	£48.00
9	£500,001	£750,000	£843.00	£890.00	£47.00
10	£750,001	£1,000,000	£1,012.00	£1,080.00	£68.00
11	£1,000,001	£1,500,000	£1,246.00	£1,350.00	£104.00
12	£1,500,001	£2,000,000	£1,632.00	£1,750.00	£118.00
13	£2,000,001	£3,000,000	£2,013.00	£2,150.00	£137.00

Nb A one-off fee for onboarding councils will be charged equivalent to £25 x band level, e.g. A Band 4 council would be charged 4 x £25 = £100.

All the figures above are exclusive of VAT. VAT will be added at 20%, which councils are able to reclaim.

The Internal Audit Service is also available to non-member councils, but the fees are doubled.

## External Audit Fee

The external auditor for all parish and town councils and parish meetings in Northamptonshire for the audits of the years ending 31 March 2023 to 31 March 2028 is PKF Littlejohn. The fees for external audit for the year ending 31 March 2024 (which will be payable in summer 2024) are available at <https://www.saaa.co.uk/audit-fees>.

A parish council or parish meeting with income or expenditure less than £25,000 may certify that it is an exempt authority, and in normal circumstances no fee will be payable.

## Elections

Northants CALC advises councils to budget for a quarter of the cost of an election each year to help smooth out the peaks. A rule of thumb is that a contested election for a medium sized parish with 1,000 electors costs around £2 per elector (more for smaller parishes and less for bigger parishes and towns), so councils should ensure they are building up a pot ready for the next scheduled elections in May 2025.

## Training

All councils must have a Training Statement of Intent, a Training Plan, and a Training Record. All councils should allocate a budget for training for councillors and staff in line with the agreed Training Plan. If your council doesn't have these three documents and an associated budget provision in place yet, please contact Marie Reilly at [mreilly@northantscalc.com](mailto:mreilly@northantscalc.com) for guidance.

## Northants CALC Data Protection Officer Service

Northants CALC acts as the Data Protection Officer (DPO) for virtually all the parish and town councils in the county. We are the only CALC in England to offer such a service. There is no legal requirement for a parish or town council to appoint a DPO, but even if it doesn't have a named officer, someone still has to fulfil the duties of a DPO. In most cases this would fall to the clerk, and Northants CALC believes that creates an unnecessary burden and a potential conflict of interest. We make a small administrative charge of £12 +VAT (2024/25) for the DPO Service, billed in April 2024 along with the membership fee.

## Reserves

Councils must hold general reserves and may hold earmarked reserves. There is no limit at all on earmarked reserves, which are held for a particular purpose (normally a long-term capital project or acquisition). Advice on the appropriate level of general reserves is contained in the Practitioner's Guide (paras 5.30 – 5.38 of the Practitioner's Guide 2023), which states that "*The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.*" Having healthy general reserves gives a council more options, particularly in an operating environment that is uncertain. The more asset-rich a council is, the closer to the 12 months it should try to be (because of the risk of an asset needing sudden, unexpected, and unbudgeted expenditure).

Where councils had to move funds from general reserves to cover unplanned expenditure, these should be replenished in line with the council's reserves policy.

## Council Tax Base

The Council Tax Base is a measure of the tax-raising capacity of an authority. It is expressed in terms of the number of Band D equivalent dwellings in an authority's area, taking into account exemptions, discounts, disablement relief, and the authority's estimate of its collection rate for Council Tax. The figure is calculated by the unitary council for the area.

Technically (and legally) a parish or town council should not be concerned with the Band D tax rate when setting its budget requirement for the year, but some councillors may ask what the impact of any change in the precept is in terms of the Band D tax rate.

The formula is:

$$\frac{\text{Precept}}{\text{Council Tax Base}} = \text{Band D Council Tax Rate}$$

So, for example, if a parish council's precept for 2023/24 was £70,000 and the Council Tax Base was 1,000, it would result in a Band D tax rate of £70.00.

