

BUDGET REPORT 2005-06 **(Year ending March 2006)**

BACKGROUND

The running costs of the Council are obtained by means of a Precept, which is collected by means of the Ceredigion County Council rate demands, and the total precept in respect of the financial year 2004-05 was £41,580. This included a sum of £18,600 allocated for the running costs of the new CCTV system. Apart from the CCTV costs the Council budget for the financial year 2004-05 showed an increase of 4%. A grant of £1,000 was received from the UCW Lampeter towards the CCTV system payments. It was resolved to try and improve the deficit in the year 2005-06 by a possible higher than inflation rise, therefore reducing the need to make up the spending from reserves.

CCTV

The new CCTV system became operational in April 2002 and the yearly contribution to be made by the Council will be £19,600 per annum, paid to MLL Telecom LTD. Following consultation with the Company, it was agreed that quarterly payments would be made. The original contract for the system was for an initial period of 3 years and therefore will expire in March 2005. There will be a need to renegotiate this contract in consultation with the County Council and this matter is now in hand with Mr Mark Elliott CCC who is leading the negotiations. Members have already indicated that the preferred way forward is by inclusion in the main contract that will be negotiated by CCC. By adopting this process a more favourable rate may be negotiated and the increase in fees should be less than on a stand-alone basis. However, the anticipated competition by companies in this rural area to supply this type of service has not materialised and there may be an increase in fees. MLL Telecom, the current suppliers have agreed to extend the current contract to December 2004 and if necessary for a short time thereafter to conclude the current negotiations, but with a 90 days' notice of termination.

RUNNING COSTS

Running costs have been kept to a minimum, but in order to be efficient certain office costs have to be incurred, such as postage, purchase of stationery/printer ink cassettes and telephone line. Careful purchase of copy paper and envelopes has also reduced costs. However, the current combined answer telephone/fax and copier has not been operating efficiently and currently, the answer phone is not operating. It is very difficult to produce photocopies when using this machine. I do not however, see any justified grounds for the purchase of, or hire of a photocopying machine at this time and suggest that we continue to use the commercial photocopying facilities available within the town for bulk photocopying.

The current I.T. system is now well out of date and indeed the hard drive had to be replaced last year at a substantial cost, at the same time the capacity of the machine was increased slightly. However, I cannot guarantee that the system will last much longer and I would suggest that we bear in mind possible replacement in the financial year 2005/06. A new system would cost in the region of £1,000 to £1,200.

It also has to be borne in mind that the new Accounting procedures set up by the Audit Commission insist on the appointment of an independent internal assessor and various quotes in the region of £200 and £250 are currently being received. These charges are in addition to those charged by the external accountants for review, again in a fee in the region of £250. To date, Mr Ceri Davies, a banker from Cellan has carried out the independent verification for a fee of £30. It therefore follows that the full fee may have to be paid in future.

The maintenance of footpaths is also a feature on the budget. Over the last year, we were able to obtain a grant for this work and also an additional grant for the renovation of a bridle way at Mount Pleasant, a project put forward by Menter Llambod. This project did not complete on schedule and is currently still outstanding and with an increased cost to that budget. With an outstanding grant of £900 still waiting to be downloaded, but the bills have been paid by this authority. I am concerned re the lack of interest shown by Menter Llambod, who put forward this project and then took no more interest in it. I therefore suggest that in future, we do not take on any projects put forward by other bodies, unless there is a cast iron undertaking that the organisation concerned will complete it on time and on budget.

I have received an application form in respect of obtaining a grant for the coming year and will shortly be submitting this application.

Another feature of this financial year was the use of a contractor to carry out the work as opposed to the use of the Community Service Task Force. The new procedure worked well and with no additional costs, since the contractor employed used his own equipment and charged only for labour, whilst in the past we have had to hire machinery, which on some occasions was damaged by the Community Task Force workers and the costs of this type of hire and repair costs were quite high. I therefore recommend that we continue to employ a contractor.

The running repairs to Parc yr Orsedd grounds need consideration. An inspection report has now been received and some remedial work will have to be carried out. A contractor will have to be employed for this work, which I currently estimate, as £500. A full report will be placed before members on the 27th January 2005.

There is also a suggestion from one member that money be set-aside for an additional night in respect of a Youth Club at Lampeter. The full cost is estimated as £3,000 and if members set aside the whole amount, it would amount to a rate

rise of nearly 8% in the budget. The responsibility for youth services rests with Ceredigion County Council and they receive grant aid from the Welsh Assembly Government to cover this type of service. This is supplemented by the ratepayers made by private property owners to Ceredigion County Council. For the ratepayers of Lampeter to be asked to contribute twice for the same services must be a consideration and also this rise would be additional to that increase suggested for general running of this council. I am also concerned re the management of the Youth Club, in that they would have to prove all their costings as with other bodies who seek donations. I am not aware of the situation, but I suggest that CCC run the whole county wide youth services and therefore the Town Council would have no input as to when and where the money was spent, in which case it would not be satisfactory. If members wish to place money aside for this project, then the proposed increase in the precept of 4% would have to be raised by that percentage, for example £500 would be an additional 1.4%.

CLERK'S SALARY

The Clerk's salary has been reviewed in the yr. ending March 2005. The increase workload is also a problem that will need to be taken into consideration in the near future if the proposals by the Welsh Assembly Government for greater powers for Community Councils come to fruition.

