

Budget 2017-18

1. A note explaining Northumberland County Council's approach to precept setting, and the timescale for the process, is attached as Attachment A.
2. The report you received on 28 November 2016 is attached, as Attachment B.
3. Your parish precept requirement in 2015-16 was £218,220; in 2016-17, it was £251,000, and, in the draft budget the precept requirement is stated as £256,020.
4. You are asked to note that, as a council, you have other matters on the agenda tonight, for successive years, that will consume all the indicated surplus within the draft budget of £6259, including your planned office move and other matters relating to sundry income.
5. The indicative tax base notified to council by NCC was 3,289.61, expressed as Band D equivalents. This has changed partially due to new housing developments (e.g. more properties being eligible to pay council tax) and partly due to NCC's improved council tax collection rate, which is reflected in the change to the reduction for non-collection referred to in attachment A.
6. Provisionally therefore, the Band D council tax precept would be £77.82 for 2017-18, as opposed to £77.96 in 2016-17. In common parlance, you are being invited to approve a budget that reduces Berwick Town Council's demands upon its council tax payers by 1p per month.
7. Members are also reminded of the exceptional circumstances that council has experienced in recent years that make comparisons invidious, and difficult to make. Members will be invited to consider further, in the remainder of the council year, how they might set about benchmarking costs and performance.
8. In this regard it is important that members consider how they might benchmark the councils historic and current costs before engaging in the cost and savings exercise during quarter 2 of the next financial year.
9. As ever, members need to be reminded that your budget includes, as income, the moneys due from the Berwick Corporation (Freemens Trust) and needs to be reviewed throughout the year in line with your Financial Regulations.

Recommendations

1. Members are invited to approve the proposed budget, and
2. To delegate to your Responsible Financial Officer / Interim Town Clerk authority to complete the necessary forms requesting the levy of £256,020 to Northumberland County Council.

Attachment A

Your Ref:

Our Ref:

Enquiries to: Andy Stewart

Email: Andy.Stewart@northumberland.gov.uk

Direct Line: (01670) 622161

Date: 26th October 2016

Dear Parish / Town Clerk

Local Government Finance Act 1992: Parish Precepts and Council Tax 2017-18

In accordance with the above act, I write to ask you formally for your Council's precept requirement for the financial year 2017-18.

Council colleagues from Highways and Neighbourhood Services will contact Parish and Town councils directly where there are issues relating to special expenses. Special expenses will need to be taken into account when you are setting your precept.

For information and to aid you in the process your indicative 2017-18 tax base is detailed in the attachment. Please note this tax base incorporates a reduction of 1.2% for non-collection, previously 1.8%.

The tax base is due to be approved by Cabinet on 6 December 2016. If any change is made to the tax base at the meeting of the Cabinet I will inform you in writing by 13 December.

Please enter the total amount of your precept on the enclosed form, which should be signed by an authorised officer of your Council.

The County Council has sought to allow as much flexibility as possible in terms of timescale for this exercise. Although the legislation allows a deadline for notification of the precept of the end of March, given the preparatory work needed I should be grateful if you would return the form by **Friday 27 January 2017**. This allows time for the council tax calculations to be prepared and included in the County Council agenda papers.

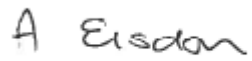
If you prefer, a scanned signed copy of the form can be emailed to: Kyle.Reardon@northumberland.gov.uk

Councils whose precept will exceed **£140,000** are required to provide a breakdown of expenditure and income for inclusion with the Council Tax leaflet for 2017-18 and if this is the case I should be grateful if you would complete and return the attached form, either by post or e-mail.

If the form is returned by 27 January 2017 and the County Council is able to set the Council Tax for your area at its meeting on 22 February, fifty per cent of the precept will be paid by 30 April 2017 and the remainder by 30 September 2017.

If you wish to discuss this matter further please do not hesitate to contact Andy Stewart on (01670) 622161.

Yours sincerely

A handwritten signature in black ink that reads "A Elsdon". The signature is written in a cursive, slightly slanted style.

