

**TO:** All Town Councillors  
**FROM:** M.E.Thomas, Clerk

**SUBJECT:** Precept 2017-18  
**DATE:** 12 January 2017

**REPORT ON THE BUDGET PROPOSALS OF LAMPETER TOWN COUNCIL FOR THE FINANCIAL YEAR COMMENCING 1<sup>ST</sup> APRIL 2017 AND ENDING 31<sup>ST</sup> MARCH 2018**

**1. TERMS OF REFERENCE**

In order to plan ahead effectively for the forthcoming financial year, the Clerk, as financial Officer, was asked, to estimate next year's expenditure and to make appropriate recommendations. This will enable Councillors to decide on the amount of money, which will be needed to be collected, by means of **The Precept**. The report is to be submitted by the 12th January, to the Council, for consideration.

**INTRODUCTION- BACKGROUND INFORMATION**

***What is the "Precept"?***

The Precept forms a part of the Council Tax.

Council Tax is a form of local taxation, based on occupation and or ownership of domestic property, levied by local councils.

It is calculated by adding together amounts needed by the County of Ceredigion, the Dyfed Powys Police Authority and Town and Community Councils (the Precept). The money collected, from more than 30,000 households, together with Government grants, is used to provide a wide range of services. The County Council set its budget for 2016-2017 at £131.5m which resulted in a Council Tax increase of 5.0%.

Ceredigion County Council provides many services including education, social services, libraries, highway maintenance, street lighting, building control, planning and economic development, park & ride, concessionary travel, passenger transport, cemeteries, trading standards, waste management, council housing, homelessness assistance, leisure centres, parks, playgrounds, car parks, markets, housing benefit, health and safety, food hygiene, information centres, pest control and other related services. The tax, which is 50% property based and 50% personal based, is imposed on all homes and flats within the authority's boundaries, and is based on the assumption that 2 adults occupy each property. However, if only one adult occupies the property, a 25% discount may be available. While Council Tax can also be payable in respect of unoccupied properties, certain exemptions may apply.

The Town Council's Precept represents a small proportion of the total Council Tax collected by Ceredigion County Council. For example, for the year 2016-17, the total Band D (average) charge of £1,368.94 for a Lampeter Council-Tax payer is broken down as:-

	£	%	per week (approx.)
Ceredigion County Council	1,123.68	82.08	£21.61
Dyfed Powys Police	200.07	14.61	£ 3.85
<b>Lampeter Town Council</b>	<b>45.19</b>	<b>3.31</b>	<b>£ 0.87</b>
Total	£1,368.94		

The amount each household pays is based on the Council Tax Band in which its property falls, details of which are listed below. At the lower end this equated to in 2016-17 in Lampeter, to a weekly amount of £0.58 and the upper end was charged £2.03 a week.

<b>BAND - PER YEAR 2015-16-VALUE OF THE PRECEPT</b>								
A	B	C	D	E	F	G	H	I
£30.13	£35.15	£40.17	<b>£45.19</b>	£55.23	£65.27	£75.32	£90.38	£105.44

## **WHAT ARE THE TOWN COUNCIL'S FIXED ASSETS**

The Town Council's fixed assets include the "Parc-yr-Orsedd" Play area and its contents, Play Equipment, 2 "Recycling" Bins, 2 Rock Blocks, 6 Lifetrail Stations, 14 Civic Cloaks, Civic Regalia, Christmas Decorations, Forklift Cages, Notice Board, Planters and a Computer System. Within Maesyderi Field, which is leased from Ceredigion County Council: 5 Picnic Benches £600 (original cost); 2 Metal Benches £650 (original cost); 2 Litter Bins £87 (original cost). Also two fences – Maesy felin Play Area £8,080 (inc VAT) & at Parc-yr-Orsedd £5,343. The total value, last April had been £164,617.83 (Appendix 4). Some items "with no monetary value" have been excluded from the Register to include, Roll of Honour Board and a large panel, 2 Eisteddfod Chairs, 3 Judges' Chairs, 12 leather chairs, a clock, Patagonia Plaque, Ceredigion Plate, 2 Chinese Gold Medals. A fence acquired at the Maesyderi Field £9,018 (inc VAT) in 2010 is not been included within the Register. It was stated at a recent Ceredigion County Council Consultative meeting that it was not necessary for the Town Council to include this item within its Assets' Register; ownership of the fence has been transferred to Ceredigion County Council, the Landlord of Maesyderi Field.

