

BUDGET REPORT – JANUARY 2025

The Finance committee met in December to review the draft budget. At that meeting, the committee recommended that an increase of 4.35% be applied to the Council’s precept request, meaning a notional Band D property would provide £4.63 more into the Council’s budget. The Town Council’s portion of the Council Tax would therefore rise to £110.99, for a notional Band D property. The effect on each band is shown in the table below.

Band	Ratio	Ratio as %	Previous Year 2024-25 NTC	Annual increase 2025-26 NTC	estimated 2025-26 NTC bill	
					annual	monthly (12)
A	6/9	67%	£ 71.26	£ 3.10	£ 74.36	£ 6.20
B	7/9	78%	£ 82.96	£ 3.61	£ 86.57	£ 7.21
C	8/9	89%	£ 94.66	£ 4.12	£ 98.78	£ 8.23
D	9/9	100%	£ 106.36	£ 4.63	£ 110.99	£ 9.25
E	11/9	122%	£ 129.76	£ 5.65	£ 135.41	£ 11.28
F	13/9	144%	£ 153.16	£ 6.67	£ 159.82	£ 13.32
G	15/9	167%	£ 177.62	£ 7.73	£ 185.35	£ 15.45
H	18/9	200%	£ 212.72	£ 9.26	£ 221.98	£ 18.50

Should this recommended rise be applied, the precept for 2025-26 would therefore be **£644,337**, an increase of £76,505 over the £567,832 applied in 2024-25. In the same period, the Town Council has seen an increase in the tax base¹ of 466.66, up from 5,338.76 in 2024-25 to 5,805.42 in 2025-26.

This increase is significantly more than the Council’s more normal increase between 150 and 180. The larger increase is due, in the most part, to the application of a 100% premium (additional levy) on those properties defined as second homes on the Council Tax register.²

Should second homes become main residences or holiday let businesses, the tax base increase would fall (or even decrease) in the future, necessitating greater rises in the precept to maintain the Council’s budget.

For context, two other possible increases have been calculated, a rise matching the November 2024 CPI inflation figure (2.6%) and one provides a General Project cost centre of £45,000 (General project and unallocated reserve funds in 2024-25 totalled £43,462).

A 2.6%, inflation matching increase would mean a precept of **£633,537**. The increase for a notional Band D property would be £2.77 per year, giving a table as presented overleaf.

¹ The notional number of Band D properties in the area.

Notes - the Council area registered second homes in 2022 =	441
the Council area registered second homes in 2024 =	462
gross movement was 552 properties. 462 (83%) are 2nd homes with 100% levy	83%

Band	Ratio	Ratio as %	Previous Year 2024-25 NTC	Annual increase 2025-26 NTC	estimated 2025-26 NTC bill	
					annual	monthly (12)
A	6/9	67%	£ 71.26	£ 1.85	£ 73.12	£ 6.09
B	7/9	78%	£ 82.96	£ 2.16	£ 85.12	£ 7.09
C	8/9	89%	£ 94.66	£ 2.46	£ 97.12	£ 8.09
D	9/9	100%	£ 106.36	£ 2.77	£ 109.13	£ 9.09
E	11/9	122%	£ 129.76	£ 3.38	£ 133.14	£ 11.09
F	13/9	144%	£ 153.16	£ 3.99	£ 157.15	£ 13.10
G	15/9	167%	£ 177.62	£ 4.62	£ 182.24	£ 15.19
H	18/9	200%	£ 212.72	£ 5.54	£ 218.26	£ 18.19

A 5.16% increase would allow the Council to include a figure of £45,000 in the General Projects cost centre. The figure for 2024-25 was £30,000 but there was a unallocated reserve of £13,462 in the budget, which the Town Clerk included in the General Projects cost centre when entering budget into the cashbook on Scribe. In this scenario, the precept would rise to £649,537, increasing a notional Band D property by £5.49 per year. The table for a 5.16% increase is below.

Band	Ratio	Ratio as %	Previous Year 2024-25 NTC	Annual increase 2025-26 NTC	estimated 2025-26 NTC bill	
					annual	monthly (12)
	6/9	67%	£ 71.26	£ 3.68	£ 74.94	£ 6.24
	7/9	78%	£ 82.96	£ 4.28	£ 87.24	£ 7.27
	8/9	89%	£ 94.66	£ 4.89	£ 99.55	£ 8.30
	9/9	100%	£ 106.36	£ 5.49	£ 111.85	£ 9.32
	11/9	122%	£ 129.76	£ 6.70	£ 136.46	£ 11.37
	13/9	144%	£ 153.16	£ 7.91	£ 161.06	£ 13.42
	15/9	167%	£ 177.62	£ 9.17	£ 186.79	£ 15.57
	18/9	200%	£ 212.72	£ 10.98	£ 223.70	£ 18.64

Budget detail

The Finance committee agreed to a re-organisation of the Council's cost centres, which have been applied to the budget table. These changes are to align the budget with the requirements of annual reporting and audit, and the Council's operational areas. In future years, funds unspent in a cost centre will be carried into the next financial year. The following pages explain the budget as it is presented on the attached budget table.

