

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

SUBJECT: Precept 2012-13
DATE: 9 December 2011

**REPORT ON THE BUDGET PROPOSALS OF LAMPETER TOWN
COUNCIL FOR THE FINANCIAL YEAR COMMENCING 1ST APRIL 2012
AND ENDING 31ST MARCH 2013**

1.0 TERMS OF REFERENCE

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 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. It will also attempt to provide value for money, for the Lampeter Council-Tax payer, bearing in mind that the country remains in recession. The report is to be submitted by the 12th January to the Council for consideration.

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 2011 - 31 March 2012) was reviewed.
- 2.2** The impact of the provision of CCTV cameras was assessed.
- 2.3** The income and expenditure of the present year (1 April 2011 – 31 March 2012) were considered and predictions made.
- 2.4** The budget for 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 2012, were calculated.
- 2.6** Donations to charities were appraised.
- 2.7** Future concerns/projects were highlighted.
- 2.8** Conclusions were drawn and options regarding the amount levied by means of the precept (2012-13) were proposed.
- 2.9** Recommendations were made.

3. FINDINGS

3.1 REVIEW OF THE CURRENT YEAR'S PRECEPT (1 APRIL 2011 - 31 MARCH 2012)

The total precept in respect of this financial year (fiscal year ending 31 March 2012), was £43,220. This amount has been constant for the last seven years – no increase in the precept of £43,220. The annual precept payment for the Band D Council-Tax Payer has remained unchanged at £47.89, for the past seven years and, allowing for inflation, this has represented a reduction in payment.

The precept is collected on behalf of the Town Council by Ceredigion County Council and represents approximately 5% of the Council Tax.

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 8th 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 remains the third highest in the county. From the 9th January 2008, the yearly fee was 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, as opposed to the MLL Telecom's network.

This reduction has affected the precept in recent years, which has not been increased due to the saving of £7,600 during each of the last 4 years, £2,264 the previous year and a refund of £11,433 in April 2006, due to the under-performance of the cameras. These savings have enabled the TC to meet its normal annual running costs, without imposing an increase on the rate-payer and also to a growth in its reserves.

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. (present cost)

**3.3 THE INCOME AND EXPENDITURE OF THE PRESENT YEAR
(1 APRIL 2011 – 31 MARCH 2012)**

3.3.1 CALCUALTION OF EXPENDITURE FOR THESE 12 MONTHS BASED ON ACTUAL EXPENDITURE DURING THE FIRST 9 MONTHS OF THE YEAR (2011-12)

ACTUAL RUNNING COSTS FROM 1 APRIL TO 31 DEC 2011 (inc vat)	£47,512
Subtract VAT, which will be recoverable	£ 2,909
Subtract annual CCTV payment	£12,000
Subtract annual Mayor's Allowance	£2,787
Normal running costs (9 months) ex CCTV + M. Allow- as paid annually	£29,816
Therefore running costs for 12 months Ex MA + CCTV	£29,816 x 4/3 = £39,754 (£9,938 for 3 months)
Add back on CCTV payment	£12,000
Add back on Mayor's Allowance	£2,787
TOTAL EXPENDITURE EX VAT	£54,541
LESS £15,000 ONE OFF PAYMENT FROM RESERVES FOR THE SWIMMING POOL	<u>£39,542</u>
RUNNING COSTS FOR THIS FINANCIAL YR APPROX	<u>£39,500</u>

3.3.2 INCOME FOR THE FINANCIAL YEAR (COMMENCING 1 APRIL 2011 AND ENDING 31 MARCH 2012) - the present financial year

(includes projected income for the next 3 months ex VAT)

The precept for the year 2010-11	£ 43,220
Interest Received:	£ 498.63
	£ 560.96
	£ 761.00
	£ 1.21
Grant (Community Paths Scheme)	£ 507.00

TOTAL £45,548.80

The £39,500 running costs can be met from this income and allows some scope for "exceptional costs" eg £1,250 Picton Lane Project . The Swimming Pool donation was drawn from reserves.

3.4 MAESYDERI FIELD PROJECT (Ex VAT)

EXPENDITURE 2009-10	£6,536
EXPENDITURE 2010-11	£11,357
TOTAL SPENT TO DATE 2011-12	£1,500

Approximately £20,000 has been spent to date on this project, to maintain the field as an amenity for the people of Lampeter. It had been hoped to construct a Bike Track on the field. £910.60 had been raised for this project. This £910.60 remains in the TC's accounts.

