

Agenda item 4

For decision - Work programme, budget and precept demand for 2020/21

Authors: Sarah Williams, Business Manager, Peter Wheelhouse, Deputy Town Clerk and Paul Wynne, Town Clerk

Summary

This report is in three parts. Firstly, it considers the proposed work programme for 2021/22; secondly, some minor proposed changes to the staff body; and thirdly, the budget required to deliver the work programme along with the precept demand. The proposed precept of £1,802,305 represents an increase of 33p a week on the current year for Band D properties, although 76 percent of households in Frome will pay less.

These documents were sent to Cllrs in draft form in early December and amendments have been made following feedback from them.

It is recommended that Council approves these and with them, the annual precept demand.

1. Introduction

At the outset, it is important to note that the work programme is a fluid document and can flex through the year. The coming year is likely to be as uncertain as the current year and we have built into the work programme and the budget this flexibility so we can react when need be.

So we can react to emergencies and opportunities as they arise over the course of the year, we are able to cancel, postpone and add elements to the work programme. There are also some projects in the work programme that might need a little more discussion in the months ahead before a decision is made whether to progress them.

The staff body is flexible too. As we have shown in the past year, we can and will redeploy staff where necessary in the months to come.

If we need to resource a new area of work, we can. Cllrs will know that moving budgets from one area to another is done quite regularly. Our external and internal auditors have also advised us to plan for uncertainties resulting from the Covid-19 pandemic and we propose to establish a Covid contingency budget. To enable us to react positively to unforeseen issues and opportunities we also propose to increase the amount in the New Projects earmarked reserve.

In short, for 2021/22, the work programme, the staff body and the budget can flex as and when need be.

While staff will be on hand to answer questions on the night, it would be appreciated if Cllrs could raise specific points with staff prior to the Council meeting. The presentation at the meeting will focus on areas of work and examples of projects that meet the priorities identified in the Strategy.

2. The Work Programme for 2021/22

Peter Wheelhouse will present the highlights in the work programme at the meeting.

The Town Council Strategy 2019-2023 was approved in November 2019. The priorities identified in the Strategy and what we have heard since from councillors and the community are reflected in next year's work programme. This is the [second annual work programme and associated budget](#) is here. Following requests from some Cllrs, the layout of the work programme has changed since last year so that the work programme and the budget are in one document. Following discussion and feedback, we have tweaked the work programme sent to Cllrs in December.

The work programme is a big document containing a lot of detail. It has been drafted by the Management Group and is endorsed by the Town Clerk and the Deputy Town Clerk. It is divided by subject area and then each line represents an area of work. When a budget is required to deliver an area of work or project, this budget is next to that item. Where there is no budget, the area of work will take staff time only.

3. Staff chart

Not including the Town Clerk and the Deputy Town Clerk, FTC has three groups of staff: managers, officers and rangers/administrative staff. All our staff are highly competent. The difference between the three groups relates to the responsibilities of the posts (including line management and budget responsibilities).

We are committed to training and development. Our training budget is adequate. Being a small organisation the opportunities for staff progression are limited. Even so, staff turnover is very low which hopefully indicates that the staff enjoy their work. We have worked hard to ensure those staff who are currently working from home have the necessary equipment to work well and safely.

The [proposed staff chart is here](#). It represents the current situation and only two new posts are proposed (these are shaded in orange on the staff chart): a Kickstart Apprentice Ranger which will be almost budgetary neutral and a Climate Action Researcher that is wholly funded by The National Lottery grant.

It's important to note that Cllrs are considering whether to make the following posts permanent. It is not appropriate to discuss the members of staff in a public meeting.

There are three posts that are currently temporary – these are shaded in red on the chart. It is proposed to make these posts permanent.

Earlier in the year, we decided to redeploy one of the two half time Children and Young People's Project Officers (one full time equivalent) to support the expansion of neighbourhood networks. This neighbourhood network post received support from the National Lottery, and we have been encouraged to apply again. If we are successful, the grant will heavily subsidise this role. But this isn't guaranteed and, given the increasing importance of developing

neighbourhood networks, it is proposed to underwrite the cost of this post and make it permanent.