Benches positioned within the War Memorial Garden and the one, outside the Soar Cemetery are the property of the Town Council. An aerial framed photograph of Lampeter – dated 8th March 1974 presented by the University College Lampeter to the Lampeter Borough Council & A Book – Roll of Honorary Freemen for the Borough of Lampeter have been deposited within the Town's Museum.

According to the advice received from Grant Thornton, Auditor General for Wales these items should be included within the Fixed Assets' Register at the purchase cost.

This report will endeavour to calculate the money required by the Town Council to meet its running costs for the coming financial year and will also attempt to provide value for money, for the Lampeter Council-Tax payer.

## **2. PROCEDURE**

In order to obtain relevant information and opinion, the following procedures were adopted to acquire the information in the report:

- 2.1** The current year's Precept (1 April 2016 - 31 March 2017) was reviewed.
- 2.2** The savings associated with past payments CCTV Cameras were considered.
- 2.3** The income and expenditure of the present year (1 April 2016– 31 March 2017) were calculated and compared with the previous year. Predictions were made.
- 2.4** The budget of the Maesyderi Field Project was examined.
- 2.5** The projected amount of reserves in the Bank Accounts at the end of the present financial year i.e.31 March 2017, were calculated.
- 2.6** Donations to charities were appraised in light of the formula compiled in February 2015.
- 2.7** The ongoing costs/future costs were noted.
- 2.8** Conclusions were drawn and options regarding the amount levied by means of the Precept (2017-18) were proposed.
- 2.9** Recommendations were made.

### 3. FINDINGS

#### 3.1 REVIEW OF THE CURRENT YEAR'S PRECEPT (1 APRIL 2016 - 31 MARCH 2017)

The total Precept in respect of this financial year (fiscal year ending 31 March 2017), was £41,000, the same as the previous 4 years. This represented a reduction of £2,220, when compared to the 2012-13 year. Members had felt, during the January 2013 Budget Meeting that a reduction could be made, to reflect the adjustment in the annual CCTV Payment at that time, (from £12,000 to £7,500=£1,250 per camera for 6 cameras in total). The constant "Precept" figure during the prior 8 years had been £43,220; this had meant a reduction in real terms, due to inflation.

#### 3.2 THE CCTV SYSTEM

The Lampeter CCTV system became operational in April 2002 and the yearly contribution made by the Town Council up until the 8<sup>th</sup> January 2008 had been £19,600 (exc. VAT), paid to MLL Telecom LTD. The £19,600 formed a significant portion of the Precept and as a result, the Town Council's Precept was one of the highest in the county. From the 9<sup>th</sup> January 2008, the yearly fee was reduced to £12,000, as the CCTV System was upgraded. The decrease in the CCTV cost was not reflected in a reduction in the Town Council's Precept.

The 6 CCTV Cameras at Lampeter were discontinued by Ceredigion County Council on the 1 April 2014 due to budgetary constraints. As a result, the £7,500, ear marked for this facility, by the Town Council for the 2014-15 financial year had not been used to meet this expected cost. No reduction was made to the 2015-16 Precept of £41,000 despite the demise of CCTV Cameras.

These savings have enabled the TC to meet its normal annual running costs, without imposing an increase to the rate-payer and also to a growth in its reserves.

A review into the use of publicly-funded CCTV across half of Wales has been the subject of high-level discussions. Future provision is in the hands of the Police Commissioner Dafydd Llywelyn.

