

TO: All Town Councillors

SUBJECT: Precept 2008-09

FROM: M.E.Thomas, Clerk

DATE: 10 January 2008

## **REPORT ON THE BUDGET PROPOSALS OF LAMPETER TOWN COUNCIL FOR THE FINANCIAL YEAR COMMENCING 1<sup>ST</sup> APRIL 2008 AND ENDING 31<sup>ST</sup> MARCH 2009**

### **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 detailed budget and to make appropriate recommendations. These proposals would then enable councillors to decide on the amount of money needed to be raised, by means of the precept. The report was to be submitted by the 10<sup>th</sup> January to the Council, for consideration.

### **2.0 INTRODUCTION**

#### **2.1 THE PRECEPT**

The precept is the local tax levied by Town/Community Councils (known as "local councils"), which is collected on their behalf by their "Rating Authority". Lampeter's "Rating Authority" is Ceredigion County Council. The Town Council calculates its precept by preparing a detailed budget. Lampeter's total local precept consists of the sum needed by the Town Council to deliver services and to employ staff for the forthcoming financial year.

The Town Council's precept represents a small proportion of the total Council Tax collected by Ceredigion County Council. For example, for the year 2007-08, the total Band D (average) charge of £992.71 for a Lampeter Council-Tax payer is broken down as:-

	£	%	Per week	Per day
Ceredigion County Council	786.07	79.18	£15.12	£2.16
Dyfed Powys Police	157.68	15.88	£ 3.03	£0.43
<b>Lampeter Town Council</b>	<b>48.96</b>	<b>4.94</b>	<b>£ 0.95</b>	<b>£0.135</b>
Total	992.71			

Lampeter Town Council works in collaboration with Ceredigion County Council and the Dyfed-Powys Police.

This report will endeavour to calculate the money required by the Town Council to meet its objectives for the coming financial year and is based on two themes, "Vision and Value for money".

### **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 level of the current year's precept (1 April 2007- 31 March 2008) was reviewed.
- 3.2 The income and expenditure of the present year (1 April 2007 - 31 March 2008) was compared to the previous year (31 March 2006 - 1 April 2007) and predictions made.

- 3.3 A review of current activities and assets was undertaken.
- 3.4 The projected amount of reserves in the Bank Accounts at the end of the present financial year i.e. 31 March 2008, were calculated. Interest rates were included.
- 3.5** Inflationary Trends were considered.
- 3.6 Possible new activities planned for the following year were outlined.
- 3.7 Requests for grant funding were assessed.
- 3.8 Nationally-negotiated wage settlements were examined.
- 3.9 Conclusions were drawn and options regarding the amount levied by means of the precept (2008-09) were proposed.
- 3.10** Recommendations were made

## 4.0 FINDINGS

### 4.1 **THE LEVEL OF THE PRECEPT FOR THE CURRENT FINANCIAL YEAR commencing on the 1 April 2007 and ending on the 31 March 2008**

The total precept in respect of this financial year (fiscal year ending 31 March 2008), was £43,220. There had been no increase in the precept for this financial year, when compared to the two previous years.

### 4.2 **THE INCOME AND EXPENDITURE OF THE PRESENT YEAR (1 APRIL 2007 - 31 MARCH 2008) IS COMPARED TO THE PREVIOUS YEAR (1 APRIL 2006- 31 MARCH 2007) AND PREDICTIONS MADE.**

#### 4.2.1 **Income and expenditure for the financial year commencing 1 April 2006 and ending 31 March 2007**

(previous financial year - please refer to Appendix 1)

Appendix 1 provides a breakdown of the income and expenditure for the financial year ending 31<sup>st</sup> March 2007. The actual expenditure for this year was £42,614.95 and the value of the precept, £43,220, allowing a surplus of £605.05 remaining from the precept. The brought forward balance of £106,072.18 on the 1<sup>st</sup> April 2006(b/f from the yr ending 31<sup>st</sup> March 2006) and the remaining income received (£11,433 CCTV refund; £25,000 Sports' Council for Wales grant, in addition to other sources of income e.g. VAT Reclaim of £3,754.67), meant that a balance of £153,351.68 was carried forward at the end of the last financial year (31 March 2007) and at the beginning of this financial year (1 April 2007). On the 1<sup>st</sup> April 2007, (beginning of the present financial year) the town council's balance was **£153,351.68**. This balance of £153,351.68 did not represent the value of the Town Council's reserves at the beginning of the present financial year as it included a £25,000 Sports Council for Wales Grant and the money + interest received, in relation to the Bequest of a deceased resident of Lampeter (£10,500). Excluding these two items, the town council's reserves were approximately **£118,000** at the beginning of the present financial year (1 April 2007).

