



DISS TOWN COUNCIL

Council Offices, 11-12 Market Hill,
Diss, Norfolk, IP22 4JZ.
Telephone & Fax: (01379) 643848
Email: towncouncil@diss.gov.uk
Website: www.diss.gov.uk

Report Number:
15 /1920

Report to:	Executive Committee
Date of Meeting:	9 th October 2019
Authorship:	Town Clerk / Responsible Finance Officer
Subject:	Budget Setting

Introduction

1. The preparation of an annual budget is one of the key statutory tasks undertaken by the Council.
2. The process usually starts in October with the final precept demand being sent to South Norfolk District Council by mid-January. This means that there will be several opportunities to review the budget before the 8th January meeting when Full Council approve said budget.
3. The keys stages in the budgeting process are; review of current year budget and spending; determine the cost of spending plans; assess levels of anticipated income; provide for contingencies and the need for reserves; approve the budget; set the precept.
4. The Executive committee is responsible for working with committees to develop the Council's annual budget recommendations that considers required resources to deliver key objectives, for approval by Council.
5. It is expected that the committees consider the relevant expenditure and income streams relevant to their committee to inform this process.
6. The aim of this first Executive meeting is to consider key principles, which will determine the budget setting process.
7. Please note that the Council's new Responsible Finance Officer started on 1st October and will be learning the process.

Key Principle 1 – Earmarked Reserves

8. Earmarked Reserves (E/R) is currently separated into 48 different allocations (see Appendix A). In practice, it is often the case where Council must dip into more than one pot, which has insufficient funds to cover costs.
9. Having sought advice from the Council's Internal Auditor, the Council is legally able to arrange its E/R as it wishes providing any changes are reported to Council and minuted accordingly. It is therefore recommended that the E/R list is simplified into fewer pots as per the Council's new Responsible Finance Officer's proposal (to be tabled).

Key Principle 2 – Staffing Costs

10. Total staffing costs for the Council in 2018-19 were £301,781, which was 51% of the total budget (i.e. income & precept).

11. There is a view that Council should be considering a principle of setting a maximum staffing budget that relates to a percentage figure of the total budget. However, the following factors would make this difficult to determine:
 - a. Unknown cost of living increases
 - b. Government's proposed National Living Wage Minimum wage increases of up to £10.50 per hour within the next five years (this would apply to 8/12 members of existing staff)
 - c. Cover for potential long-term staff sickness, absence or statutory entitlements
 - d. Expected Income & Expenditure
12. It is estimated that the total staffing costs for 2019-20 is £278,470 (43% of total budget). If the Council were to utilise the additional staffing contingency fund, total staffing cost would rise to £288,470 (45% of the total budget).
13. In future years, with all existing staff at the top of their pay scales (which would occur over the next six years), staffing costs would total £288,164 (45% of total budget) or £298,164 / 46% including the staffing contingency fund. This is based on existing income and expenditure levels.
14. Research into the staffing costs of other similar sized Town Councils suggest that the range of staffing costs varies between 40 & 70% of total budget.

Key Principle 3 – Community Grant Scheme

15. This financial year (2019/20), the Council allocated £20k to its Community Grant Scheme. This has historically been made up of the following awards:

Diss Museum	£4k
Citizens Advice Bureau	£3k
Borderhoppa Community Bus	£1k
Corn Hall	£6.5k
Diss Youth Group	£4k
Heritage Triangle Trust	£0.5k
General Grants	£1k
Total	£20k

16. Please note that as owner of the Corn Hall, the Council allocates £11k per year to maintain the building (including insurance) and there is £6k in Earmarked Reserves.
17. In addition to the above, the Council allocates £2,500 to its two key events; Diss Carnival (£1,250) & Christmas Lights Switch-On (£1,250). The Carnival committee excelled at generating income not only to cover its costs this year but to make a significant surplus, which will be reinvested into future events.
18. Each grant recipient has been asked to complete a grant monitoring form to assess the effectiveness of the awards to inform this budgeting process. Two of the six forms have been received to date. A reminder will go out to the remaining organisations to request the information by mid-October in order to allow enough time to review the forms and a proposal put forward to the November meeting of this committee.
19. As well as the organisations to whom we currently award grants, there are many other organisations and groups in Diss doing valuable work who may benefit from the Town Council's grant scheme.

Key Principle 4 – Councillor Allowances

20. Councillors are currently entitled to an allowance of £143 per year. Last year only 6/13 chose to receive the award. The Town Mayor received £382 to reflect the additional workload.
21. As a good employer, the Council should be considering the efforts of its councillors as volunteers to their community.

22. It is proposed that research is undertaken to assess the councillor allowances of other similar sized Town Councils and that consideration is given towards increasing the allowance of the Council Leader and reviewing that of the Chairs also given their higher workloads.

Key principle 5 – Publicity

23. It is proposed that we achieve greater involvement from Diss residents in the budget setting process than in previous years.
24. Most of the services that the Council provides are determined by its assets, which the Council has a responsibility to maintain. Most of the powers the Council has under different acts of Parliament are discretionary, i.e. a Council may do something, rather than it must do something. There is therefore some flexibility around what services the Council provides and which additional projects it undertakes.
25. It is proposed that the public are consulted during the budgeting process to determine top priority projects to take forward. This consultation should cover a range of communications channels to reach the widest audience.

<p>Recommendation(s)</p>	<p>1. Simplify the Earmarked Reserves list into fewer allocations (Appendix B)</p> <p>2. To appoint Chairs of Committees, the Council Leader and a councillor with finance knowledge to a Budget Action Group to work alongside the Responsible Finance Officer and Clerk to review the current year budget, determine spending plans and assess levels of anticipated income including a review of the completed grant monitoring forms and publicity plan with proposals to be presented to a future meeting.</p> <p>3. That the Responsible Finance Officer investigates the councillor allowances of other similar sized Town Councils for review at a future meeting.</p>
---------------------------------	--