Anticipated bank balances at the end of 2024-25 are a total of £246,250, made up as follows:

Co-op (current account)	£ 55,000
Nationwide	£ 93,000
Cambs & County	£ 93,000
Cambs BS (Tennis)	£ 5,250

Receipts

The Council has three deposit accounts, two will earn an anticipated interest receipt of £30 per month each. The Bank of England (BoE) has not reduced interest rates yet but this may decrease if the BoE does reduce base rates. The estimate is therefore rounded down by approx. £10 per month in each case.

The third deposit account is the 'sinking fund' for the Council's tennis courts in Westward Ho!

The Council also has a number of services that it provides for the community. Those that are directly linked to a cost centre have had their income applied to that cost centre. The remaining are:

Boat Park: The Council raises £1,300 letting spaces in its boat park on Appledore Quay.

Gig Clubs: The Council lets two Gig Clubs store gig boats on its land, one at the carpark adjacent to the Seagate Hotel and one on the Boat Park on The Quay. The combined income is £2,250.

Car park lease: The Council leases the car park adjacent to the Seagate Hotel to that hotel, raising £5,000 per annum.

Grass cutting: The Council is granted £4,846 by Devon County Council to cut the verges across the whole of the Parish. Maps of the extent of the cutting are available to view – please ask the Town Clerk. The Council also cuts the verges for Abbotsham Parish Council (7 cuts a year), for which it receives £2,772.

Staff costs

The anticipated salary total in 2025-26 is £347,712. This includes a full settlement of the increase the Unions have been requesting for the last two years (10%) and a 3% overtime payment for all staff. To ensure eventualities are covered, the amount was rounded up to £350,000.

The Council receives a £7,000 payment from the Northam Burrows Charity each year. This is to cover the cost of staff administering the Northam Burrows Manor Passes. It could be that VAT is applied to this in the future (the Town Clerk is seeking advice on how to best approach this).

£10,000 is included for training. Two members of the maintenance team have not received the full suite of training and this will be addressed in 2025-26. The Town Clerk has had his attendance of the second (and final) year of the CertHE Community Governance approved, a cost of £3,400 plus travel and accommodation. He, and all other members of the administrative and managerial staff team will be training and attend webinars etc to maintain and improve their knowledge and skills.

The table overleaf presents the anticipated salary costs.

Staff costs for budget 2025-26

2025-26 (2024-25 rate presented)	Anticipated Union Salary request 2025-26	2025-26		Annual			Monthly totals			
		Possible FTE Salary*	plus overtime at 3% (ave. 5 hrs/month)	Estimated total salary	NI NTC Con	NEST NTC Cont	Gross pay	NI NTC Cont	NEST NTC Cont	Total from NTC
£ 274,041	10%	£ 301,445	£ 310,488	£ 288,063	£ 36,459	£ 23,190	£24,005	£ 3,038	£ 1,933	£28,976
Annual anticipated total				£288,063 + £36,459 + £23,190			£ 347,712			
Staff recharge to Burrows Charity							£ 7,000			
Payroll budget to fund							£ 340,712			
Suggested budget							£ 341,000			
Staff costs budget 2024-25							£ 340,000			
Increase on 2024-25							0.29% £ 1,000			

Public Works Loan Board (PWLB) (outgoings of £16,620 anticipated)

The Council requires £16,620 to service its three PWLB loans. These are broken down as follows:

PWLB 1	Northam Hall	£8,400		June 2008 to June 2033 at 5.33% interest (EIP)
PWLB 2	Westward Ho! Park tranche 1	£3,500		June 2021 to June 2070 at 2.37% interest (Annuity)
PWLB 3	Westward Ho! Park tranche 2	£4,720		May 2021 to May 2070 at 2.83% interest (Annuity)
	sub-total		£16,620	

Grants

Have been explored in detail previously at this meeting.

Administration

Staff costs have been excised from this budget this year. Work at the Town Hall (which the Council occupies but does not own) is included in this cost centre.

Members

Member's allowances (paid to all elected members) are considered 'income' for the purposes of HMRC, so are subject to the increased NI payments from April 2025. All members (elected or co-opted) may claim travel and other expenses associated with being Councillors.