**4.2.2 The income and expenditure for the financial year commencing 1 April 2007 and ending 31 March 2008 (the present financial year)**

**4.2.2.1 INCOME**

The precept for the year 2007-08	£ 43,220
VAT reclaim for this period	£ 3,962
Interest Received:	
Lloyds TSB (-30 <sup>th</sup> Dec 2007)	£ 1,714
Alliance & Leicester (approx. to 31 Dec 2007)	£ 3,274
Grant (Community Paths Scheme)	£ 742
Grant on behalf of the Ramblers	£ 620
<b>TOTAL</b>	<b>£ 53,532</b>

**Expected bank interest for next 3 months (projected)**

Lloyds TSB £571  
 Alliance & Leicester £1,091  
 A grant of £1,000/annum towards the CCTV cameras from Lampeter University has terminated. A Christmas Lighting grant of approximately £495 is expected from CCC.

**4.2.2.2 EXPENDITURE (1 April 2007 to 31 December 2007)**

Administration	£ 8,036
Charities (Sect 137)	£ 4,333
Maintenance	£41,870
VAT	£ 7,165
Mayor's Allowance	£ 2,532
<b>TOTAL</b>	<b>£ 63,936</b>

**4.2.2.3 The likely expenditure for the next 3 months**

<b>1<sup>st</sup> April 2007 - 31<sup>st</sup> March 2008</b>		
<b>CALCULATIONS BASED ON AN ANNUAL PAYMENT OF £19,600 CCTV</b>		
Actual Expenditure: 1/04/07-31/12/07	£63,936	This includes the expenditure of the Fit Trail Equipment at Parc-yr-Orsedd (£28,975 inc VAT), which is an exception to normal expenditure and will be met from the grant received during the previous year. For budgetary purposes the actual expenditure will be taken as £63,936-£28,975= <b>£34,961</b>
Actual Exp. Ex Fit Trail Eq.	<b>£34,961</b>	Based on CCTV payment of £19,600
Projected expenditure per month – based on actual expend. From April to Dec.	<b>£3,885</b>	Based on CCTV payment of £19,600
Projected Expenditure 1/01/08-31/03/08	<b>£3,885 x 3</b> £11,655	Based on CCTV payment of £19,600
<b>TOTAL EXPENDITURE</b>	£46,616	<b>£34,961 + £11,655 (Ex Fit Trail Eq.)</b>
Precept		<b>£43,220</b>
Deficit from precept	-£ 3,396	£43,220-£46,616
<b>CALCULATIONS BASED ON CCTV ANNUAL PAYMENT OF £19,600 FOR THE FIRST 9 MONTHS AND £12,000 FOR FINAL 3 MONTHS</b>		
CCTV SAVING £2,229 (above deficit reduced £3,396-£2,229 to £1,167)		
Adjusted projected expenditure, due to CCTV reduction 1/1/08-31/03/08	£11,655- £2,229 = <b>£9,426</b>	Based on CCTV payment of £12,000
<b>TOTAL EXPENDITURE (inc projections)</b>	£44,387	<b>£34,961 + £9,426</b>
Deficit from precept	<b>-£1,167</b>	<b>£43,220-£44,387</b>

The (April-Dec, 9 months) costs in respect of this year to date, have accumulated to £34,961. This represents an expenditure of £3,885 per month. Therefore the projected expenditure for the next 3 months will be £11,655.

Over a 12-month period, should current spending be maintained, this would be in the region **£46,620**. The precept of £43,220 has not adequately met the running costs for these 12 months. A deficit of £3,396 remains but past performance is not always an indicator of future performance, and the conversion of the CCTV MLL Network onto the Ceredigion's network in early January 2008, means that a CCTV saving of £733 (inc VAT) will be made each month.

