

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

SUBJECT: Precept 2015-16
DATE: 8 January 2015

REPORT ON THE BUDGET PROPOSALS OF LAMPETER TOWN COUNCIL FOR THE FINANCIAL YEAR COMMENCING 1ST APRIL 2015 AND ENDING 31ST MARCH 2016

1. 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**. The report is to be submitted by the 8th 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 2015.

INTRODUCTION- BACKGROUND INFORMATION

What is the "Precept"?

The Town Council's Precept represents a small proportion of the total Council Tax collected by Ceredigion County Council. For example, for the year 2014-15, the total Band D (average) charge of £1,276.13 for a Lampeter Council-Tax payer is broken down as:-

	£	%	per week (approx.)
Ceredigion County Council	1,019.20	79.86	£19.60
Dyfed Powys Police	210.60	16.50	£ 4.05
Lampeter Town Council	46.33	3.63	£ 0.89
Total	£1,276.13		

The amount each household pays is based on the Council Tax Band in which its property falls, details of which are listed below. At the lower end this equated in 2014-15 in Lampeter, to a weekly amount of just £0.59 and the upper end was charged no more than £2.08 a week.

BAND - PER YEAR 2014-15-VALUE OF THE PRECEPT								
A	B	C	D	E	F	G	H	I
£30.88	£36.03	£41.18	£46.33	£56.62	£66.92	£77.21	£92.66	£108.10

WHAT ARE THE TOWN COUNCIL'S FIXED ASSETS

The Town Council's fixed assets include the "Parc-yr-Orsedd" Play area and its contents, Play Equipment, 2 "Recycling " Bins; 14 Civic Cloaks, Civic Regalia, Christmas Decorations, Forklift Cages; 6 Lifetrail Stations, . 2 Rock Blocks, Notice Board, Christmas decorations, 4 Planters, Roll of Honour Board and a large panel, 2 Eisteddfod Chairs, 3 Judges' Chairs, 12 leather chairs, a clock, Patagonia Plaque, Ceredigion Plate, 2 Chinese Gold Medals and Computer equipment. The total value last August, including insurance valuations, is approximately £59,000.

This report will endeavour to calculate the money required by the Town Council to meet its running costs 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 country remains in recession.

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 2014 - 31 March 2015) was reviewed.
- 2.2 The current situation concerning CCTV cameras was noted.
- 2.3 The income and expenditure of the present year (1 April 2014– 31 March 2015) were calculated 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 2015, were calculated. Recommendations of the External Auditor BDO Stoy Hayward were highlighted.
- 2.6 Donations to charities were appraised and consideration assigned to the adoption of a formula, which could be used in the future.
- 2.7 The ongoing costs/future costs were considered to include the cost of taking responsibility for certain new projects.
- 2.8 Conclusions were drawn and options regarding the amount levied by means of the Precept (2015-16) were proposed.
- 2.9 Recommendations were made.

3. FINDINGS

3.1 REVIEW OF THE CURRENT YEAR'S PRECEPT (1 APRIL 2014 - 31 MARCH 2015)

The total Precept in respect of this financial year (fiscal year ending 31 March 2015), was £41,000, the same as the previous year. This represented a reduction of £2,220, when compared to the 2012-13 year. Members had felt, during the January 2013 Budget Meeting that a reduction could be made, to reflect the adjustment in the annual CCTV Payment at that time, (from £12,000 to £7,500=£1,250 per camera for 6 cameras in total). The constant "Precept" figure during the prior 8 years had been £43,220; this had represented a reduction in payment in real terms, when inflation was considered.

The Precept is collected on behalf of the Town Council by Ceredigion County Council and constitutes approximately 4% of the Council Tax. The annual Precept payment for the Band D Council-Tax Payer for 2014-15 has been approximately £46.00. (see above)

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 still 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 last two financial years and then only marginally from £43,220 to £41,000.

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 6 CCTV Cameras at Lampeter were turned off by Ceredigion County Council on the 1 April 2014 due to budgetary constraints. As a result, the £7,500, ear marked for this facility, by the Town Council for the present financial year has not been used to meet this expected cost.

A review into the use of publicly-funded CCTV across half of Wales is to be the subject of high-level discussions. The work carried out independently for Dyfed-Powys Police and Crime Commissioner Christopher Salmon, identifies a number of considerations for the region. It came as many local councils reduce CCTV funding due to financial pressure.

The Commissioner's initial recommendations, subject to consultation until April 2015 include that Public CCTV should remain the responsibility of local authorities, town and community councils.

The CCTV Report can be downloaded from <http://bit.ly/ITY913b>.

Please refer to Appendix 1 for further clarification.