Similarly, two years ago, we managed to secure part funding from MDC and SCC for the children and young people post but this funding was not secured for the second year and the contracts end in the summer. We did not backfill the redeployment earlier in the current year as the lockdown meant there was less work. We expect the demand to rise significantly in the new financial year as movement restrictions begin to be lifted. As a result, the importance of this post will increase, and the proposal is to make this post permanent.

Lastly, the Marketing and Comms Officer post is currently two days permanent and three days temporary until the end of March 2021. Keeping our community informed via social media, news media and the many updates we publish has never been more important and making this post permanent is crucial.

Cllrs will note that it has not been possible to recruit the Business Administration Apprentice in the current year. We hope to be able to do this in 2021/22 so long as staff are back working in the Town Hall, otherwise we would be concerned that we would not be treating the postholder fairly in what would probably be their first job. We have allocated sufficient budget to cover the cost of this post for the second six months of the coming year.

So long as the proposals above are agreed, the proposed staff body, as described in the staff chart, is able to deliver the proposed work programme

4. Budget and precept demand for 2021/22

This part of the report explains the components of the expenditure budget and the income required to match it. This includes the proposed precept amount.

The first section discusses the various parts of the expenditure budget. The second section discusses how it is proposed to match expenditure with income. The third section is about managing risk and the fourth section is the recommendations.

4.1. Total budgeted expenditure for 2021/22

Each year, the budget planning starts with a clean sheet. Known or very firm costs are added in, followed by costs required to deliver the work programme. These are discussed within the Management Group.

The [proposed line by line budget for 2021/22 is here](#). Please contact the Business Manager in advance of the meeting if there are any questions about the detail.

Cllrs received a draft budget for 2021/22 in December. The proposed budget tabled then has been refined to reflect discussions and to incorporate the latest year end forecast.

The expenditure required to deliver the work programme for 2021/22 is £2,021,812. It is proposed that this sum is subsidised by budgeted income and the use of general reserves resulting in a precept demand of £1,805,305. It does factor in an amount to cover a 2021/22

nationally agreed pay settlement up to 1.25% although that is currently expected to be zero. The salary budgets also include a one spinal point increase for staff who are not at the top of their scale and is dependent on them delivering their objectives for the previous year.

Once total expenditure is calculated, total income is considered. It is paramount at the start of the new financial year that budgeted expenditure equates to budgeted income.

4.2. Total budgeted income for 2021/22

Income for 2021/22 comes from three different sources:

		Total income 2021/22
a	Precept (from Council tax payers in Frome)	£1,802,305
b	Income from room hire, rents, grants and investments	£151,417
c	General Reserves	£68,090
	Total (matching total expenditure)	£2,021,812

4.2.1. Income from the precept

The precept is the amount we receive from Council Taxpayers in Frome. It is usually discussed in terms of the amount a Band D household in Frome will pay. Banding is based on the value of a property; the range goes from Band A (lowest) to Band H (highest). In 2020/21 Frome Town Council's portion of the annual council tax bill in Band D was £184.65. To enable FTC to deliver the proposed work programme the 2021/22 precept proposed is £1,802,305 which increases the annual amount paid by a Band D household by £17.36 to £202.01. This equates to a weekly increase of 33p. 76 per cent of Frome households will pay less than this as they are in Bands A to C. In addition, approximately 28 percent of the 12,768 households in Frome pay a further reduced amount. This is because they are single occupant households, students and/or are receiving benefits.

During the 2020/21 year, all staff and resources were frequently re-deployed in response to the coronavirus pandemic and this has affected the progress of some aspects of the work programme. Unbudgeted costs of £90k also arose from the pandemic and while we used our surplus general reserves, we were supported with a £35k grant from Mendip District Council.

