

TO: All Town Councillors

SUBJECT: Precept 2009-10

FROM: M.E.Thomas, Clerk

DATE: 5 January 2009

REPORT ON THE BUDGET PROPOSALS OF LAMPETER TOWN COUNCIL FOR THE FINANCIAL YEAR COMMENCING 1ST APRIL 2009 AND ENDING 31ST MARCH 2010

1.0 TERMS OF REFERENCE

Due to the statutory requirement for all councils to prepare an annual budget, and in order to plan ahead effectively for the forthcoming financial year, the clerk, as designated Financial Officer was asked by members of the Town Council to prepare a projected budget for the next financial year and to make appropriate recommendations. These proposals will then enable councillors to decide on the amount of money, which is needed to be raised, and they will ask Ceredigion County Council to place a charge on every rate payer within the Ward of Lampeter. This money covers the Town Council's expenditure and running costs for the coming year and is called the precept. The report is to be submitted by the 8th January to the Council for consideration.

2.0 INTRODUCTION

2.1 THE PRECEPT (2008-09)

The amount each household pays is based on the Council Tax Band in which their property falls, details of which are listed below. The bands range from A, being the lowest to I, the highest. At the lower end this equates to a weekly amount of just £0.56 and the upper end will be charged no more than £2.19 a week.

BAND - PER YEAR 2008-09								
A	B	C	D	E	F	G	H	I
£28.95	£38.00	£43.43	£48.86	£59.71	£70.57	£81.43	£97.72	£114

The Town Council's precept represents a small proportion of the total Council Tax collected by Ceredigion County Council. For example, for the year 2008-09, the total Band D (average) charge of £1,039.75 for a Lampeter Council-Tax payer is broken down as:-

	£	%	per week
Ceredigion County Council	825.38	79.38	£15.87
Dyfed Powys Police	165.51	15.92	£ 3.18
Lampeter Town Council	48.86	4.70	£ 0.94
Total	1,039.75		

2.2 THE TOWN COUNCIL'S FIXED AND CURRENT ASSETS

The Town Council's entire funds were previously held in the Lloyds TSB "90 Day Notice Account-formerly Investment Account". Funds were transferred into the current account as and when they were required, thus taking advantage of the interest offered on the "90 Day Notice Account".

In May 2006, £80,170 was deposited in the "Alliance & Leicester 30 Day Notice Account for Clubs and Charities" as this account offered a more attractive return on the capital invested. Presently the balance of the A&L is

in the region of £91,000. This includes a sum of approximately £11,500, donated in the will of a deceased resident of Lampeter. (£10,000 received + interest accumulated)

Thus, there are 3 accounts,

1. The Current A/c Lloyds TSB – the balance is usually a £100
2. The Deposit A/c Lloyds TSB – balance @31/12/2008 -£68,095
3. The Alliance & Leicester A/c – balance @ 10/10/2008 - £90,106

Due to recent global and local turbulent financial times, it was resolved in the meeting of November 2008, to transfer £40,000 of the money held at the A&L to the Swansea B/S and arrangements have by now been initiated.

Members felt that the risk of financial loss would be reduced if the reserves were spread over more than 2 banks. The Town Council is also awaiting a written assurance that the first £50,000 of the money held at the A&L and the Lloyds TSB is secure, should financial difficulties be encountered in the future.

Interest rates are now falling, as the base rate has fallen. It is expected that interest rates, for the saver, will continue to fall in the future.

The Town Council's fixed assets include the "Parc-yr-Orsedd" Play area, Play Equipment, 14 Civic Cloaks, Civic Regalia, Christmas Decorations, 6 Lifetrail Stations. 2 Rock Blocks, Notice Board, Christmas decorations, 4 Planters, Role of Honour Board, Eisteddfod Chairs and Computer equipment. The total value last August, including insurance valuations, is approximately £118,090.