3.3 THE INCOME AND EXPENDITURE OF THE PRESENT YEAR (1 APRIL 2014 – 31 MARCH 2015)

3.3.1 CALCUALTION OF EXPENDITURE FOR THESE 12 MONTHS BASED ON ACTUAL EXPENDITURE DURING THE FIRST 9 MONTHS OF THE YEAR (2014-15)

ACTUAL RUNNING COSTS FROM 1 APRIL TO 31 DEC 2014 (from cash-book) (inc vat)	£34,087
Subtract VAT, which will be recoverable (as from Cash Book)	£ 1,537
Subtract annual Mayor's Allowance (MA)	£2,915
Normal running costs (9 months) excluding VAT,+ M. Allow- as paid annually	£29,635
<i>Divide by 3 to calculate projected costs</i>	<i>For next 3 months</i>
Therefore running costs for next 3 months (less M A; less VAT)	(9,878 for 3 months)
Total for 12 months	29,635 + 9,878
Add back on Mayor's Allowance	£2,915.00
TOTAL EXPENDITURE EX VAT	£42,428
TOTAL EXPENDITURE INC VAT	<u>£44,477</u>
<i>£42,428 less £41,000 Precept =£1,428 met from other sources</i>	

3.3.2 INCOME FOR THE FINANCIAL YEAR (COMMENCING 1 APRIL 2014 AND ENDING 31 MARCH 2015)

The Precept for the year 2013-14	£41,000
Interest Received: Lloyds TSB Bond	£ 993.00
Wales Audit Office	£ 30.00
VAT Refund	£ 443.02
BT- Box- Superfast Broadband	£ 774.00
Parc-yr-Orsedd	

TOTAL £43,240.00

3.4 MAESYDERI FIELD PROJECT (Ex VAT)

EXPENDITURE 2009-10	£6,536
EXPENDITURE 2010-11	£11,357
EXPENDITURE 2011-12	£1,694
EXPENDITURE 2012-13	£1,715
EXPENDITURE 2013-14	£102.00
EXPENDITURE 2014-15	£407.50

£21,811.50 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. £301 will be presented to the Bro-Pedr School to assist with the construction of a Bike Track. 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 2015 Summer Season. Arrangements are in hand for a Field Inspection to be carried out shortly. 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.

The field remains the property of Ceredigion County Council.

3.5 THE PROJECTED AMOUNT OF RESERVES IN THE BANK ACCOUNTS AT THE END OF THE FINANCIAL YEAR (COMMENCING 1 APRIL 2014 AND ENDING 31 MARCH 2015) - the present financial year

- Lloyds TSB approx.£26,686 @ 31.12.2014
- Lloyds Bank 12 months' a/c £90,000 (1% Interest) (started Nov 2014). Also £16,049.32 transferred from Barclays Bank to this account in December 2014
- Barclays Bank. Deposit Account £49.32; Current Account £172.03
- Swansea B/s (commenced March 2009) £100
- Alliance & Leicester £28.00

TOTAL Approx: £133,084.67

Field Account £912.00@ 31.12.2014

If spending will continue at the same rate for the next three months (£9,878 ex VAT which will be reclaimed later on); the balance will be reduced to £123,207.

The c/f figure at the beginning of the 2014-15 financial year was £124,906 (excluding the Maesyderi Field Bike Track Account), which means that the reserves will have decreased at the beginning of the next fiscal year by £1,699, should spending continue at the same rate for the next 3 months, as compared to the previous 9 months.

Appendix 2: Income and Expenditure for the previous Financial year 2013-14) c/f beginning of the 2014-15 Yr: £125,816.72.19 less £910 (Bike Track)=£124,906.

EXPLANATION OF THE DIFFERENCE IN EXPENDITURE FOR THE 2013-14 & 2014-15 FINANCIAL YEARS (INC VAT)

EXPENDITURE 2014-15 £44,477 (see above)

EXPENDITURE 2013-14 £38,266 (FROM INCOME & EXPENDITURE APPENDIX 2 EXCLUDING BALCHDER PENTREFI PROJECT AND VAT ASSOCIATED WITH THE BALCHDER PENTREFI PROJECT)

DIFFERENCE £6,211 excess spent in 2014-15 + £7,500 CCTV which was spent in 2013-14 but not 2014-15.

Therefore £ 13,711 to be considered for 2014-15

Fence – Parc-yr-Orsedd £6,412

Footpaths (no 50% grant) £565

Charities – additional to 2013-14 to include Lampeter Family Centr, Late Night Christmas Shopping Event & WWI Comm. £8,442

TOTAL £15,419 (rem £1,700 difference offset by different expenditure in the 2013-14 yr eg Notice Board)

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 2014-15 the discretionary limit for the purposes of section 137 (4) is approx. £7 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 £16,051 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, £20,000 to the Victoria Hall Project and more recently £5,000 in aid of the Lampeter Family Centre. 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 3** for a breakdown in the donations made by the TC. A formula could be adopted concerning the Lampeter Agricultural Show; Eisteddfod Gŵyl y Banc, Lampeter Food Festival; Lampeter Carnival and the Citizen's Advice Bureau.