#### 3.3 THE INCOME AND EXPENDITURE OF THE PRESENT YEAR (1 APRIL 2016 – 31 MARCH 2017)

##### 3.3.1 CALCUALTION OF EXPENDITURE FOR THE 12 MONTHS OF THE 2016-17 FINANCIAL YEAR BASED ON ACTUAL EXPENDITURE DURING THE FIRST 9 MONTHS OF THE YEAR

<b>ACTUAL EXPENDITURE FROM 1 APRIL TO 31 DEC 2016 (from cash-book) (inc vat)</b>	£41,771.71 (please refer to Inc & Exp. Sheet <b>Appendix 1 + Appendix 3-Sheet 1 &amp; 2)</b>
Subtract COST OF MAYOR'S DINNER (double entry)	£1,266.40
EXPENDITURE FOR FIRST 9 MONTHS: (INC VAT)	£40,505.31less £8,000 grant Safe Routes in the Community = £32,505.31
PROJECTED EXPENDITURE FOR THE NEXT 3 MONTHS;	£10,835 (inc Vat)

<b>TOTAL PROJECTED EXPENDITURE FOR THE YEAR</b>	<b>£43,340(including VAT)</b>
TOTAL PROJECTED EXPENDITURE EXCLUDING VAT (VAT 2,089.69 + 696-proj.)	<b>£40,555 (ex VAT)</b>

During the previous year (2015-16) the actual expenditure had been £35,763.37 (inc VAT and less £2,000 as internal transfer)(LESS £1,223.28 MAYOR'S DINNER DOUBLE ENTRY) **Appendix 2 £32,804 (ex VAT)**. £40,555 (exp 2016-17 inc. projected) - £32,804 (exp 2015-16) =£7,751 more will have been spent in 2016-17 as compared to 2015-16. £11,509 has already been donated to Charity in 2016-17 (+£3,836 proj in next 3 months)=£15,345. £6,570 donated in 2015-16, therefore £8,775 difference. Safe Routes in the Community Grant of £8,000 has not been included in this calculation as it could be viewed that this grant had been met from the reserves.

### 3.3.2 INCOME FOR THE FINANCIAL YEAR (COMMENCING 1 APRIL 2016 AND ENDING 31 MARCH 2017)

The Precept for the year 2016-17	£41,000
VAT Refund	£1,736
Interest – Lloyds Bank Bond	£1,143 (@23/01/2017)
Mayor's Dinner (double-entry)	£1,266
Other interest	£0.49
2 Keys Parc-yr-Orsedd	£10.00
<b>TOTAL</b>	<b>£45,155.82 (less £1,266 Mayor's dinner)</b>
	<b>£43,890 (income).</b>
<b>TOTAL INCOME LESS TOTAL EXPENDITURE (inc Projected)</b>	
	<b>£43,890 - £40,555 (ex Vat)= £3,335</b>

### 3.4 MAESYDERI FIELD PROJECT (Ex VAT)

EXPENDITURE 2009-10 (year in which the field was first leased from Ceredigion CC)	£6,536
EXPENDITURE 2010-11	£11,357
EXPENDITURE 2011-12	£1,694
EXPENDITURE 2012-13	£1,715
EXPENDITURE 2013-14	£102
EXPENDITURE 2014-15	£407
EXPENDITURE 2015-16 Grass Cutting £400 ROSPA Park Inspection £65 Item for the Fence £4.54	£470
EXPENDITURE 2016-17 Grass Cutting £300 ROSPA Park Inspection £66.50	£366.50

£22,648 has been spent to date on this project, to maintain the field as an amenity for the people of Lampeter supplemented by a Police Grant of £15,000. It had been hoped to construct a Bike Track on the field. £910.60 had been raised for this project. This £910.60 had been transferred to a separate account. £301 had been transferred to the Town Council's Lloyds Bank Current Account in 2014 with the view to donating the money to the Bro-Pedr School to assist with the construction of a Bike Track. This did not materialize and the £301 has now been returned to Mr Damian Conti (the person who had the £301 in his safekeeping, to assist in the

construction of a project for Young People). Plans have been made to use the £601 to install goal posts on the field.

A Budget of £1,500 per annum had been allocated to the Field during the Budget Meeting of January 2010.

