

TO: All Town Councillors

REF: MET/ABR

FROM: M.E.Thomas, Clerk

DATE: 12 January 2006

REPORT ON THE BUDGET PROPOSALS OF LAMPETER TOWN COUNCIL FOR THE FINANCIAL YEAR COMMENCING 1ST APRIL 2006 AND ENDING 31ST MARCH 2007

1.0 TERMS OF REFERENCE

Due to the statutory requirement for all councils to prepare an annual budget, the clerk, as designated Financial Officer was asked by members of the Town Council to calculate the precept for the next financial year i.e. the running costs of the Town Council and to make appropriate recommendations, in order to plan ahead effectively for the coming year. The report was to be submitted by the 12th January to the Council for consideration.

2.0 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 (2005-06) was reviewed.
- 2.2 In particular, the impact of the provision of CCTV cameras was assessed.
- 2.3 Running costs for this current year were deemed relevant and changes considered where appropriate. Future concerns were examined.
- 2.4 The income and expenditure of the present year was compared to the previous year (2004-05) and predictions made.
- 2.5 The projected amount of reserves in the Bank Account at the end of the financial year was calculated. Interest rates were included.
- 2.6 The precept of the financial year 2006-07 was proposed.
- 2.7 Donations to charities were appraised.
- 2.8 The bequest of £10,000 was reconsidered.

3.0 FINDINGS

3.1 PRECEPT 2005-06

The total precept in respect of the Financial Year (current year) 2005-06 was £43,220. This included a sum of £18,600 allocated for the running costs of the CCTV system. There was an increase of 3.94% in the precept for this financial year when compared to the previous year (2004-05)

PRECEPT 1/04/04 - 31/03/05	£41,580
PRECEPT 1/04/05 - 31/03/06	£43,220 + £220(election costs)
INCREASE	£1,640 (ex election costs)
INCREASE EXPRESSED AS A %	3.94

A grant of £1,000 is usually received in the first quarter of the financial year from the UCW Lampeter towards the CCTV system, the actual cost being £19,600 but this payment has not, as yet, been received for the year 2005-06.

3.2 CCTV SYSTEM

The CCTV system became operational in April 2002 and to date, the yearly contribution made by the Town Council has been £19,600, paid to MLL Telecom LTD. Since the cameras have been defective for a number of months a refund of approximately £10,000 is expected to be paid to the Town Council. Ceredigion County Council is in the process of negotiating a new contract with MLL Telecom. This new tender will result in economies of scale and network transmission of images will be able to take place at a saving of approximately 37% or £7,000. The annual fee will then be reduced to £12,000. Presently (from 1st January 2006), MLL Telecom are invoicing Lampeter Town Council on a monthly basis at the original rate. This will continue until the new contract commences. The projected cost of CCTV (2006-07) is £12,000 (information newly received from the Assistant Director, Corporate Performance CCC).

3.3 RUNNING COSTS

3.3.1 Office Costs

The usual office costs have been dealt with prudently. However, the Fax machine is now redundant. A photocopier is urgently required to help with the communications, which arise after meetings.

It was brought to the Town Council's attention in the last budget report, a year ago, that the IT system is out of date. It needs a replacement at a cost of approximately £1,200.

3.3.2 **Accounting Procedures**

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 are currently being received. These costs are in addition to the £350 charged by the external accountants. Mr. Robert Thomas, a retired banker is prepared to undertake the independent verification for a fee of £50 in the next financial year, thus saving on the full fee.

3.3.3 **Footpaths**

In the Financial Year 2005-06 the estimated cost for work on the footpaths had been £1,250. The actual costs were approximately £900. An additional £300 could therefore have been received from the County Council. A bid of £2,600 has recently been submitted to Ceredigion County Council for the clearing of footpaths for the next financial year. A recent communication from the County Council has stated that should the bid be successful, due to efficiency savings on their behalf, only 75% of this amount can be redeemed.

3.3.4 **Parc yr Orsedd**

Remedial work, following the findings of the recent inspection by PlayWales will involve an outlay of approximately a few hundred pounds.

3.3.5 **Clerk's Remuneration**

An increase to £8.45/hr (Spinal Column Point SCP 19) from £7.99 (SCP 17) is recommended by the Society of Local Council Clerks from May 2006.

3.3.6 **Concerns**

3.3.6.1 *Administration*

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, there will be increased costs in administration and payment for translations of Council meetings and documents. It would be advisable to keep this matter under review.

There may also be an increased workload if the proposals by the Welsh Assembly Government for greater powers for Community Councils come to fruition.

3.3.6.2 *Lampeter Town Council Website*

This is presently shared with Menter Llambod and is not as accessible as it could be. A website could be set up for the Town Council, which would improve communication and knowledge.

3.3.6.3 *Venue of meetings*

Health and Safety requirements are not adequately met at the present location e.g. the lack of fire extinguishers and overcrowding. One suggestion is to find another venue, which would be more suitable for both the needs of the members of the Town Council and the public.

Members should bear in mind the Disability and Discrimination Act implications. There should be access not only to disabled people but facilities for people with special needs e.g. the partially sighted. There is no doubt that these matters will receive prominence in the near future.

As pointed out last year, the Town Hall Chamber is not deemed a suitable venue for the AGM and official meetings, as these functions are open to the general public. There are also insurance concerns regarding the use of the Town Hall Chamber for any Civic Ceremony and in future it is recommended that the Chamber is not used until it complies with current legislation.