For 2021/22 we have been instructed by the government through our auditors, to ensure that we consider the pandemic continuing through 2021/22 and to reflect this in our budgeting.

We are therefore proposing to subsidise the 2021/22 work programme with some of the unspent project funds from 2020/21 and to not build up reserves over and above those held at April 2020. This will keep the precept demand and the amount residents pay through their Council Tax to Frome Town Council, to the lowest possible figure that will also maintain an ambitious and supportive work programme for the town.

4.2.2. Income from investments, sales, PV panels, rents and room hire

Budgeted income during 2021/22	£151,417
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Of which:	
a. Investments, grants and Discover Frome sales	£16,037
b. Lotto Climate Action Fund grant – Green & Healthy Futures	£63,266
c. Room hire and rental income from Frome Town Hall	£62,039
d. PV panels	£7,500
e. Victoria Park Café rent	£2,575

4.2.3. The General Reserve

The General Reserve is for unplanned and emergency expenditure. The Council's Financial Regulations currently say that a prudent reserve should be £180k although this figure was set some years ago. If we contribute £68k reserves from 2020/21 towards 2021/22's revenue expenditure, it is currently forecast that at 1 April 2021 the General Reserve will be £224k (£14k less than at the same time the previous year). Given the continuing uncertainty in the year ahead it is proposed to again retain the General Reserve at the slightly higher sum. The size of the General Reserve referred to in the Financial Regulations will be discussed at a future meeting of the Council Matters Committee.

4.2.4. Income from spent Earmarked Reserves (EMR)

EMRs are amounts that have been established – sometimes over several years – to pay for specific projects. For example, we add to an Elections EMR annually to cover the costs of the next Elections (2023). EMRs are also created when budgeted work is postponed from one year to the next. This year we are proposing to create or to add to the following EMRs to enable delayed work from 20/21 projects to be carried out in 2021/22 without affecting the budgeted expenditure.

The following additional EMRs are required to be approved for 2021/22:

Description	Amount	Budget code
New Project Opportunities	£47,500	EMR 358
Play equipment	£10,000	EMR 334
Victoria Park Toilets refurbishment	£12,000	EMR 326
Vehicle replacement	£12,724	EMR New
CCTV – joint arrangement with MDC – accrual for 20/21	£9,919	EMR New
C&G insurance contribution to MDC – accrual for 20/21	£3,307	EMR New
Town Hall Decarbonisation grant match funding	£13,000	EMR 400
St Catherine's Trading area EMR	£975	EMR New
Elections 2023 EMR	£4,750	EMR 320
Discover Frome - App development	£2,000	EMR 390
Database/CRM+ project	£5,000	EMR 396

4.3. *Managing risk*

There are some things that we cannot plan for but need to pay for such as emergency works required on the Town Hall or trees falling over in a storm. In the coming year we will be exposed to more risk than normal and we need to have a little more flexibility in our General Reserve. This is why we again propose to retain a forecast £224k rather than £180k from 1 April 2021.

There will always be other risks and uncertainties that need to be assessed and built into budgets. For example, a project cost might over run demanding increased expenditure and new unplanned projects, or areas of work may arise. These risks need to be managed as far as possible. We can control our expenditure through the year and cut back in other areas if need be. The risk around expenditure can therefore be managed. Similarly, our income streams are reasonably firm. Beyond emergencies, however, the highest risk we will be managing is around the income from the Town Hall and based on our experiences over the past months we have been as thorough as we can be in calculating the income budget.

Recommendations

1. Note that it is impossible to plan ahead for 2021/22 with complete certainty, especially during the ongoing Covid-19 pandemic, and that the work programme for 2021/22 can be amended by Council if need be.
2. Approve the work programme for 2021/22.
3. Note there is sufficient budget allocation to cover forecast staff costs
4. Approve the proposed staff structure for 2021/22
5. Approve the additional forecast Earmarked Reserves at 1 April 2021
6. Approve the forecast General Reserve of est. £224k at 1 April 2021
7. Approve the precept demand of £1,802,305