RAY Ceredigion no longer meets on the field on the third Sunday of each month. It has now relocated to Parc-yr-Orsedd.

The Maesyderi Field Management Committee convenes once every 2/3 months to discuss matters appertaining to the Field.

The field remains the property of Ceredigion County Council. Enquiries have been made in the past for the Town Council to purchase the field but all efforts, as yet have been unsuccessful.

The fence £9,018 inc Vat purchased in 2010 by the Town Council is now owned by Ceredigion CC and will not be included within the Town Council's Fixed Assets Register.

### **3.5 THE PROJECTED AMOUNT OF RESERVES IN THE BANK ACCOUNTS AT THE END OF THE FINANCIAL YEAR (COMMENCING 1 APRIL 2016 AND ENDING 31 MARCH 2017) - the present financial year**

Please refer to [Appendix 1](#).

If spending will continue at the same rate during the next 3 months the balance of the Lloyds Bank Current Account will decrease from £29,561.34 (less £10,835 INC VAT) to £18,726

Other Accounts held by the Town Council

Lloyds Bank Bond £108,000

Projected Interest Lloyds Bank Bond 23.01.2017 £1,143

Swansea B/s £102

Maesyderi Field Account £611

Lloyds Bank Business account £833

TOTAL: £129,415 **c/f 1.04.2017**

#### **COMPARISON WITH PREVIOUS YEAR**

c/f 1.04.2016 £137,169 (Attachment titled Town Council's Funds) which means a deficit of £7,754

### **3.6 CHARITIES: APPROPRIATE SUM UNDER SECTION 137(3) OF THE LOCAL GOVERNMENT ACT 1972**

S137 of the Local Government Act 1972, permits a town or community council to spend on activities for which it has no other specific powers, if the council considers the expenditure is in the interests of, and will bring benefit to, their area or any part of it, or all or some of inhabitants, providing the benefit is commensurate with the expenditure. Town and Community Councils are also permitted under S137 to incur expenditure for certain charitable purposes, and in both instances the maximum expenditure that can be incurred for the financial year 2017-18 is £7.57. As there are 2,293 people on the electoral list of Lampeter (@ 1/03/2012 figure derived from figures quoted by Ceredigion County Council), then £17,358.01 can be given to charity by the Town Council.

Generous donations have been awarded during recent years viz £15,000 in aid of the Lampeter Swimming Pool, £20,000 to the Victoria Hall Project, £5,000 in aid of the Lampeter Family Centre, £8,000 – Safe Routes in the Community Project CCC. This expenditure had been met from the reserves. Other sections of the Local Government Act 1972 have permitted the Town Council to award these grants in addition to the S137 Allowance. Please refer to [Appendix 3, Sheet 3](#) for a breakdown in the donations made by the TC. A formula has been adopted by Lampeter Town Council.