The Lifetrail Stations and Rock-Blocks were funded by a Sports Council for Wales' grant of £25,000 in 2007. The Town Council has ordered 4 new town signs, which hopefully, will be in place before the end of the present financial year. These will cost in the region of £3,300. The Notice Board has been the object of vandalism and arrangements are in hand for the installation of a new notice board, which will cost in the region of a £1,000. Also, the purchase of a bin to collect recycle at the centre of the town is envisaged. This will cost approximately £400. It is not known whether this bin will be purchased before the end of the present financial year.

This report will endeavour to calculate the money required by the Town Council to meet its objectives for the coming financial year and will also attempt to provide value for money for the Lampeter Council-Tax payer, bearing in mind that the economy has faltered since the last budget meeting of January 2008 and the country is entering recession.

3.0 PROCEDURE

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

- 3.1 The current year's precept (1 April 2008 - 31 March 2009) was reviewed.
- 3.2 The impact of the provision of CCTV cameras was assessed.
- 3.3 The income and expenditure of the previous year (1 April 2007 – 31 March 2008) were considered.

- 3.4 The income and expenditure of the present year (1 April 2008 – 31 March 2009) were compared to the previous year and predictions made.
- 3.5 The projected amount of reserves in the Bank Accounts at the end of the present financial year i.e. 31 March 2009, were calculated. Interest rates were included.
- 3.6 Donations to charities were appraised.
- 3.7 Future concerns/projects were examined.
- 3.8 Conclusions were drawn and options regarding the amount levied by means of the precept (2008-09) were proposed.
- 3.9 Recommendations were made.

4.0 FINDINGS

4.1 REVIEW OF THE CURRENT YEAR'S PRECEPT (1 APRIL 2008 - 31 MARCH 2009)

The total precept in respect of this financial year (fiscal year ending 31 March 2009), was £43,220. This amount has been constant for the last four years – no increase in the precept of £43,220.

4.2 THE CCTV SYSTEM

Crime-prevention is a priority for the TC and members have strived for the installation of an efficient CCTV system, which could improve the quality of life of the people of Lampeter, by reducing crime and the fear of crime.

The Lampeter CCTV system became operational in April 2002 and the yearly contribution made by the Town Council up until the 8th January 2008 has been £19,600 (exc. VAT), paid to MLL Telecom LTD. The £19,600 formed a significant portion of the precept. From the 9th January 2008, the yearly fee has been reduced to £12,000, as the CCTV System was upgraded to enable the CCTV images from Lampeter to be carried on the Ceredigion County Council's telecommunications network. This reduction has affected the precept in recent years, which has not been increased due to the saving of £7,600 during this year, £2,264 last year and a refund of £11,433 in April 2006. These savings have enabled the TC to meet its normal annual running costs without imposing an increase on the rate-payer.

Members visited the CCTV cameras' control room in Aberystwyth in October 2008 and all 6 cameras were fully functional at that time. A CCTV Forum comprising the Police and Elected Members was set up in October 2008. The cost of £12,000 per annum could be increased in the future and could be further increased should additional cameras be acquired. Transmission for a maximum of 8 cameras is allowed by Ceredigion CC, at £2,000/annum per camera. (To find out before the meeting the CCTV cost for the next financial year)

4.3 **THE INCOME AND EXPENDITURE OF THE PREVIOUS YEAR (1 APRIL 2007 – 31MARCH 2008) WERE CONSIDERED (LAST FINANCIAL YEAR)**
EXPENDITURE 2007-08