Therefore, for the next 3 months the saving will accumulate to £2,229. The deficit is then reduced (£3,396-2,229) to £1,167. This deficit has arisen due to the non-adjustment in the CCTV payment for the first 9 months of this financial year. The adjusted projected expenditure figure for the next 3 months is therefore (£11,655-£2,229) £9,426. The total expenditure (inc projections) for this financial year is £44,387( based on CCTV payment of £19,600 for the first 9 months of the year and £12,000 for the next 3 months). The £11,433 CCTV refund of the previous financial year should cover the discrepancy of £1,167. Alternatively, the VAT refund of 3,962.39 or other sources of income, received in this financial year should more than adequately meet this shortfall of £1,167, therefore this does not affect the budgeted expenditure for the next financial year.

## **4.3 A REVIEW OF CURRENT ACTIVITIES AND ASSETS**

### **4.3.1 CCTV Cameras**

The CCTV system became operational in April 2002. The yearly contribution made by the Town Council has been £19,600 (exc. VAT), paid to MLL Telecom LTD. The anticipated cost of this facility for the fiscal year ending 31<sup>st</sup> March 2008, had been £12,000. The upgrade, involving the digitization of the Ceredigion CCTV system, to enable the CCTV images from Lampeter, to be carried on the Council's telecommunications network, and reduce Lampeter Town Council's costs, did not materialize until early January 2008. This meant that for over three-quarters of the year the town council's budget had not anticipated such a high cost for a facility which was often, under-performing. The adjusted cost is £12,000 (as from early-January 2008) per annum as compared to the previous cost of £19,600/annum. A refund of £11,433 was received in April 2006, as the cameras had encountered considerable inactivity in the previous financial year.

### **4.3.2 Bilingualism**

During the past year the Town Council has adopted a Welsh Language Policy, which has gained approval by the Welsh Language Board. An additional 10 hours per month is allocated to the clerk to undertake translation tasks at the same hourly rate.

### **4.3.3 Accounting Procedures**

The External Auditors for Lampeter Town Council, BDO Stoy Hayward charged a fee of £400 (exVAT) for the present financial year. An internal auditor, who checks the clerk's work, can charge in the region of £200, although in the past few years, this has been undertaken for £50.

### **4.3.4 Office Costs**

These have been dealt with prudently e.g. stationery /postage/ 'phone/ computer.

### **4.3.5 Footpaths**

A grant of £742.50 was received from CCC under the Community Footpaths' Scheme (75% funding) for the improvements of footpaths in the area. The remaining £247 was met from the Town Council's funds. A grant of £642 was also received from CCC, on behalf of the Lampeter Ramblers, It is hoped that grant-funding will be obtained during the next financial year.

### **4.3.6 Parc-yr-Orsedd Play area**

- 4.3.6.1** The annual inspection was recently undertaken by *PlayWales* and suggested improvements will involve an outlay of a few hundred pounds.
- 4.3.6.2** The Mayor attended a Playground Inspection Training Course, in November, which should equip him to inspect the park on a regular basis.
- 4.3.6.3** Members carry out general maintenance work on this park, once a year, in preparation for "In Blooms" competitions and Cllr D.Williams inspects the park on a regular basis.
- 4.3.6.4** 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.
- 4.3.6.5** It has been suggested that a reactor-light would be an advantage at this location.
- 4.3.6.6** Mr E.Williams has cut the grass, during the summer months of the present financial year, for a fee of approximately £500.
- 4.3.6.7** Fit-Trail Equipment funded by a Sports Council for Wales grant of £25,000, have recently been installed at Parc-yr-Orsedd,
- 4.3.6.8** The railings, in close proximity to the park are in need of renovation.

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

### 4.3.7 Cittaslow Initiative

Members have unanimously voted in favour of setting up a *Cittaslow* Committee, to be chaired by the present Mayor. Fact-finding visits have been undertaken in the past year, to Ludlow, the UK's SlowCity Capital and to Mold, the first town in Wales to be awarded Cittaslow Status.

### 4.3.8 FIXED & CURRENT ASSETS

#### 4.3.8.1 Fixed Assets

The Town Council's fixed assets, in addition to the mentioned "Parc-yr-Osedd" Play area, Play equipment, & Fit-trail Equipment, include 14 Civic Cloaks, Civic Regalia, Role of Honour Board, certain historical artifacts, Christmas Decorations, a computer, a notice board, and a bench. The notice board, sited in close proximity to the library is the subject of frequent vandalism and has to be repaired on a regular basis.

