

Budgeting Information for 2022/23 for Parish and Town Councils and Parish Meetings in Northamptonshire

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, asset and service devolution, and the Platinum Jubilee.

Financial Year

The information below relates to the financial year **beginning on 1 April 2022** and ending on 31 March 2023.

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 the article in *eUpdate* (<http://www.northantscalc.com/uploads/ncalc-eupdate-sep-2016.pdf>) on budgeting starting at page 13.

The Practitioner’s Guide is also a helpful resource on budgeting; the latest copy is available to download at <https://www.northantscalc.com/uploads/practitioners-guide-2021.pdf>.

Asset & Service Devolution

Neither unitary council has indicated any plans for wholesale devolution of assets or services in 2022/23, although both have indicated that the door is open to requests from individual parish and town councils. However, with the continued and increasing pressure on local authority financing, it is inevitable that the unitary councils will focus first on their statutory obligations, so that discretionary local services are under increasing threat. It is impossible to accurately advise

councils what they should put in the budget for 2022/23 to make up for services that may or may not be devolved in the future, but all parish and town councils are advised to map the assets and services that are currently being delivered in their area by the unitary council and consider the likelihood of that continuing in the long term.

Elections

Northants CALC advises councils to budget for a quarter of the cost of an election each year to help smooth out the peaks. Councils that had a contested election in May 2021 will have now spent that budget and need to start building it up again. A rule of thumb is that a contested election can cost up to £1 per elector (slightly less per elector for bigger parishes and towns).

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 2 October 2021 voted in favour of the board's recommendation that the Northants CALC membership fee for the year starting 1 April 2022 and ending 31 March 2023 be increased by inflation (CPIH July 2021 – 2.1%) from 24.51 pence to 25.02 pence per elector and the base rate from £163.33 to £166.76. Don't forget though that because the fee is based on electorate if your electorate goes up then your fee will also rise accordingly.

The National Association of Local Councils (NALC) membership fee is increased from 7.42 pence to 7.49 pence per elector for the year starting 1 April 2022 and ending 31 March 2023.

The invoices for membership for 2022/23 will be sent out at the start of April 2022. The illustrative impact of the fees increase at various example sizes of council is:

Electorate	YE 31 March 2022	YE 31 March 2023	Real terms increase
250	£243.16	£248.05	£4.89
500	£322.98	£329.33	£6.35
1,000	£482.63	£491.91	£9.28
2,500	£961.58	£979.63	£18.05
5,000	£1,759.83	£1,792.50	£32.67
9,999	£3,356.01	£3,417.91	£61.90

Larger councils (10,000 – 30,000 electorate) are charged a fixed fee for membership of Northants CALC. The AGM resolved that the fixed fee per council for the year starting 1 April 2022 and ending 31 March 2023 be increased by inflation (CPIH July 2021 – 2.1%) from £2,613.26 per council to £2,668.14 per council. The total fee payable will therefore be (£2,668.14 + NALC Affiliation fee). The equivalent fee for super councils (30,000 + electors) is increased from £4,747.22 to £4,846.91. The total fee payable will therefore be (£4,747.22 + NALC Affiliation fee).

Parish Meetings with less than 100 electors AND no precept are offered affiliate membership for 2022/23 free of charge.

The maximum fee that any council or parish meeting pays is capped at £1 per elector.

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. Approximately 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, although a change to the fee being based on electorate is being considered.

If your council uses IAS you will be invoiced at the start of April 2022 for the audit of the year ending 31 March 2023.

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 is PKF Littlejohn (www.pkflittlejohn.com). The fees for external audit for the year ending 31 March 2022 (which will be payable in 2022) are unchanged from the previous year. For details see www.localaudits.co.uk/fees.html. A council with income or expenditure less than £25,000 has the right to certify that it is an exempt authority and in normal circumstances no fee will be payable.

Salaries

The national negotiations on salaries for 2021/22 have not yet concluded (October 2021) and seem unlikely to conclude any time soon. This makes budgeting for 2022/23 salaries more difficult than usual. The Employers' Side made a "final offer" of 1.75% for 2020/21, with the Employees'

Side asking for 10%. For budgeting purposes, if a council takes the 2020/21 salary and adds 5% for 2021/22 and another 5% for 2022/23 then it is not likely to be too far off.

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. This is particularly the case for councils that are taking on devolved assets or services. 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.

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 for guidance.

Northants CALC Data Protection Officer (DPO) Service

Northants CALC acts as the 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 thinks that creates an unnecessary burden. We will continue offering the DPO Service, for which we make a small administrative charge of £10 (billed in April along with the membership fee).

Hybrid Council Meetings

The legal power to hold council meetings by remote means was lost in May 2021. National Association of Local Councils (NALC) and the Local Government Association (LGA) continue to lobby the Department for Levelling Up, Housing and Communities (DLUHC) to introduce new law to allow councillors to be "present" at meetings by remote means if the council so chooses.

Holding meetings entirely in person or entirely online is relatively straightforward, but holding hybrid meetings, where some people are attending in person and some are attending remotely presents various challenges, not least that the council will need the ability to broadcast audio and, where possible, video to the remote channel, which means having filming equipment and decent broadband in the council's normal physical meeting place. Councils wishing to hold hybrid meetings may wish to build in budgetary provision for such equipment, should the new legislation be secured.

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 – 5.33 of the Practitioner's Guide 2021), which states that general reserves "*should be maintained at between three (3) and twelve (12) months Net Revenue Expenditure (NRE)*", where NRE = Precept minus (loan repayments + capital projects + transfers to earmarked reserves). 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 have had to move funds from general reserves to contribute towards the cost of recovering from the Coronavirus pandemic, 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 figures 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 2021/22 was £50,000 and the Council Tax Base was 1,000, it would result in a Band D tax rate of £50.00.

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 £50,000 for 2022/23 but the

Council Tax Base reduced to 950, the Band D tax rate would increase to £52.63. 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 July/August 2021 *eUpdate* included a summary of precepts and councils tax rates in Northamptonshire (<https://www.northantscalc.com/uploads/ncalc-eupdate-jul-aug-2021.pdf> starting at page 5), 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/uploads/northamptonshire-precept-data-2021-22.xlsx>.

Internet Banking

One of the things that the Coronavirus pandemic has shown us is that councils that are able to work electronically are at an advantage compared to those that can only work on paper, and this is most evident in banking. Councils with online bank accounts, where payments can be made electronically and statements and transactions can be looked at online, were able to maintain business as usual during the Coronavirus pandemic. 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 2022/23 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 2021/22 is £8.41 and this will be increased for 2022/23 by the percentage increase in the retail price index between September 2020 and September 2021, in accordance with Schedule 12B to the 1972 Act. The amount is formally 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 failing energy companies and rising prices seemingly constantly in the news at the moment, 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. To date, the Northants CALC scheme has saved member councils over £30,000 from their energy bills and prevented the release of 888,666kg of carbon through CUS's recommendation of green tariffs. Now is the time to review your electricity tariffs. If you have any energy related questions, please visit www.clearutilitysolutions.com/ncalc-partnership.

The Queen's Platinum Jubilee

There are events throughout 2022 connected with the Platinum Jubilee, with the main celebrations over the weekend of 2 – 5 June 2022. Whether your council wants to raise a flag, hold a street party or a picnic, or plant lots of trees for the Queen's Green Canopy, it needs to make budget provision in 2022/23.

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) or Lesley Sambrook Smith (lsambrooksmith@northantscalc.com).