DETAILS	£	INCLUDES £
ADMINISTRATION		
Salary	6,673.37	Clerk's Salary/Translating Costs/NI/PAYE & Training (0)
Office Administration	3,396.46	Audit Fees (450.00), Accommodation (255), Hire of Halls: Victoria-Young at Heart Teas & Town Hall (540); Travel (to Mold 87.50); Subscription - OVW Membership (259.00); BT Broadband (369.37). Office Expenses: Stationery- ink- photocopier/computer/ envelopes/ stamps/folders etc (123.57); Insurance (1,312.02).
Remembrance Sunday	91.50	Wreath/Printing of leaflets/ Hire of Loudspeaker
Training & Allowances	125.00	Councillor Training & Optional Allowances e.g. OVW Conference (100), Planning Training (25.00)
Christmas Lighting	459.56	Grant received from Ceredigion CC to cover this cost.
Consultation	174.00	Website (0), Posters (0), Adverts (Cambrian News 174)
Elections	0	
TOTAL	10,919.89	
CIVIC		
Mayoral Allowance	2,532	
DONATIONS MADE TO CHARITIES BY THE TC		
Charitable Donations	6,812.69	Refer to Appendix 2
MAINTENANCE		
Town Maintenance	1,610.24	Maintenance of Existing & Improvements e.g. footpaths (990) / Ramblers – Footpaths (620.24 – reimbursed by CCC)notice-board/benches/In Bloom Competitions/bins
Parc-yr-Orsedd	701	Grass-cutting(510.00) maintenance of play-equipment/annual inspection (66) Playground training (125),
Street Lighting	0	
CCTV	17,336.64	Ongoing maintenance of Town CCTV System
Playworld Systems- Sports' Equipment – Parc-yr-Orsedd	24,659.85	Grant of £25,000 received from the Sports' Council for Wales grant.
Update Role of Honour	200.00	Add names of past mayors in gold leaf
TOTAL	44,507.73	
VAT CONTRIBUTIONS		
VAT	7,750.61	
TOTAL EXPENDITURE	72,522.33	

4.3 Contd (Income & Exp 2007-08)

Appendix 1 provides a breakdown of the income and expenditure for the financial year ending 31st March 2008.

The actual expenditure for this year was £72,522.33.

A large proportion of grant funding has been received, which means that many items of expenditure have not been drawn from the £43,220 precept of last year.

These items include the Sports' Equipment £24,660
Ramblers grant £620
Footpaths' grant £743
Christmas Lights £520
and the VAT of £7,750.61, will be reclaimed during the forthcoming year.

The actual expenditure (minus grant funding but inclusive of VAT) is
 $£72,522.33 - £743 - £620 - £520 - £24,660 = £45,979$, which could be perceived as a £2,759 deficit.

However, the VAT element has been inflated during this year due to the purchase of the sports' equipment. Excluding VAT, the expenditure is £38,228 allowing a surplus of £4,992 in the precept of £43,220.

For ease of clarification the total expenditure for this year ex VAT is £38,228 + £520 (Christmas lights) + £743 (Footpaths) = £39,491, as there is no certainty that grant funding will remain permanently available for these last two items.

The total income was £55,665.61
+ b/f figure of the previous financial year of £153,351.68 = £209,017.29.
(Refer to the Income Column Appendix 1)

At the beginning of this financial year, 1st April 2008, the sum of £136,495 was carried forward.

This includes a sum of £11,203.55, which was left in the will of a deceased resident of Lampeter.

4.4 THE INCOME AND EXPENDITURE OF THE PRESENT YEAR (1 APRIL 2008 – 31 MARCH 2009) WERE COMPARED TO THE PREVIOUS YEAR AND PREDICTIONS MADE.