The total value last August, including insurance valuations is approximately £120,000.

#### 4.3.8.2 Current Assets

The Town Council, holds 3 accounts, the *Current Account* and the *90 Day Notice Account* at the Lampeter Lloyds TSB and the Alliance & Leicester Account. 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.

Of the £80,170, it was resolved, in the Budget Meeting of January 2006, that £70,000 should be kept as a reserve. The remaining £10,170 consisted of the money (and interest accumulated), donated in the will of a deceased resident of Lampeter.

## 4.4 THE TOWN COUNCIL'S RESERVE LEVELS

On the 31<sup>st</sup> December 2007 there was £56,038 in the Reserve Account, Lloyd's TSB Bank and a £100 in the Current Account. If current spending per month is maintained it will be reduced to (£56,138-£9,426) £46,712 by the 31<sup>st</sup> March 2008. Presently the Alliance & Leicester A/C balance reads £85,798.17. The reserve is therefore **£132,510**.

There will also be some interest rates payments of 3 months from the Lloyds TSB A/C £571 and from the Alliance & Leicester £1,091. Estimated interest is £1,662 and a Christmas Lighting Grant of £495 is awaited from CCC. Therefore the reserve is increased to £134,667. The Sports Council for Wales grant of £25,000 has been spent, but this figure of £134,667 includes approximately £11,000 (Bequest) Therefore the Town Council's reserves are in the region of **£123,700**.

#### **4.5 INFLATIONARY TRENDS**

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. Inflationary pressures, based on e.g. the escalating price of oil and cereals, are now affecting the cost of living.

Ceredigion County Council currently assumes an inflation rate of 2.2% in its budgetary planning for the 2008/09 financial year for both employee and non-employee expenditure.

#### **4.6 NEW ACTIVITIES PLANNED FOR THE FOLLOWING YEAR**

Funding may be required for the following:

##### **4.6.1 Youth Drop-In Centre**

The County Council, in partnership with the Town Council are striving for the provision of a Youth Drop-In Centre in the town. Consideration has been assigned to a Youth Council in order to give young people a distinctive voice.

##### **4.6.2 Cittaslow Initiative**

The Town Council will initiate arrangements and a co-coordinator is required to be employed for the successful deliverance of this project.

##### **4.6.3 Development Officer for the Town**

Included in the observations submitted recently by the Town Council, in response to the *Draft Report for Consultation* on the "Lampeter Economic Development & Regeneration Strategy" undertaken by *Hyder Consulting (UK)*, was a strong recommendation for the services of a Manager for the town. This person, could, possibly, be employed by the Town Council.

##### **4.6.4 New Website for the Town Council**

Presently the Town Council shares a web-site with *Menter Llambod* and has limited control on editing the web-site. A new updated web-site would make the Town Council more accessible to the public, increase the Town Council's profile and facilitate the clerk's work.

**4.6.5 Forums for the Public:** Councillors have decided to consider adding open sessions, possibly at the beginning of meetings, to future agendas. The present meeting room is small for this purpose, @£20/meeting. A more suitable location is required, bearing in mind Health & Safety and DDA Implications.

**4.6.6 Shopmobility Services:** in partnership with CCC, the Town Council could assume part responsibility for the re-introduction of this service in the town.

**4.6.7 The Town Council could lease the Old Primary School field** as an amenity for the people of Lampeter.

**4.6.8 A Town Council Election** could take place in May, which would cost in the region of £1,000. Should an election not take place, then ordinary running costs would be reduced to approximately £200.

**4.6.9 Tourist Information Centre** -a discussion is required in relation to the setting up of a much-needed Tourist Information Centre in the town.

**4.6.10 The Town Council could work in partnership with CCC** to deliver an array of services e.g. ash-tray bins for smokers on the streets of the town, certain traffic issues, bearing in mind the implications of the “double-precepting” concept.

**4.6.11 Training for Clerks and Councillors:**In order to keep abreast with new developments, it would be good practice for the clerk and councillors to attend courses and training sessions, which would be mutually beneficial.