### **3.7 ONGOING COSTS/FUTURE COSTS**

- 3.7.1 FOOTPATHS:** No grant was received from Ceredigion County Council for the maintenance of the footpaths, for the present financial year. (£1,330 was spent 2016-17).
- 3.7.2 PARC YR ORSEDD:** A new fence has been put in place £5,343 (ex VAT) in July 2014. A Park Inspection undertaken by RoSPA for a fee of £66.50 (ex VAT) made certain recommendations, which are receiving attention. The cost of the grass-cutter who cut the grass from April to September inclusive, checked for vandalism and collected litter on a regular basis had been £1,500. The present grass-cutter will collect litter during the months of October to March inclusive without charge. The hedge at Parc-yr-Orsedd has been trimmed £280. Lampeter Tree Services will/have cut certain trees within the park for a fee of £240.  
A new padlock was purchased in April £15.41 (ex Vat).  
There could be further costs associated with the park should additional play apparatus be acquired and other improvements introduced.
- 3.7.3 VENUE OF MEETINGS:** the Town Council currently meets at St Peter's Church Hall (£9.50 per hour), since its relocation from the Town Hall, eight years ago. Meetings have also been held at Shiloh Chapel Vestry (£8.50 per hour). Other venues could be considered in the future.
- 3.7.4 TRAINING FOR CLERKS AND COUNCILLORS:** the Welsh Government actively supports training and a Training Budget could be incorporated within the next year's Precept.
- 3.7.5 TRAVELLING COSTS** (currently set at 45pence per mile for Cllrs only). All photocopying/printing by Cllrs could be reimbursed.
- 3.7.6 BILINGUALISM;** additional costs would arise, should the Town Council wish to increase its provision of the Welsh Language. The Clerk is awarded 12 hours per month to implement the Town Council's Welsh Language Policy, since its inception in 2007. A Simultaneous Translator was introduced at Town Council Monthly Meetings in June 2015 @ £35.00 per hour. A simultaneous translator has featured at the Mayor's Installation Service. The Town Council supported the *Shwmae Shwmae* initiative and Ras yr Iaith.
- 3.7.7 MAESYDERI FIELD:** the £1,500 present annual budget could be reviewed.
- 3.7.8 STREET LIGHTING:** many street lights are extinguished from 12midnight to 5am. The Town Council meets the electricity costs associated with the Christmas Lights and the War Memorial.
- 3.7.9 MAYOR'S ALLOWANCE**  
Resolved to be increased by 1.5% annually during the January Budget Meeting of 2010. (£3,004.40 – 2016-17)
- 3.7.10 RUNNING OFFICE COSTS**
- **Careful purchase of copy paper, ink and envelopes** has reduced costs. Letters, which can be hand delivered, are usually not posted. Emails are sent to those who possess electronic communication thus avoiding the cost of printing and delivering documents. (but additional cost to the recipient should he/she choose to print the document)
  - **Broadband/Phone** is usually approx. £130 per quarter.
  - **Computer System:** a new desktop and printer (black ink only, not coloured) were purchased in March 2016 - £784 (inc VAT).
- 3.7.11 CLERK'S SALARY:** It had been resolved in the Budget Meeting of January 2010 that the Clerk would receive an annual increment in May of each year. The current salary is (12hours per week + 12 per month to implement the Welsh Language Policy) which equates to, during 2016-2017, to £9,099.36 (net) £1,101.62 (Tax & NI Emp<sup>ee</sup> & Emp<sup>er</sup> per annum), which is paid to HMRC in Real Time).

- 3.7.12 Town Council's Notice Board:** was repaired, during the 2013-14 Financial year at a cost of £578 (ex VAT). Arrangements are in place to improve its appearance.
- 3.7.13 The Mayor's Chain:** this is in need of repair.
- 3.7.14 Town Council's Website:** A grant of £500 was sourced during the 2013-14 Financial Year to improve the Town Council's website. The importance of keeping the information on the website, up to date, has been highlighted. The annual hosting cost is £415 (ex VAT) & HCI-Data Renew lampeter-tc.gov.uk £300.00 (ex VAT)
- 3.7.15 TOURISM:** The Town Council has had a presence at the Lampeter Food Festival, during the past five years.
- 3.7.16 TOWN COUNCIL'S INSURANCE (Zurich Municipal):** The annual premium is approx. £1,500 and covers the Christmas Decorations, Laptop, Civic Regalia, Civic Cloaks, 4 Planters and the Forklift Cages. Public Liability: £10,000,000. Fidelity Guarantee £250,000. There could be extra costs, should additional insurance cover be necessary during the year.
- 3.7.17 BUS SHELTERS:** The 4 bus-shelters are cleaned every 2 months at a cost of £10 per bus-shelter.
- 3.7.18 TOWN COUNCIL'S AUDIT:** 2015-16: External Audit £231 (VAT £0) – Grant Thornton Wales Audit Office. Internal Audit: Mr D Marshall £150.