4.4.1 Actual expenditure for the first 9 months of the financial year and projected expenditure for the next 3 months

DETAILS	£-first 9 months	INCLUDES £	NEXT 3 MONTHS £	TOTAL FOR YEAR £
ADMINISTRATION				
Salary	5,458	Clerk's Salary/Translating Costs/NI/PAYE	1,765	7,223
Office Admin	3,871	Audit Fees 500 Accommodation 180 Hire of Halls: Victoria-Young at Heart Teas & Town Hall 417 Travel (Visit to CCTV Control Room 100) Trip to London 281.50 G.Kidd Cittaslow 50.00 BT Broadband 300.43 Office Expenses: Stationery- ink- photocopier/computer/ envelopes/ stamps/folders etc 255.00 Insurance 1,500 + 207.62 Remembrance Sunday 80.00	1,290	5,071
Training & Allowance	120.00	Councillor Training & Optional Allowances e.g. OVW Conference 120	40.00	160.00
Christmas Lighting	0	Grant received from Ceredigion CC to cover this cost.	500.00	500.00
Consultation	10.00	Website (0), Posters (0), Adverts (10)	3.33	13.00
Elections		To be deducted from the 2009/10 precept	130	130.00
TOTAL	9,459		3,728	13,187
Civic	2,803	215.64 + 2,587.70	0	2,803
DONATIONS TO CHARITIES				
Charitable Donations	3,367	Refer to Appendix 2	1,122.17	4,489
MAINTENANCE				
Town Maint.	1,016	Maintenance of Existing & Improvements e.g. footpaths (999) (reimbursed 75% by CCC); notice-board/benches/In Bloom Competitions (17); bins/town signs	3,310 Town signs. 1,000 Notice-board Others:6	5,332
Parc-yr-Orsedd	1,535	Grass-cutting(550.00) maintenance of play-equipment/annual inspection (0) Relocating Rock Block: (950) Blacksmith – repair of gate: (35.00)	Play. Inspect. (70) Others 12.00	1,617
Street Lighting	0	Costs could be incurred in the future		0
CCTV	12,000	Ongoing maintenance of Town CCTV System	0	12,000
TOTAL MAINTENANCE £14,551			4,398	18,949
VAT CONTRIBUTIONS				
VAT	2,443		814.47	3,258
TOTAL EXPENDITURE (1st 9 months £32,623) (next 3 months proj. £10,062) TOTAL £42,685				

The £42,685 expenditure is well within last year's budget of £43,220. VAT has been included as it is not reclaimed until the next financial year, therefore it needs to be included within the budget for the next year. Also Footpaths and Christmas Lights' expenditure have been included as grant funding could not be awarded next year.

There has been an increase of approx £1,200 in expenditure when compared to the previous year.

4.4.2 INCOME FOR THE FINANCIAL YEAR (COMMENCING 1 APRIL 2008 AND ENDING 31 MARCH 2009) - the present financial year

(includes projected income for the next 3 months)

The precept for the year 2008-09	£ 43,220
VAT reclaim for this period	£ 7,750
Interest Received:	
Lloyds TSB (-30 th Dec 2008)	£ 1,000* (Est.)
Alliance & Leicester (10/04/08-10/10/08)	£ 2,074
Alliance & Leicester (10/10/08-10/04/09) + new B/s	£ 1,500* (Est)
Grant (Community Paths Scheme)	£ 750
Calor Village of the year competition	£ 500
Christmas Lighting Grant CCC	£ 500
Tax refund	£ 150

TOTAL £ 57,444

The Town Council has made a "profit" of £14,759 due to additional income to the £43,220.

4.5 THE PROJECTED AMOUNT OF RESERVES IN THE BANK ACCOUNTS AT THE END OF THE FINANCIAL YEAR (COMMENCING 1 APRIL 2008 AND ENDING 31 MARCH 2009) - the present financial year

On the 31st December 2008 there was £68,095 in the Reserve Account/ Current A/c, Lloyd's TSB Bank. If current spending per month is maintained it will be reduced to (£68,095--£10,062) £58,033 by the 31st March 2009. Presently the Alliance & Leicester A/C holds £90,106, expected interest £1,500; £1,000 (Lloyds TSB Interest) + £500 (Christmas Lighting Grant). The reserve is therefore **£151,139** which is higher than the amount which was carried forward at the end of the last financial year (Appendix 1 - £136,494; an increase of £14,645). This £14,645 represents a 10.7% increase.