The Council resolved to refresh the Mayor's Chain. The regalia specialist the Council uses for this work has estimated the cost of the below detailed work to be approximately £2,600. The Town Clerk also recommends a fund is built up for future work and has allocated a £450 pot for this first year.

MAYORAL CHAIN RECONFIGURATION

On customer's Sterling silver gilt Mayoral double chain on velvet backing. Remove 7 oldest links from back outside row (1966 to 1972-73/1975-74) and fit these into the single chain as an inner front row and include connecting rings to fit to the existing links.

Produce 6 new links (P893 fancy shape size 35mm x 33mm), complete with connecting rings, polished hard gold-plated finish.

Fit these 6 and one of customer's own links into the back outside row on velvet backing.

A fund is included for a Beadle, as has habitually been the case even though there is currently no active Beadle for Northam TC. As a comparison, Barnstaple's Beadle receives an honorarium of approximately £1,000 plus travel expenses.

Elections

The Town Council pays the cost of any elections for its membership. These range from a nominal cost when there is an uncontested election at the scheduled time to approximately £11,500 for a contested Northam Ward by-election. The 2024 elections cost the Council approximately £22,800. The normally scheduled May 2027 election could cost the Council in the region of £15,000 (assuming cost increases at TDC). There are two financial years until that election (2025-26 and 2026-27), the Town Clerk therefore has included enough to meet that anticipated cost.

Twinning

The Town Clerk has reviewed the amounts allocated to Twinning by this Council historically. Applying the Bank of England's inflation calculator to the figures from the 1970s and 80s, when the Council and Twinning Group were active, the annual budget would now be just over £2,400. That figure is therefore included in the budget.

Council machinery and equipment

This is a new cost centre, taking elements of the previous cost centres *General Council Equipment Various* and *Town Projects and asset Management* that related directly to Council tools, equipment and machinery.

Broadly, the cost centre identifies costs for the Council's three trucks (other than insurance), large machinery and their maintenance, tools and equipment, and PPE and workwear. Fuel for trucks and machinery is combined.

The Environment & Maintenance Committee has recommended the Council purchase a two-wheel tractor (along with a rotating weed removal head and a mowing head) to support the functions of the Maintenance Team, at a cost of £20,000. This has been included.

Planning and Development

This cost Centre aligns with the Council's work relating to Planning and its Neighbourhood Plan, including a fund for public events, if needed.

ICT

A new cost centre holding all the Council's IT and communication technology costs.

Human Resources

The costs associated with the Council's HR functions. Note that this also includes H&S advice under the current contract.

Parks and Recreation

A new cost centre aligned with the work of the Council's committee of the same name. Funds are included towards the replacement of pieces of play equipment in each park. The income related to the Council's two allotment sites is included within this cost centre, a total of £1,300.

Environment and Maintenance

A new cost centre aligned with the work of the Council's committee of the same name. A fund for robust outdoor water bottle filling points is included, grants of up to 50% are available but figure is for 3 units with 25% grant received.

The Council now has six defibrillators across the Parish. A fund is included toward the cost of replacement of their batteries at the end of their lifespan (4 years) the oldest.

Tennis courts

A new cost centre, specifically aligned to the operation of the tennis courts (other than events). This cost centre is anticipated to operate at a surplus however, all excess funds will be passed to an earmarked reserve at the end of the financial year (the amount identified as an earmarked reserve is currently and will continue to be held in the Cambridge Building society, as resolved by the Finance Committee (minute 2410/327). Significant excess can be diverted to the Parks and Recreation cost centre. t. The LTA advise £1,200 per court to be carried for ongoing maintenance of the courts. A breakdown of the requirements has been provided.

Notice Boards

The Environment and Maintenance committee, when resolving to replace the two oldest most rotten noticeboards earlier in 2024-25, recommended that the other two old wooden boards be replaced in the coming financial year (minute 2410/307, p98). A number of Councillors have requested that this Council seek to install a noticeboard outside the Town Hall for all Council notices. A fund for this has also been included.

Northam Hall

This cost centre is anticipated to operate at a small surplus. The cost centre includes a 'large project reserve' which carries £30,000 from this financial year and could be used to extend the solar PV cell coverage (with increased battery capacity), insulate the roof, replacing the boiler with a more economical alternative etc. Any funds unspent in this code will be carried into the next financial year. A small amount for a notice board to publicise classes and events at Northam Hall is also included – the Hall had a notice board until over 4 years ago, when the board and legs rotten. Hall users and members of the public have been asking for such an information board since the Town Clerk has been an officer at this council.

Pavilion and CPT

A new cost centre, reflecting the basic costs of operating the building. It includes a sub-cost centre for the Changing Places Toilet, which is currently directly connected to and associated with the pavilion.