### 3.8 NEW PROJECTS/ costs

**Additional costs could arise during the next year.**

- 3.8.1 The Town Council could** adopt the Lampeter War Memorial Garden. Present ongoing annual costs concerning maintenance and supply of plants (Ceredigion CC) are in the region of £4,800.
- 3.8.2 Floral Displays over the summer months:** the Town Council will take responsibility for organising future Floral Displays within the town over the summer months. Watering costs were paid by the Town Council in 2016 (£4,200 ex VAT) but further costs will arise this year.
- 3.8.3 Maesyfelin Play Area:** Lampeter Town Council could take responsibility for the Play-Area in the future.
- 3.8.4 Christmas Lights' Display within the Town**
- 3.8.5 The Fountain, Harford Square:** the Town Council is in discussion with Ceredigion CC concerning the possibility of transferring the Fountain to the Town Council.
- 3.8.6 Safe Routes in the Community – Second Phase Ceredigion CC.**
- 3.8.7 Election Costs** May 2017.
- 3.8.8 New Town Entrance Signs.**

### 4.0 CONCLUSION

#### **THE AMOUNT LEVIED BY MEANS OF THE PRECEPT (2017-18)**

There are a number of options regarding gauging the level of the precept for the next financial year. All calculations are exclusive of VAT - 20% as from January 2011.

**INFLATION:** The inflation rate is an important economic indicator and is the rate at which prices are rising. Inflation is an increase in the prices for goods and services. The Bank now expects inflation to hit 2.7% next year, up from the current rate of 1%.

The options include:

#### **OPTION 1**

**No change in the level of the Precept i.e. it remains at £41,000**

Normal running costs (ex VAT)	£40,555
Allowance for inflation @ 2.7%	£ 1,095
<b>TOTAL</b>	<b>£41,650</b>

Additional costs could be met from the reserves.

#### **OPTION 2**

**The precept is reduced in the next financial year to**, for example £39,000. Additional costs could be met from reserves.

### **OPTION 3**

**The Precept is increased** to meet the normal running costs or increased further to cover new projects,

## **5.0 RECOMMENDATIONS**

As a result of the investigation, members of the Town Council are recommended to give active consideration to the following:

- 5.1 Option 1 could be adopted i.e. that the amount levied by means of the precept will be £41,000 and will remain the same.** A stand-still budget would be welcome by rate-payers. The county council is considering an increase to its portion of the council tax and the police could also impose a rise. A large portion of the running costs can be met within this budget. Other expenses can be drawn from the reserves.
- 5.2 Consideration should be assigned to Option 2. A reduction in the level of the precept** would be gladly accepted, by many ratepayers. A reduction of £1,000 would mean an annual saving of approximately £1 for the Band D Council-tax payer.
- 5.3 Option 3 and an increase in the precept, should be examined.** A reduction of approximately £2,000 was made during the last 4 financial years as compared to the previous 8 years when the sum of £43,220 had remained frozen.
- 5.4 The reserve of nearly £129,415** should be considered. The external auditor Grant Thornton has questioned why the reserves are high in comparison to the Precept. The Town Council's Fixed Assets are comprised of items, which require significant regular maintenance and/or replacement. The Internal Auditor has suggested setting a Sinking Fund in place to meet these costs.
- 5.5 Local Government** is facing significant spending reductions. There will be deep cuts in capital investment for years to come. Transferring responsibility for certain projects from Ceredigion CC to the Town Council, for example floral displays within the town, War Memorial Gardens, the Fountain, Harford Square will mean additional costs for the Town Council.
- 5.6 The money held in reserve** should continue to be invested in accounts, which offer the best rate of interest. This has required careful planning in the past few years as the Bank Of England's Base-Rate has decreased dramatically. Some problems have been encountered when instant access has been required and funds have been locked away in various bonds, for a certain length of time. The Precept is presently deposited in the Lloyds current a/c (0.01% annual interest) for instant access. Town Council Barclays Bank and Santander Accounts have been recently closed. Plans are in place to close the Swansea B/s Account.
- 5.7 The amount of money** donated to local charities should be regularly reviewed.
- 5.8 The Financial Officer's preferred option is Option 1** i.e. no change in the level of the precept for the 2017-18 Financial year, due to:
  - The current economic climate;
  - The generosity of past Precepts, due to changes in the cost of CCTV payments &
  - The level of reserves held by the Town Council.