4.6 CHARITIES: APPROPRIATE SUM UNDER SECTION 137 OF THE LOCAL GOVERNMENT ACT 1972

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. The maximum sum for 2008-09 is £5.86 per local government elector. As there are 1,600 people on the electoral list of Lampeter, then about £9,376 can be given to charity by the Town Council. To date, to the 31st December 2008, £3,366.55 has been donated.

A grant of £1,500 was donated to the Citizen's Advice Bureau (CAB) in the years 2004-05 and 2005-06. No donation was given in 2006-07 and £300 in 2007-08. No contribution has been awarded during this financial year. The CAB service was curtailed in Lampeter when

adjustments were made in the donation. It is hoped to establish the CAB's present role in the town and a donation could be based on this information, during the present financial year.

4.7 FUTURE CONCERNS ARISING FROM THE RUNNING COSTS

4.7.1 FOOTPATHS

A 75% grant funding has been received in the past year for work on footpaths in the area. It is hoped that the TC will be able to take advantage of grant funding during the forthcoming year.

4.7.2 PARC YR ORSEDD

It has been proposed that another entrance be made to the park, and a self-closing gate installed. This will be positioned mid-way along the fence, which runs parallel to North Road, which is in need of repair. A quote of £4,700 has been received from the Ceredigion CC. The TC will have to fund this project. The Town Council has also explored the possibility of painting the railings adjacent to the park and members believe that a reactor-light would be an advantage at this location.

The official launch of the park to include the new sports' equipment will take place next year. This could involve an outlay of a few hundred pounds.

The annual inspection, as undertaken by Ceredigion CC has not taken place this year although Cllr Chris Thomas is qualified to inspect the park on a regular basis. Remedial work and extra costs could be imposed.

Mr. E. Williams has cut the grass, during the summer months of the present financial year, for a fee of approximately £550.

As Parc-yr-Orsedd is the property of the Town Council, this Authority will have to meet the above mentioned costs. Grants could be obtained to meet some of the expenses incurred.

4.7.3 VENUE OF MEETINGS

The Highmead Trust has taken over the Town Hall and it is hoped that the TC will be able to meet in another room within the Town Hall, as the present room is small for the TC's purpose, which includes hosting the Public Forum. Presently the TC pays £21.50 per session. Hopefully, there will not be an increase in the rent of the new room, which could also house the Role of Honour and the Bardic Chairs.

4.7.4 TRAINING FOR CLERKS AND COUNCILLORS

In order to keep abreast with new developments, it would be good practice for Cllrs and the Clerk to attend courses and training sessions, which would be mutually beneficial. This has not been undertaken on a large scale in the past and would involve additional expenditure.

4.7.5 TRAVELLING/ACCOMMODATION COSTS

This was introduced in October 2008 for Cllrs and should be included in the future budget.

4.7.6 BILINGUALISM

Since the introduction of the TC's Welsh Language Scheme in August 2007 the TC has paid an average of £90 per month for translating facilities. This could be more expensive should the TC wish to increase the provision of the Welsh Language at meetings as recommended by the Welsh Language Board.

4.7.8 KEEP WALES TIDY

The TC has expressed an interest in the Keep Wales Tidy Grant, as awarded by the Tidy Wales organisation in partnership with Ceredigion CC for projects such as painting the Scouts' Hall, removing graffiti from the railway bridge and in the purchase of a recycling bin. The TC will purchase the bin, regardless of its inclusion within this scheme. (£400)

4.7.9 LEASING THE OLD PRIMARY SCHOOL FIELD/BRYN FIELD

It is hoped that the TC will be able to lease the above mentioned properties. In addition to the lease, there could be further outlay in developing/maintaining these areas as amenities for the people of Lampeter

4.7.10 STREET LIGHTING

The TC could pay a part of the cost of street lighting in the future. Discussions are presently ongoing between the Ceredigion CC and the Town Council. (A few hundred pounds?)