#### **4.7 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 2007-08 is £5.64 per local government elector. As there are approximately 1,600 people on the electoral list of Lampeter, then about £9,024 can be given to charity by the Town Council. To date, to the 31<sup>st</sup> December 2007, £4,333 has been donated, which is well short of the Welsh Assembly Guidelines.

#### **4.8 NATIONALLY NEGOTIATED WAGE SETTLEMENTS**

The clerk commenced duties on Spinal Column Point (SCP)17, increasing one point per year of duty, and on the 9<sup>th</sup> May 2007 had reached SCP 19, which corresponds to an hourly rate of £8.701 (in accordance with the rate recommended by the National Association of Local Councils (NALC) and the SLCC, as from 1<sup>st</sup> April 2006).

New guidelines, recommended by the NALC as from 1 April 2007 stipulate that SCP 19 should be adjusted to £8.91 per hour. Should the staffing situation remain the same at 9<sup>th</sup> May 2008, then the SCP 20 corresponding to £9.242/hour is recommended, resulting in an increase of 54.1pence per hour. The town council presently employs one part time member of staff who works 12 hours per week. An additional 10hours per month is allocated for translating tasks, at the same hourly rate. The hours worked per week are therefore in the region of 14.5.



## 4.9 CONCLUSION

**Proposals: Options regarding the amount levied by means of the precept (2008-09).**

### 4.9.1 Option 1

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

Normal running costs (based on projected costs for this year 19,600 has been assumed for CCTV)	£46,616
Less £19,600 CCTV	(£19,600)
Less Vat @17.5% of £19,600	(£3,430)
Normal Running Costs	£23,586
Allowance for inflation @ 2.2%	£ 519
<b>TOTAL</b>	<b>£ 24,101</b>

CCTV Running Costs	£ 12,000
VAT ON CCTV @17.5%	£ 2,100
<b>TOTAL</b>	<b>£38,201</b>

The remaining £5,019 (£43,220-£38,201) could be spent on other expenditure. A VAT refund of over £4,000 is also awaited, during the course of the next financial year, allowing approximately £9,000 for other eventualities, without drawing from reserves.

### 4.9.2 Option 2

**The precept is reduced in the next financial year to e.g. to £38,000.** A VAT refund of approximately £4,000 is also awaited, during the course of the next financial year, which would help with the ordinary day to day running of the council. Other expenditure could be met from reserves.

### 4.9.3 Option 3

**The precept is increased,** to keep in line with inflation, i.e. a 2.2% increase of £950 in the next financial year, from £43,220 to £44,170.

Value of Precept	Band D charge for Lampeter
£43,220	£48.96
£44,170	£48.96+£1.08
£44,220	£48.96 +£1.13
£44,720	£48.96+£1.69
£45,220	£48.96+£2.27

Less money would then have to be drawn from reserves, should a planned expenditure be required.

## 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. This amount of money, in addition to the £4,000 expected VAT refund (and also other anticipated sources of income e.g. Footpaths' grant, Christmas Lighting grant), will more than adequately 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 underperformance of the CCTV cameras in recent years. 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 a benchmark. It would be possible to reduce the figure further, should a part of the running costs be met from reserves.
- 5.3 Option 3 should be examined. Due to inflation, an Increase in costs is the norm, and an increase to say £45,220, would not make a significant difference to the amount paid by the council tax payer – £2.265 per year for the Lampeter Band D Council tax payer.
- 5.4 The reserve of £123,770 should be reviewed, representing an increase of approximately £6,000 or 5% to the previous financial year (excluding the £25,000 Sports Council for Wales grant and the bequest of £10,500). The Audit Commission has suggested that the level of reserves should not, ideally, be more than twice the value of the precept.
- 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. It is a non-profit making organization, which means that the 3 Es rule applies i.e. it should be run economically, efficiently and effectively. 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.
- 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, (present value approx £11,000) and should be spent prudently, as soon as possible.
- 5.7 An increase could be made in the amount of money donated to local charities.
- 5.8 That the meeting place can accommodate members of the public in addition to the full complement of councillors.
- 5.9 That Nationally Negotiated Wage Settlements are re-visited.

- 5.10 That crime-prevention remains a priority, with the installation of an efficient CCTV system, which should improve the quality of life of the people of Lampeter, by reducing crime and the fear of crime.