A resolution by Full Council has requested that future plans for the pavilion building are actively considered. Funds have been included to engage professionals to assist with this, if necessary and for large pieces of work, such as repair of the roof.

Community Centre Toilet

The council provides a public (accessible) toilet behind the Community Centre on Fore St in Northam. Its costs are presented as a separate cost centre.

Insurances

All Council insurance costs have been included in this new cost centre.

Community

A new cost centre extending the May Fair cost centre to include other Council events (other than those directly related to the Mayoral, Civic or Twinning functions). The May Fair budget has been reduced from £10,500 in 2024-25 to £7,500. The May Fair, being early in the financial year, has recorded activity in two financial years. That makes it slightly more complex to report but the income/expenditure cost will be presented to the Finance Committee once all items have been recorded in the accounts, normally in the summer.

Funds for other events (to be confirmed), for tennis court & CPT 'opening' and for tennis camps are also included. The tennis camps were very popular in August 2024, with children from across the Parish attending. There are plans to work with ARC to provide tennis camps again in 2025 (detail to be agreed).

Funds for Youth services continues to be included. The amount assigned in 2024-25 was a £10,000 earmark. This has been carried forward and further funds added.

The fund for newsletters has been increased to reflect the increased cost of production and distribution. It also includes costs of other communication, which could be newspaper/radio advertising etc.

General Projects

The final cost centre is included in the arithmetical table at the bottom of the budget sheet. The Town Clerk has flexed this cost centre up and down to vary the required precept. As has been previously stated, in 2024-25, this cost centre was boosted by an 'unallocated reserve' of £13,642 that was included in the agreed budget, giving a total of £43,642. When the Finance committee considered the draft budget, the number of projects that could call on this fund was noted as wide and numerous. The recommended precept increase provides a £45,642 for this cost centre, an increase of 4.5% on the previous year.

Budget calculation 2025-26			Recommended	Approx. inflation	Increased project fund
Earmarked reserves, inc.		(a)	£ 203,740	£ 203,740	£ 203,740
General reserves (JPAG advice is 3 months operating costs, NTC = £40,000)		(b)	£ 40,000	£ 40,000	£ 40,000
Total funds to be held in reserve		(c)=(a)+(b)	£ 243,740	£ 243,740	£ 243,740
Anticipated expenditure		(d)	£ 624,619	£ 624,619	£ 624,619
Cost Centre: General Projects			£ 45,642	£ 34,842	£ 50,642
Total required for 2024-25		(e)=(c)+(d)	£ 914,001	£ 903,201	£ 919,001
Less anticipated balance at 31-3-25	Co-op (current account)	£ 55,000	(f)	£ 245,897	£ 245,897
	Nationwide	£ 93,000			
	Cambs & County	£ 93,000			
	Cambs BS (Tennis)	£ 4,897			
Balance to fund		(g)=(e)-(f)	£ 668,104	£ 657,304	£ 673,104
Less anticipated receipts for 2024-25 (not in cost centres)		(h)	£ 23,767	£ 23,767	£ 23,767
Precept required		(i)=(g)-(h)	£ 644,337	£ 633,537	£ 649,337
Precept 2024-25 was		(x)	£ 567,832	£ 567,832	£ 567,832
Precept increase in funds received		(y)=(i)-(x)	£ 76,505	£ 65,705	£ 81,505
Precept increase % in funds received		(z)=((y)/(x))x100	13.47%	11.57%	14.35%
Precept requested			£644,337		
Taxbase 2024-25	5,338.76	2024-25 Band D rate	£106.36	£106.36	
Inflation on 31 Oct 24 (CPI)	2.60%				
Increase in tax base	466.66	Notes - the Council area registered second homes in 2022 =			441
2025-26 Taxbase	5,805.42	the Council area registered second homes in 2024 =			462
2025-26 Band D rate	£110.99	gross movement was 552 properties. 462 (83%) are 2nd			83%
Band D rate increase	£4.63	homes with 100% levy			
	4.35%	if all 2nd homes became main residences or holiday let businesses the tax base increase would fall in the future, necessitating greater rises to maintain the budget.			
Various possible increases	Precept	% increase in household Council Tax bills	Notes		
Recommended	£644,337	4.35%	allows a small amount of flexibility in the Council's finances to meet unforeseen		
Approimate Inflation increase	£633,537	2.60%	this increase is aligned to the 30th November2024 CPI inflation rate (2.6%) and could be significantly affected by any decrease in 2nd homes, so necessitating a greater increase in the future.		
Increased project fund	£649,337	5.16%	the extra funds allocated to the General Projects cost centre.		

Recommendation: The Council considers the budget, whether its contents meet the requirements of the operations and projects of the Council and identify the required precept to be levied in 2025-26.