Even where the precept stays the same, a decrease in Council Tax Base would increase the Band D Tax Rate. Using the example above, if the precept stayed at £70,000 for 2024/25 but the

Council Tax Base reduced to 950, the Band D tax rate would increase to £73.68. The Council Tax bill will show an increase of 5.3% for the parish council, even though the precept had not gone up.

The unitary councils will write to all parish and town councils in their area, normally at the start of the calendar year, to confirm the Council Tax Base figures per civil parish.

## **Council Tax Levels in Northamptonshire**

Parish and town councils must calculate their own budget requirement in accordance with proper practices. However, it is useful and interesting to benchmark one council against another and look at average Band D tax rates. The March/April 2023 *eUpdate* included a summary of precepts and councils tax rates in Northamptonshire (<https://www.northantscalc.com/blog/eupdates-4/eupdate-march-april-2023-edition-34>) starting at page 6, and a spreadsheet containing the precept, Council Tax Base and Band D tax rate for all parish and town councils and parish meetings in Northamptonshire is available at <https://www.northantscalc.com/blog/news-1/northants-precepts-2023-2024-35>.

## **Internet Banking**

All councils are encouraged to use electronic banking, with appropriate dual or triple authority payment controls. At the time of writing only three banks provide true multiple authority accounts: Unity Trust Bank, Lloyds Bank and Co-operative Bank. Online bank accounts typically apply monthly charges depending on the level of funds in the account, so the 2024/25 budget needs to include bank fees if considering a switch to online banking. (See <https://www.unity.co.uk/business-current-accounts/> for an example).

## **Section 137**

“Section 137” (Section 137(4)(a) of the Local Government Act 1972) is the legal power to spend a limited amount of money for purposes for which councils have no other specific statutory power. It is a power of last resort. The amount that can be spent under the power is limited to an amount per elector. The S137 limit for 2023/24 is £9.93 and this will be increased for 2024/25 by the percentage increase in the retail price index between September 2022 and September 2023, in accordance with Schedule 12B to the 1972 Act, confirmed by the Department for Levelling Up, Housing and Communities (DLUHC), normally at the start of the calendar year.



## Electricity

In 2020 Northants CALC partnered with Weedon-based Clear Utility Solutions (CUS) to create an electricity buying group for parish and town councils. With growing energy costs, many councils are rightly worried about the state of the UK energy market. CUS is monitoring the market closely and despite the current climate, still has a wide panel of suppliers from which to recommend the best deals, and as part of the commitment to Northants CALC members, CUS is on hand to offer advice and support wherever needed. The Northants CALC scheme has saved member councils tens of thousands of pounds and prevented the release of hundreds of thousands of kilograms of carbon through CUS's recommendation of green tariffs.

If your council is on a deemed, variable, or out of contract tariffs, you must take action to secure a better deal. For further information, please visit [www.clearutilitysolutions.com/ncalc-partnership](http://www.clearutilitysolutions.com/ncalc-partnership).

## Precepting & Cost-of-Living Crisis

The amount of precept to levy against council taxpayers in the area is a financial decision for the council, but also a political one. Because the cost of living crisis is ongoing and inflation remains relatively high, there will be differences of opinion on the council, ranging from those councillors who say the precept should not increase at all in times of austerity, to those that say the precept must increase by inflation in order to “stand still”, to those that say the precept should increase to whatever it needs to increase to, even way above inflation, in order to provide vital council services just when people need them most of all.

It is very important that councils have the conversation and allow plenty of time for discussion. For example, it might be useful to have an item on your October or November agenda to discuss the principles of precepting, so that discussion can feed into the more detailed budgeting process. It is difficult sometimes to not focus on percentage increases, but the critical thing is the real-terms monetary increase. Use our handy council tax calculator to see the effect of proposed changes for each council tax band: <https://www.northantscalc.com/blog/news-1/council-tax-calculations-36>.

## General

This information is intended to help your council with its budget process. If you have any questions regarding budgeting, internal controls, salaries or any other aspect of council finance please contact Danny Moody ([dmoody@northantscalc.com](mailto:dmoody@northantscalc.com)).