4.8 CONCLUSION

THE AMOUNT LEVIED BY MEANS OF THE PRECEPT (2009-10)

There are a number of options regarding gauging the level of the precept for the next financial year. Inflation has been set at 3%. All calculations are inclusive of VAT, as money is required to meet the VAT element, which is reclaimed during the following financial year. VAT from the 1st December 2008 has been reduced from 17.5% to 15%, there will therefore be a marginal decrease in the VAT refund, when compared to the projected figure.

These include:

4.8.1 OPTION 1

No change in the level of the precept i.e. it remains at £43,220

Normal running costs (based on this year's expenditure)	£42,685
Allowance for inflation @ 3%	£ 1,281
TOTAL	£ 43,966

The excess of £746 or 1.7% increase could be met from reserves. A VAT reclaim of approximately £3,000 is also expected during the year. Grant funding will also be received. Capital expenditure can be met from the £151,000 reserves.

4.8.2 OPTION 2

The precept is reduced in the next financial year to e.g. £41,000. Additional costs could be met from reserves. A VAT refund of approximately £3,000 is also awaited and grant-funding appears likely to be received for some projects. Other expenditure could be met from reserves.

4.8.3 OPTION 3

The precept is increased, to keep in line with inflation, say a 3% increase of £1,297 in the next financial year, from £43,220 to £44,512. It could be increased further. Less money would then have to be drawn from reserves, should a planned expenditure be required.

Value of Precept	Band D charge for Lampeter
£43,220	£48.96
£44,000	£49.74
£44,512	£50.42
£45,000	£50.87
£45,220	£51.23
£46,000	£52.00

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 £43,220 and will remain the same**, but taking inflation into consideration, it will mean a decrease for rate-payers. The cost of living e.g. food/fuel has increased and this will mean that they will save money. On the other hand, if members follow Mr. Gordon Brown's announcements, the TC could leave the precept unaltered so that people will have more money in their pockets, which they could "spend, spend, spend", as the government advocates, in a bid to "solve" the economic problems of the country. The £43,220 + tax reclaim of £3,000 and possible grant funding, will meet the every day needs of the Town Council, in the next financial year. The Town Council is aware of the money held in reserves and this could be used to finance new activities planned for the next year.
- 5.2 Consideration should be assigned to Option 2. A reduction in the level of the precept** would be gladly accepted, by many ratepayers, in light of the present economic climate. . A reduction of £1,000 would mean an annual saving of approximately £1 for the Band D Council-tax payer. The quoted reduced figure is not written in stone. It would be possible to reduce the figure further, should a part of the running costs be met from reserves.
- 5.3 Option 3 and an increase in the precept should be examined.** The sum of £43,220 has remained frozen during the last 4 years. Due to inflation, an increase in costs is the norm, and an increase by an insignificant amount to say £45,220, could appear the best solution. An increase of £2,000 will just cover inflation. It will represent an annual increase of £2.27 for the Band D Council-Tax payer, and allowing for inflation at 3%, this will mean an increase of 80pence per year.
- 5.4 The reserve of £151 ,000** should be considered, representing an increase of approximately £14,645 or 10% to the previous financial year. The Audit Commission has suggested that the level of reserves should not, ideally, be more than twice the value of the precept, say £90,000.
- 5.5 A plurality of objectives exists** (political, economic, social, regulatory and technical) and profit is not the primary long-term objective of the Town Council. A part of the reserves could therefore be spent on a community project/s which would meet other objectives in the service of the people of Lampeter e.g. leasing a field as an amenity for the townsfolk.
- 5.6 Attention should be assigned to the money donated in the will** of a deceased Lampeter resident, "to be used for the benefit of the people of Lampeter". The money was received in April 2005 and the present balance is approximately **£11,500**.
- 5.7 An increase could be made in the amount of money donated to local charities.**