Alison Elsdon

Director of Corporate Resources

Attachment B

Draft Budget

1. Council is invited to note that it waived its own Financial Regulations to enable it to delay the receipt of a draft budget until this meeting.
2. Council is also invited to note that the receipt of this report is preceded in the order of business by growth items brought forward by the Interim Clerk, in the interests of efficiency, and by elected members wishing to promote schemes of benefit to the whole of Berwick.
3. Members are invited to note that no formal indication has been given to your clerk as to the basis on which a budget should be prepared, save that members indicated assent, but did not formally resolve, to accept the Interim Clerk's proposal that the budget should be broadly neutral.
4. Members are invited to note that the council will face cost pressures in 2017-18, which may include increased energy prices due to changing exchange rates, incremental drift on some salaries, and the continued lack of an agreed Investment Policy or any significant contribution to income from bank interest. This means that any proposal to deliver a broadly neutral budget would require savings which have not currently been identified.

Reserves Policy

5. Council is invited to note the spreadsheets circulated separately. This budget has been prepared, on the advice of the External Auditor, on the basis that the budget should include all the council's income, including monies received from the Freemen of Berwick, and that the council's Medium Term Financial Plan should include an estimate for the income from the Freemen calculated on the basis of the recent trend for receipts.
6. Members have to decide the level at which they wish to fix their reserves. The level of reserves indicated in the MTFP attached includes the anticipated receipts from the Freemen of Berwick for financial year 2016-17.
7. The level of operating reserves is a matter for elected members to decide, after receiving appropriate advice.
8. There are currently undocumented risks concerning staffing matters and the poor state of the council's records and accounts that mean it is inadvisable to set the council's reserves at the lower level normally anticipated by a council of this size (20% of budget).
9. There is also the issue of the variable nature of the surplus received as income from the Freemen of Berwick; while it is probable that there has only been one year in the last 16 where no surplus has been paid, (suggested by an email from 2008 stored in the councils files) it is by no means guaranteed that the amount will remain the same each year.
10. For those reasons it is advisable to set the level of operating reserve at the very highest that can be justified, 50% of budget, subject to an agreement that the level of reserves will be decreased year on year as the result of continued work to quantify risks and clarify the basis on which the council makes provision for reserves. In the first instance this should include, in quarter 1 2017, a review of all projects that may or may not have had money set aside for their future delivery.

Growth Items

11. Growth items not identified elsewhere include play area maintenance and inspection, which is a health and safety requirement, and future provision of play area refurbishment and maintenance. It is your officers' view that these costs should be separated from the cost of providing Local Services Officers under the existing agreement with NCC so that the cost of providing play parks is clearly reported.
12. The draft budget has been drawn up, after consultation, with a specification for Local Services Officers under a revised arrangement which sees NCC bear the risks of staff sickness and absenteeism. The cost increases under substantially to £53,155 but addresses elected members concerns about absenteeism and the degree to which risks will be distributed.
13. A further growth area is communications and engagement. Council has no budget for engagement or communications. Council has no data on how its services are perceived by the public, and no mechanism for gathering it. This is particularly relevant to environmental services and play areas. It is therefore proposed to create a budget line for communications and engagement to allow £300 for the purchase of a licence for Survey Monkey software, and £1200 for the cost of hiring photographers to document council activities and events for press releases – which will also help create a photo library that can be used to promote tourism. A further report on this process, if approved, will follow.
14. Council does not know what the Hoey report will recommend with regards to staffing levels. Council has proposals for growth in staffing from Cllr Goodyer. It is recommended that £30K be included in the budget to allow for any recommendations from the Hoey report to be considered.

Budget

15. The draft budget spreadsheet separately circulated with these papers indicates a budget broadly likely to break even; bearing in mind that council should not set a deficit budget due to recurring costs without identifying how the deficit will be addressed in subsequent years, council is recommended to accept a draft budget indicating an increase in precept of no more than 2%.
16. The difficulties of providing a draft budget without clarity as to proposed savings and growth items, and costs / savings quantified, makes clear that council should consider resolving to receive, no later than September each year, a growth and savings report intended to inform the subsequent budget process.

Recommendations

1. That council resolve either
 - a. To accept a draft budget indicating an increase in precept of 2%
 - b. To require the final budget to have no requirement for an increase in precept, or
 - c. To resolve what other level of increase or decrease in budget is acceptable to council.
2. To resolve to set the level of operating reserve at 50% of budget, subject to an agreement that the level of reserves will be reviewed year on year with an intention to decrease them.
3. To receive by 30th September each year a growth and savings report intended to inform the budget process.