

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

SUBJECT: Precept 2014-15
DATE: 23 January 2014

**REPORT ON THE BUDGET PROPOSALS OF LAMPETER TOWN
COUNCIL FOR THE FINANCIAL YEAR COMMENCING 1ST APRIL 2014
AND ENDING 31ST MARCH 2015**

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 23rd January, to the Council, for consideration. The County Council wishes to be informed of the amount requested, by means of the Precept, by the 31st January 2014.

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 (1 April 2013 - 31 March 2014) 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 2013–31 March 2014) were considered and compared with the previous year. Predictions were 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 2014, were calculated.
- 2.6** Donations to charities were appraised.
- 2.7** The ongoing costs/future costs were considered.
- 2.8** Conclusions were drawn and options regarding the amount levied by means of the Precept (2014-15) were proposed.
- 2.9** Recommendations were made.

3. FINDINGS

3.1 REVIEW OF THE CURRENT YEAR'S PRECEPT (1 APRIL 2013 - 31 MARCH 2014)

The total Precept in respect of this financial year (fiscal year ending 31 March 2014), was £41,000. This represented a

reduction of £2,220, when compared to the previous year. Members had felt that a reduction could be made, to reflect the adjustment in the annual CCTV Payment (from £12,000 to £7,500=£1,250 per camera for 6 cameras in total, to begin in April 2103). The constant "Precept" figure during the prior 8 years had been £43,220.

The Precept is collected on behalf of the Town Council by Ceredigion County Council and constitutes approximately 5% of the Council Tax. The annual Precept payment for the Band D Council-Tax Payer for 2013-14 has been £46.25, a saving of £1.64 when compared to the previous year. Although the figure has remained constant for many years in the past, this has represented a reduction in payment in real terms, when inflation is taken into consideration. (Please refer to *Appendix 1* for more information regarding Inflation).

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 one of the 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. The decrease in the CCTV cost was not reflected in a reduction in the Town Council's Precept until the present financial year.

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 £7,500 per annum could be increased in the future.

**3.3 THE INCOME AND EXPENDITURE OF THE PRESENT YEAR
(1 APRIL 2013 – 31 MARCH 2014)**

3.3.1 CALCULATION OF EXPENDITURE FOR THESE 12 MONTHS BASED ON ACTUAL EXPENDITURE DURING THE FIRST 9 MONTHS OF THE YEAR (2013-14) EXCLUDING THE BALCHDER PENTREFI PROJECT

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|---|------------------------------|
| ACTUAL RUNNING COSTS FROM 1 APRIL TO 31 DEC 2013 (inc vat) | £29,486.88 |
| Subtract VAT, which will be recoverable | £ 2,022.57 |
| Subtract annual CCTV payment | £7,500.00 |
| Subtract annual Mayor's Allowance | £2,871.50 |
| Normal running costs (9 months) excluding VAT, CCTV + M. Allow- as paid annually | £17,092.81 |
| Therefore running costs for next 3 months (less MA less CCTV less VAT and not allowing for the Balchder Pentrefi Project) | (£5,698 for 3 months) |
| Add back on CCTV payment | £7,500 |
| Add back on Mayor's Allowance | £2,871.50 |
| TOTAL EXPENDITURE EX VAT | £33,162 |
| TOTAL EXPENDITURE INC VAT | £35,859.00 |

3.3.2 INCOME FOR THE FINANCIAL YEAR (COMMENCING 1 APRIL 2013 AND ENDING 31 MARCH 2014) - the present financial year-excluding the BALCHDER PENTREFI Project and the projected income for the next 3 months inclusive of VAT)

| | |
|------------------------------------|------------|
| The Precept for the year 2012-13 | £41,000 |
| LESS ELECTION COSTS MAY 2012 | £ (153.00) |
| Interest Received: Lloyds TSB Bond | £3,328.64 |
| Barclays Bond: Interest received | £ 194.16 |
| Grant (Community Paths Scheme) | £ 576.50 |
| VAT Refund | £ 212.91 |

TOTAL £45,159.21

3.4 MAESYDERI FIELD PROJECT (Ex VAT)

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|-------------------------------|---------|
| EXPENDITURE 2009-10 | £6,536 |
| EXPENDITURE 2010-11 | £11,357 |
| EXPENDITURE 2011-12 | £1,694 |
| EXPENDITURE 2012-13 | £1,715 |
| EXPENDITURE 2013-14 (TO DATE) | £102.00 |

£21,404 has been spent to date on this project, to maintain the field as an amenity for the people of Lampeter. £15,000 had been received from a Police Grant.

It had been hoped to construct a Bike Track on the field. £910.60 had been raised for this project. This £910.60 has been transferred to a separate account. A few pence interest has accumulated during the course of the year. A Budget of £1,500 per annum had been allocated to the Field during the Budget Meeting of January 2010.