CONCERNS

The current document circulated to each member regarding the study into Town and Community Councils highlights the need for bilingualism in respect of all reports and minutes etc. Should this fact be made mandatory, then there will be increased costs in administration and payment for translations of Council meetings and documents. Whilst this fact may not arise for the next 12 months, the matter will have to be kept under review. Members will also be aware of the Disability and Discrimination Act implications. Not only is it now suggested that there should be access to disabled persons, but also facilities for people with special needs. There is no doubt that these matters are going to receive prominence in the near future. However, at this stage I would suggest that we wait to what instructions and judgements that arise in the coming year before acting on this matter.

With the implementation of the New Disability Legislation in October 2004, the current location of the Council meeting at the Town Hall could be illegal and we may have to relocate the site of the AGM and Mayor making ceremony to a more suitable building than the one which we currently use for our meetings. No exception can be made for the Town Hall Chamber in this instance, since this function is open to the general public. There is also insurance concerns re the use of the Town Hall Chamber for any Civic Ceremony and in future I

recommend that we do not use the Chamber until it complies with current legislation.

EXPENDITURE

Expenditure

2003-04	1/04/04-30/11/04	Projected costs Full Year
£41,284.10	£28,090.94	£42,136.42

NOTE

All members were issued with a balance sheet for the yr. ending 31 March 2004. This contains a full breakdown of costs under the various headings. The monthly running costs in respect of the year currently runs at £3,511.37, which over a 12-month period would amount to a total of £42,136.42. The projected figures for year 2004/05 provided a 4% growth and did include the £1,000 anticipated from the UCW re CCTV payments. If the estimated spending for the remaining 4 months are confirmed, then we will have overspent our Precept by £556.42. However, we had anticipated this fact and were prepared to use interest payments received and use of reserves to make up any shortfall.

I would suggest that a rate rise of 4% be levied on our Precept this year. This will allow for the anticipated spending on remedial work at Parc yr Orsedd and an increase in CCTV payment, as from January 2006, when hopefully the new contract will commence. We are fortunate this year in that there was a decrease in donations, due to the cancellation of the Drovers' Festival. We also received a grant for all footpaths' work, an item that usually costs in the region of £1,200. Whilst I will submit a grant application for this work again this year, there is no guarantee that the UCW will contribute the £1,000 grant in respect of their contribution towards the CCTV system this year. We therefore need the sum quoted to keep up with inflation and I suggest that the sum concerned £1,640, is a reasonable amount and within the guidelines suggested for local authority rises. With regard to possible replacement of the IT system, we could use money raised by interest received on our Savings Account, therefore this has not been taken into account in relation to the proposed increase for this year.

INCOME

Bank Reserve

On the 30th November 2004, there was £88,612.28 in the reserve account. If current spending per month is maintained, it will reduce to £74,566.80, a reduction of £14,045.48. This reserve figure is slightly higher than was carried on at the end of the last financial year. However, there will be some interest rate payments for that period, I would estimate to be approximately £350, therefore

leaving the reserve at £74,916.80. I do, however stress that as it is predicted that interest rates may not rise much further in 2004. Indeed some information to hand suggests that interest rates may fall, hence our interest return will reduce. I would also point out that the monthly payments in the last 4 months are usually higher, with the payments of insurance for both the Council and Young at Heart Club, last quarter payment for CCTV and other end of year matters. Therefore I would anticipate a reduction in the reserve figure quoted. The reserve will be well within the guidelines suggested for such reserves.

PRECEPT

The precept for the year 2004/05 was set at £41,580 (£18,600 for CCTV)
VAT reclaim for this period was £3,912.12

Christmas Lights reclaim £339.85, part transferred to Chamber of Trade on receipt.

Interest to 30.09.04 £1,228.08

Highway Lighting £114.34

Grants £560

RECOMMENDATIONS/CONCLUSIONS

I RECOMMEND THE FOLLOWING PRECEPT FOR THE FINANCIAL YEAR 2005-06

Normal running costs	£24,620
CCTV running costs	£19,600
TOTAL	£44,220

Reduced by:

Rebate on CCTV COSTS £1,000 (UCW, Lampeter)

TOTAL TO BE RAISED BY PRECEPT £43,220

These proposals are based on the following conclusions:

1. This council has operated on a 4% rate increase this year and if only the projected spend be incurred by the year end there will only be a slight increase on the precept. There will be an increase in running costs in the year we are budgeting for and a 4% rise is reasonable and will enable us to keep up with inflation, thus reducing the need to have a large increase possibly in the next year.
2. With the slightly higher interest rates currently prevailing, the earnings on the reserve has increased slightly. However, it is generally accepted that the rates are due to decrease in the near future. With possible extra costs as outlined and no unforeseen expense, these reserves may be further depleted. I therefore strongly recommend that they are not reduced any further.

PUBLICITY/PRESS

There is a need to highlight the fact that as ordinary running costs, this will be an increase well within the guidelines suggested by the Welsh Assembly Government and is due to the prudent way this council has acted in past years. The Council will continue to be prudent in future as in the past and only necessary expense will be incurred.

CONCLUSIONS

I recommend that the Council consider the proposals, which I feel as the designated Financial Officer, are the most prudent. These budget proposals will provide the ratepayers with an efficient service. However, we need to continue to look for cost savings. It is also prudent to continue to look at some of the traditional areas where the Council has made Sec 137 grants in the past and examine in detail whether they comply with the ruling that they are in the interest of a majority of ratepayers in the area. We have continued the process in the current financial year and we need to carry on with the process, bearing in mind that members can all be surcharged if any expense is not within the legal framework laid down.

I urge members to seriously consider adopting this budget, which is the most prudent I can recommend at this time.

D.I.Williams
Town Clerk