

**Budgeting Information for 2025/26 for  
Parish and Town Councils and Parish Meetings in Northamptonshire**

**Published – October 2024**

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 2025 to 31 March 2026**.

**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>.

## **Inflation Forecast**

The latest Consumer Prices Index including owner occupiers' housing costs (CPIH) annual rate is 3.1% (August 2024), down from a high of 9.6% two years previously.

The Bank of England has said it expects inflation to be between 2% to 2.5% in 2025 but there are local and global factors that may add additional pressure.

## **Salaries**

The national negotiations on salaries for 2024/25 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 2024. Consequently, for 2025/26 budgeting purposes, councils not only need to guess the 2024/25 increase, but also what the 2025/26 pay award might be.

For 2024/25 the Employee's Side asked for an increase equivalent to 10% across the pay scales, which the Employer's Side rejected and countered with an offer for an increase on all salary points of £1,290 or 2.5%, whichever is higher. The GMB union has accepted the offer but the other big unions, Unite and Unison have yet to confirm the outcome of their member ballots.

Not knowing for certain what the final 2024/25 salary scales will be makes it difficult to predict what budgetary provision to make for salaries in 2025/26. It seems prudent that budgetary provision of at least 6% total (over 2023/24 salaries) is made.

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 2025/26, although both have indicated that the door is open to requests from individual parish and town councils. It is unlikely that any major plans will be announced before the Local Elections in May 2025. However, the local government financial situation continues to look bleak and both unitary councils in Northamptonshire are reporting in-year overspends. Northants CALC reported

earlier in the year on the situation in Somerset, where the unitary Somerset Council transferred large tranches of assets and services to parish and town councils in the county, resulting in the tripling of Band D tax rate for some larger town councils. It is inevitable that principal 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 2025/26 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 2025/26, 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 £1 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 5 October 2024 voted in favour of the board's recommendation that the flat fee for the year starting 1 April 2025 and ending 31 March 2026 be increased by inflation (CPIH July 2024 – 3.1%) from £193.05 to £199.03 and that the per elector element of the fee be increased from 28.97 pence to 29.87 pence. The fee for 2025/26 is based on the electorate as of January 2025.

The National Association of Local Councils (NALC) membership fee is expected to increase from 7.94 pence to a maximum of 8.34 pence per elector (+5%) but this is subject to a decision at the NALC AGM to be held in November 2024.

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

<b>Electorate</b>	<b>YE 31 March 2025</b>	<b>YE 31 March 2026</b>	<b>Real terms increase</b>
<b>250</b>	£285.32	£294.54	£9.22
<b>500</b>	£377.59	£390.05	£12.46
<b>1,000</b>	£562.14	£581.08	£18.94
<b>2,500</b>	£1,115.78	£1,154.14	£38.36
<b>5,000</b>	£2,038.52	£2,109.25	£70.73
<b>9,999</b>	£3,883.62	£4,019.09	£135.47

Larger councils (10,000 – 30,000 electorate) are charged a fixed fee for membership of Northants CALC. The fee for the year starting 1 April 2024 and ending 31 March 2025 is £3,088.72. A 3.1% increase would take it to £3,184.47. The total fee payable for YE 31 March 2026 will therefore be (£3,184.47 + NALC Affiliation fee). The equivalent fee for super councils (30,000 + electors) would be increased from £5,610.94 to £5,784.88. The total fee payable will therefore be (£5,784.88 + NALC £2,139.00).

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 2025 for the audit of the year ending 31 March 2026.

Band	Expenditure		Council Fee YE 31 March 2025	Council Fee YE 31 March 2026	Diff
1	£0	£5,000	£130.00	£136.50	£6.50
2	£5,001	£25,000	£220.00	£231.00	£11.00
3	£25,001	£50,000	£280.00	£294.00	£14.00
4	£50,001	£100,000	£330.00	£346.50	£16.50
5	£100,001	£200,000	£420.00	£441.00	£21.00
6	£200,001	£300,000	£525.00	£551.25	£26.25
7	£300,001	£400,000	£595.00	£624.75	£29.75
8	£400,001	£500,000	£750.00	£787.50	£37.50
9	£500,001	£750,000	£890.00	£934.50	£44.50
10	£750,001	£1,000,000	£1,080.00	£1,134.00	£54.00
11	£1,000,001	£1,500,000	£1,350.00	£1,417.50	£67.50
12	£1,500,001	£2,000,000	£1,750.00	£1,837.50	£87.50
13	£2,000,001	£3,000,000	£2,150.00	£2,257.50	£107.50

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.

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

The IAS is also available to non-member councils, but the fees above are doubled.

### External Audit Fee

The external auditor for all parish and town councils and parish meetings in Northamptonshire for the audits of the five years to 31 March 2028 is PKF Littlejohn. The fees for external audit for the year ending 31 March 2025 (which will be payable in summer 2025) 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. The cost of elections, whether contested or uncontested, is recharged to the parish or town council by the relevant unitary council. The costs of the Local Elections to be held in May 2025 will be charged to parish and town councils in summer 2025, so if councils have not been saving a quarter of the costs each year, they will need to make full budget provision in their 2025/26 budget.

## **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. Councils should aim to budget at least £100 per councillor per year and £500 per member of staff per year for Continuous Professional Development (CPD).

If your council doesn't have these three documents and an associated budget provision in place yet, please contact Training Manager, 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 must 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 £15 +VAT (2025/26) for the DPO Service, billed in April 2025 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 5.31 – 5.39 of the Practitioner's Guide 2024), 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 2024/25 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 2025/26 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 May/June 2024 *eUpdate* included a summary of precepts and councils tax rates in Northamptonshire (<https://www.northantscalc.com/eupdate>) starting at page 4, 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/precepts-24-25>.

## **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 2025/26 budget needs to include bank fees if considering a switch to online banking. (See <https://www.unity.co.uk/sectors/parish-councils/> 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 2024/25 is £10.81 and this will be increased for 2025/26 by the percentage increase in the retail price index between September 2023 and September 2024, in accordance with Schedule 12B to the 1972 Act, confirmed by the Ministry of Housing, Communities and Local Government (MHCLG), 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 energy costs still growing and the growing conflict in the Middle East, 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.clearutilitiesolutions.com/ncalc-partnership](http://www.clearutilitiesolutions.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. The cost of living crisis is ongoing and so there may 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)).