3.5 THE PROJECTED AMOUNT OF RESERVES IN THE BANK ACCOUNTS AT THE END OF THE FINANCIAL YEAR (COMMENCING 1 APRIL 2011 AND ENDING 31 MARCH 2012) - the present financial year

- Lloyds TSB £12,500 @ 31.12.2011
 - Lloyds Bank 24 months' a/c £60,000 (started 10.04.2010)
 - Barclays 2 Bonds, £55,000 & £15,000.
 - Swansea B/s (commenced March 2009) £100
 - Alliance & Leicester £828
- (TOTAL £143,428)

If spending will continue at the same pace for the next 3 months (including the donation of £15,000 swimming pool in the calculation, thus allowing for one off payments in the next 3 months), the reserves will be reduced to £143,428 – (£9,938) = **£133,500.**

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 there is a spending limit attached to this power. For the financial year 2010-11 the discretionary limit for the purposes of section 137 (4) is approximately £6.44 per elector. As there are 1,600 people on the electoral list of Lampeter, then about £10,304 can be given to charity by the Town Council. A generous donation of £15,000 was awarded to the Lampeter Swimming Pool Ltd In September 2011.

3.7 FUTURE CONCERNS ARISING FROM THE RUNNING COSTS

There could be extra costs incurred next year, when undertaking work associated with the following projects. Costs may have to be met, in part, from reserves, if the TC chooses not to increase the precept of £43,220.

3.7.1 FOOTPATHS

3.7.2 PARC YR ORSEDD

- 3.7.3 VENUE OF MEETINGS
- 3.7.4 TRAINING FOR CLERKS AND COUNCILLORS
- 3.7.5 TRAVELLING COSTS
- 3.7.6 BILINGUALISM
- 3.7.7 MAESYDERI FIELD
- 3.7.8 STREET LIGHTING
- 3.7.9 PICTON LANE
- 3.7.10 MAYOR'S ALLOWANCE

Resolved to be increased by 1.5% annually at the January Budget Meeting of 2010. This could be increased by 5% in light of the present inflation rate.

- 3.7.11 PICTON LANE
- 3.7.12 NEW COMPUTER SYSTEM
- 3.7.13 ELECTION COSTS 2012
- 3.7.14 OTHER POSSIBLE DELEGATED SERVICES FROM THE COUNTY COUNCIL EG PUBLIC CONVENIENCES; FLOWERS

3.7.15 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.

4.0 CONCLUSION

THE AMOUNT LEVIED BY MEANS OF THE PRECEPT (2012-13)

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 Town Council has assumed a 5% inflation allowance on all its calculations for next year's budget.

The options include:

OPTION 1

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

Normal running costs	£39, 542
(based on this year's expenditure ex swimming Pool donation)	

Allowance for inflation @ 5%	£1,977.10
TOTAL	£41,519

The £43,220-£41,519 = £1,701 surplus and the possible grant funding for various projects and interest from savings will provide a leeway for the town council, which can be used in conjunction with a part of the reserves of £133,500, to meet the necessary expenditure.

OPTION 2

The precept is reduced in the next financial year to e.g. to £41,000. Additional costs could be met from reserves.

OPTION 3

The precept is increased by a marginal amount to keep in line with inflation i.e. a 5% increase
 $£43,220 + £2,161 = £45,381$. Less money would then have to be drawn from reserves, if necessary.

OPTION 4

There are variations to Option 3. The Town Council could opt to meet next year's possible additional expenditure by part funding from the reserves and part-funding, from an increase in next year's precept.

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.** A stand-still budget would be welcome by rate-payers in light of the recession. The county council is considering an increase to its portion of the council tax and it is likely that the police will also impose a rise. Running costs of the town council and some additional 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, in this time of austerity. 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, in line with inflation should be examined.** The sum of £43,220 has remained frozen during the last 7 years. Due to inflation, this has meant a decrease for the Lampeter rate-payer.
- 5.4 The reserve of £133,500** should be considered. The TC could possibly increase its assets and could consider a capital investment in the future.

5.5 Local Government is facing significant spending reductions. Councils now face a massive squeeze. The government is demanding radical cuts in future spending, which are aimed at local government. There will be deep cuts in capital investment for years to come. At the same time there will be demands for councils to lead the steady improvement of outcomes within their area. Some authorities have already started to think about the ways in which they might do things differently. The County Council has mentioned that some non-statutory services e.g. public conveniences, provision of flowers for the town over the summer months, could be delegated to the Town Council. Should the TC wish to assume responsibility for these services, funding will be necessary, which could be met from the reserves (considering the present financial situation of the TC or the precept could be increased).

It has been stated that money could become available to Town & Community Councils, directly, from the Welsh Government.

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.

5.7 The amount of money donated to local charities should be regularly reviewed.

5.8 Crime-prevention should remain a priority, with the maintenance of an efficient CCTV System. There could be an increase in the cost of this provision during the next financial year.

5.9 The £1,500 budget for the Maesyderi Field could be revisited and the £910.60 raised for the Bike Track could be kept in a separate account to the TC's funds.

5.10 The Financial Officer's preferred option is Option 1 i.e. no change in the level of the precept for the 2012-13 Financial year, due to:

- The current economic climate;
- The generosity of past precepts, due to changes in the cost of CCTV payments &
 - The high level of reserves held by the Town Council, which are in real terms, decreasing in value, due to inflation.