A Grass Cutter is sought for the 2014 Summer Season. Arrangements are in hand for a Field Inspection to be carried out in June 2014. RAY Ceredigion continues to meet on the field on the third Sunday of each month.

The Maesyderi Field Management Committee meets once every 2/3 months to discuss matters appertaining to the Field, which is owned by Ceredigion County Council.

3.5 THE PROJECTED AMOUNT OF RESERVES IN THE BANK ACCOUNTS AT THE END OF THE FINANCIAL YEAR (COMMENCING 1 APRIL 2013 AND ENDING 31 MARCH 2014) - the present financial year

- Lloyds TSB approx.£18,000 @ 31.12.2013
- Lloyds Bank 12 months' a/c £90,000 (1.1% Interest) (started Nov 2013)
- Barclays Bonds, £16,000 start date 17.05.2013, maturity date 14.02.2014. Interest rate 1.7%; interest due on maturity £143.61
- Swansea B/S (commenced March 2009) £100
- Alliance & Leicester £28.00

TOTAL Approx: £124,271
Field Account £912.00@ 31.12.2013

If spending will continue at the same rate for the next three months (£5,698), the balance will be reduced to £118,574. The Town Council has been involved in a *Balchder Pentrefi* Project under the direction of Cllr Elsie Dafis and Ceredigion County Council. Cllr Dafis pro-actively sourced grant funding of £31,196 (ex VAT) in order to make improvements at Maes Y Felin, Lampeter to include the park and pavement. The Town Council's contribution had been £3,789 (ex VAT, encompassing 2 financial years). The VAT element will be reclaimed shortly (for the entire project £6,219), which will mean that the reserves will increase to £124,793. Please refer to *Appendix 2* in relation to the cost implications of this project, to the Town Council.

The VAT paid by the Town Council during the course of the year for other items purchased, will also be reclaimed (approx £2,700).

The c/f figure at the beginning of the 2013-14 financial year was £115,476 (to include the Maesyderi Field Bike Track Account), which means that the reserves will have increased at the beginning of the next fiscal year, should spending continue at the same rate for the next 3 months, as compared to the previous 9 months.

Appendix 3: Income and Expenditure for the previous Financial year 2012-13) c/f £115,476.19 less £910 (Bike Track)=£114,566.

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 2013-14 the discretionary limit for the purposes of section 137 (4) is £6.98 per elector. As there are 2,293 people on the electoral list of Lampeter (@ 1/03/2012 figure derived from figures quoted by Ceredigion County Council), then £16,005.14 can be given to charity by the Town Council.

Generous donations have been awarded during recent years viz £15,000 in aid of the Lampeter Swimming Pool and £20,000 to the Victoria Hall Project. This expenditure had been met from the reserves. Other sections of the Local Government Act 1972 have permitted the Town Council to award these grants in addition to the S137 Allowance. Please refer to **Appendix 4 for a breakdown in the donations made by the TC.**

3.7 ONGOING COSTS/FUTURE 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 .

3.7.1 FOOTPATHS: a grant of £576.50 was received during the year to assist in the maintenance of the footpaths.

There could be further costs if the Town Council wishes to carry out additional work during the forthcoming year and should there be a decrease in the level of grant-funding.

3.7.2 PARC YR ORSEDD: In need of a new fence and a request has been made from a member of the public, for additional play-apparatus. It may be possible to source grant-funding, for example, a willow-den has recently been installed in partnership with *Tai Cantref*. During the course of the year, the cost for grass-cutting from April to

October and for the hire of a person to check for vandalism and to collect litter on a regular basis, has been £1,086. Re the annual play-ground inspection, the county council no longer offers this facility and the TC will have to make its own arrangements re the inspection.

- 3.7.3 VENUE OF MEETINGS:** the TC currently meets at St Peter's Church Hall (£8.50 per hour).
- 3.7.4 TRAINING FOR CLERKS AND COUNCILLORS:** the Welsh Government actively supports training and a Training Budget could be incorporated within the next year's Precept. No training has been received to date by Cllrs or the Clerk apart from a few County Council/ One Voice Wales courses in relation to matters appertaining to the *Code of Practice* and the *Declaration of Interest* at meetings.
- 3.7.5 TRAVELLING COSTS** (currently set at 44pence per mile). All photocopying/printing by Cllrs could be reimbursed.
- 3.7.6 BILINGUALISM;** additional costs would feature, should the Town Council wish to increase its provision of the Welsh Language.
- 3.7.7 MAESYDERI FIELD:** the £1,500 present budget could be reviewed.
- 3.7.8 STREET LIGHTING:** many street lights are extinguished from 12midnight to 5am. The Town Council pays for the electricity associated with the Christmas Street Lights and the War Memorial.
- 3.7.9 THE WAR MEMORIAL:** Arrangements are in hand to cut the trees adjacent to the War Memorial (£1,000 approx) in preparation for this year's Celebrations to mark the centenary of WWI.
- 3.7.10 MAYOR'S ALLOWANCE**
Resolved to be increased by 1.5% annually at the January Budget Meeting of 2010.
- 3.7.11 RUNNING OFFICE COSTS**
- **Careful purchase of copy paper, ink and envelopes** has reduced costs. Letters, which can be hand delivered, are usually not posted. Emails are sent to those who possess e-mail facility thus avoiding the cost of printing and delivering documents. (but additional cost to the recipient should he/she choose to print the document)
 - **Broadband/Phone** is usually approx. £100 per quarter.
 - **Computer System:** a laptop was purchased in January 2012. This replaces the desktop (which had been acquired 6 years ago) and is now the Town Council's sole computer.
 - **A new (black-ink only, non-wireless)** printer/photocopier was also purchased during the