3.4 INCOME AND EXPENDITURE

Appendix 1 provides a breakdown of the receipts and payments for the financial year ending 31st March 2005.

3.41 Income for the financial year 2005-06

The precept for the year 2005-06	£ 43,220
VAT reclaim for this period	£ 3,746
Interest 1 April-30 th Nov 05	£ 2,187
Grants	£ 916
	TOTAL
	£50,070
Expected bank interest (projected)	£ 600

3.42 Expenditure for the financial year 2005-06

1 st April 2004 - 31 st March 2005		
Actual Expenditure	Precept	Surplus/Deficit
£42,597.59	£41,580	(£1,017.59)

4% was levied on the precept of the above year due to the fact that expenditure was greater than the precept, to allow for inflation, for remedial work at Parc yr Orsedd and an anticipated rise in CCTV payments in Jan 2006.

1 st April 2005-31 st March 2006			
Actual Expenditure		Precept	Surplus/Deficit
1/04/05- 31/12/05	1/01/06- 31/03/06 (projected)		
£31,288.44	£10,429.51		
£41,717.95		£43,220	£1,502.05

Difference in actual expenditure (current year and last year)
£880

The monthly costs in respect of the year 1st April 2005-31 March 2006, to date, has accumulated to £31,288.44 (April-Dec, 9 months). Over a 12-month period this would amount to £41,718 representing an expenditure of £3,476 per month.

3.5 INTEREST RATES

On the 31st December 2005 there was £103,567.84 in the Reserve Account, Lloyd's TSB Bank. If current spending per month is maintained it will be reduced to £93,139 by the 31st March 2006. This reserve is higher than was carried on at the end of the last financial year, which was £84,637.04, an increase of approximately £8,500. There will also be some interest rate

payments of 4 months, approximately £600, therefore leaving the reserve at almost £94,000.

The balance in the Reserve Account, Lloyd's TSB has remained above the £100,000 threshold for most of this financial year. This has yielded a slightly higher rate of interest as compared to the £50,000-£100,000 bracket. During the past financial year interest rates have fluctuated between 3.25% and 2.45%, averaging at 2.87%, barely keeping in line with inflation. Interest rates are expected to decrease in the future.

At the beginning of the next financial year, or shortly afterwards, this account should hold approximately £94,000(Reserve); £43,220 (Precept, please refer to paragraph 3.6); £10,000 (refund CCTV); £3,000 (VAT refund) = approximately £150,000. It would be good practice to invest a part of it in an account, which would offer a more attractive rate of interest to the present Reserve a/c. Accounts, which do yield a higher rate of interest, have clauses, which insist that the money be locked away for longer periods of time.

3.6 THE PRECEPT FOR THE FINANCIAL YEAR 2006-07

The Council has operated on a 3.94% rate increase for the year 2005-06 and it is recommended that the precept of **£43,220** be not increased for the following year.

Normal running costs (based on projected costs for this year £41,717.91-£18,600 CCTV)	£23,117.91
Allowance for inflation @ 2.9%	£ 670.42
TOTAL	£23,788.33
CCTV Running Costs (with no donation from UCW Lampeter)	£12,000
TOTAL	<u>£35,788.33</u>

The remaining £7,432 (£43,220-£35,788.33) could be spent on the following:

Footpaths 25% of £2,600	£650
Remedial Work, Parc yr Orsedd	w*
Signs: Lampeter in Bloom Competition	x*
Computer System	£1,200
Photocopier	y*
Website: Lampeter Town Council	z*

* w = few hundreds (estimate)

* x= few hundreds (est)

* y= few hundreds (est)

* z= over £30/month

The £10,000 refund from MLL Telecom and the £1,000 contribution from the UCW Lampeter towards the CCTV maintenance will need further consideration.

3.7 CHARITIES: Sec 137

These will have to comply with the ruling that they are in the interest of the majority of the ratepayers in the area and be affordable.

3.8 BEQUEST: £10,000 FOR THE PEOPLE OF LAMPETER

The balance on this account is £10,153.59. The highest rate of interest on this Business Instant Access Account has been 2.25%. The value of the money is in reality decreasing, as this percentage rate is less than the inflation rate.

4.0 CONCLUSIONS

Members of the Town Council are recommended to consider these budget proposals. Prudence can be defined as good management and these proposals will hopefully satisfy the ratepayers under the stewardship of the Town Council.

There will be no increase in the precept for the next financial year as running costs can be accommodated within the 4% rise, which came into effect during this present year. The Council will continue to be prudent in future as in the past and only necessary expense will be incurred. It is hoped that the CCTV debacle will be resolved.

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 The reserve of £92,000 should be further considered. It could be spent on a project, which would benefit the community. Alternatively, a part of it could be spent, part of it invested in a higher rate of interest account and another part kept in reserve for instant access, to allow for all eventualities. Business advice

could be sought. The generally accepted level of reserves is usually no more than twice the level of the precept.

- 5.2 The Bequest money should be further considered and could be used in conjunction with a fraction of the money from the Reserve Account. This money and indeed the Town Council's reserves are decreasing in value due to inflation and falling interest rates.
- 5.3 That the meeting place conforms to current Health and Safety regulations.
- 5.4 That an IT system and photocopier be purchased.