year. It is common practice to receive electronic copies of letters and these, very often have to be printed, incurring additional costs. Should colour copies be required, it will be necessary to visit commercial outlets within the town, which offer this facility. The present photocopier/printer is not designed to produce vast quantities of photocopies eg the 100 copies of the Mayor's Installation Programme. When requiring large quantities of photocopies, it will be necessary to do so in the town Eg Remembrance Day leaflets.

- **A non-encrypted back-up facility of £20** has been purchased to save data, in the interest of safety, as the laptop is a portable device and could be lost/stolen.

3.7.12 OTHER POSSIBLE DELEGATED SERVICES FROM THE COUNTY COUNCIL EG PUBLIC CONVENIENCES; FLOWERS.

3.7.13 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. The current salary is (12 hours per week + 12 per month for translating purposes) which equates to approximately £8,000 (gross) per annum, which is paid to HMRC in Real Time.

3.7.14 Town Council's Notice Board: has recently been repaired at a cost of £578 (ex VAT).

3.7.15 The Mayor's Chain: this is in need of repair.

3.7.16 Town Council's Website: It is hoped to source a grant of £500 to improve the Town Council's website. The importance of keeping the information on the website, up to date, has been highlighted.

3.7.17 TOURISM: The Town Council has had a presence at the Food Festival, during the past two years and hopes to participate in the Dylan Thomas' Centenary Celebrations. Additional leaflets containing information regarding the town were produced in 2013.

3.7.18 TOWN COUNCIL'S INSURANCE (Zurich Municipal): The annual premium is nearly £2,000 and covers the Christmas Decorations, Laptop, Civic Regalia, Civic Cloaks, 4 Planters and the Forklift Cages. Public Liability: £10,000,000. Fidelity Guarantee £250,000. There could be extra costs should additional insurance cover be necessary during the year.

4.0 CONCLUSION

THE AMOUNT LEVIED BY MEANS OF THE PRECEPT (2013-14)

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 2.3% 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 £41,000

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|--------------------------------|-------------------|
| Normal running costs (ex VAT) | £33,162.00 |
| Allowance for inflation @ 2.3% | £ 763.00 |
| TOTAL | £33,925.00 |

OPTION 2

The precept is reduced in the next financial year to, for example £39,000. 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 2.3% increase. £41,000 + £763= £41,763. Less money would then have to be drawn from reserves, if necessary.

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 £41,000 and will remain the same.** A stand-still budget would be welcome by rate-payers in light of the recession. The county council may be considering an increase to its portion of the council tax and the police could 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.** A reduction of approximately £2,000 was made during the present financial year. The sum of £43,220 had remained frozen during the previous 8 years. Due to inflation, this has meant a decrease for the Lampeter rate-payer.
- 5.4 The reserve of nearly £125,000** should be considered. The recommended amount of reserves is no more than twice the precept ie £41,000 x 2 = £82,000, allowing £43,000 to be used prudently on various projects, which would benefit the people of Lampeter.
- 5.5 Local Government** is facing significant spending reductions. Councils now face a massive squeeze. The government is demanding radical cuts in 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 may do things differently and the County Council has met with the Public to seek suggestions. Should the TC wish to assume responsibility for a service, it will be necessary to enlist the services of volunteers and funding will also 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. Some problems have been encountered when instant access has been required and funds have been locked away in various bonds, for a certain length of time. The Precept is presently deposited in the Lloyds TSB current a/c (0.01% annual interest) for instant access. The Town Council does not possess a Debit Card and all transactions are undertaken via the Cheque Book. Problems could arise in the future should this arrangement continue.
- 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 to reduce crime and the fear of crime.
- 5.9 The Financial Officer's preferred option is Option 1** i.e. no change in the level of the precept for the 2014-15 Financial year, due to:
- The current economic climate;
 - The generosity of past precepts, due to changes in the cost of CCTV payments &
 - The level of reserves held by the Town Council.