3.7 ONGOING COSTS/FUTURE COSTS

3.7.1 FOOTPATHS: No grant was received from Ceredigion County Council for the maintenance of the footpaths, for the present financial years. In recent years a 50% grant has been awarded. (£1,130 was spent 2014-15).

3.7.2 PARC YR ORSEDD: A new fence has been put in place £5,343 (ex VAT). A Park Inspection undertaken by RoSPA for a fee of £74 (ex VAT) made certain

recommendations, which are receiving attention. The annual cost of a caretaker who cuts grass (April to October), checks for vandalism and collects litter on a regular basis is presently £1,068. The Willow Den, installed in partnership with *Tai Cantref* in December 2013, is no longer a feature of the park.

There could be additional costs associated with the park should additional play apparatus be acquired and other improvements introduced.

- 3.7.3 VENUE OF MEETINGS:** the Town Council currently meets at St Peter's Church Hall (£9.50 per hour), since its relocation from the Town Hall, six years ago. Meetings have also been held at Shiloh Chapel Vestry (£8.50 per hour). Other venues could be considered in the future.
- 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. The Chair and Cllr Dorothy Williams represent the Town Council at meetings of *One Voice Wales*.
- 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. Presently 12 hours per month is allocated to this facility. A professional translator is usually hired during the Mayor's Installation Service. (Cost May 2014 £ 119 (ex VAT)). The Town Council supported the *Shwmae Shwmae* initiative (Banner £21.87 (ex VAT); Leaflets £21.42 (ex VAT)).
- 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 Lights and the War Memorial.
- 3.7.9 MAYOR'S ALLOWANCE**
Resolved to be increased by 1.5% annually at the January Budget Meeting of 2010. (£2,915 – 2014-15)
- 3.7.10 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. £120 per quarter.
 - **Computer System:** a *Toshiba* Laptop was purchased in January 2012. This replaces the desktop (which had been acquired 6 years previously) and is now the Town Council's sole computer. Consideration could be assigned to upgrading the Microsoft Office Outlook 2003 to a more recent version.
 - **A new (black-ink only, non-wireless)** printer/photocopier was also purchased in 2012. 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 is necessary to do so

in the town Eg Remembrance Day leaflets. Consideration could be assigned to acquiring a colour printer in the future.

- **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. Back-ups are now made in the “Cloud”.

3.7.11 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 (12hours per week + 12 per month for translating purposes) which equates to approximately £8,500 (gross) per annum, which is paid to HMRC in Real Time.

3.7.12 Town Council’s Notice Board: was repaired, during the 2013-14 Financial year at a cost of £578 (ex VAT)

3.7.13 The Mayor’s Chain: this is in need of repair.

3.7.14 Town Council’s Website: A grant of £500 was sourced during the 2013-14 Financial Year to improve the Town Council’s website. The importance of keeping the information on the website, up to date, has been highlighted. The annual hosting cost is £220 (ex VAT).

3.7.15 TOURISM: The Town Council has had a presence at the Food Festival, during the past three years.

3.7.16 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.

3.7.17 BUS SHELTERS: The 4 bus-shelters are cleaned every 2 months at a cost of £10 per bus-shelter.

3.7.18 TOWN COUNCIL’S AUDIT: 2014-15: External Audit £415; VAT £83- BDO Stoy Hayward. Internal Audit: Mr R Matthers £175.

3.8 NEW PROJECTS

3.8.1 REGENERATION OF THE TOWN: Some Members have been involved with the Chamber of Trade, during the present financial year to organize events, which help to promote the town, for example the Late Night Opening Christmas Event. The Town Council contributed £991 (ex VAT) viz Eryl Jones Insurance £198.10; Road Closure Licence £133; Presents £180; LAS £242.20; £48.44 (VAT); Leaflets £118.12; VAT £23.63; Loudspeaker- Mr Gwynne Davies £120. Should this become a permanent arrangement a budget should be drafted,

3.8.2 In August 2014 the Town Council hosted an Event to commemorate the start of WWI .£150 (food); Leaflets £91.80; VAT £18.36; Bugler £25; Aberporth Band £100.

3.8.3 The Town Council is in the process of making enquiries concerning the possible adoption of the Lampeter War Memorial.

3.8.4 Floral Displays over the summer months: a communication has been received from Ceredigion CC asking whether the Town Council would be interested in organising the Floral Displays as from April 2106.

4.0 CONCLUSION

THE AMOUNT LEVIED BY MEANS OF THE PRECEPT (2014-15)

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 1% 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

Normal running costs (ex VAT)	£42,428.00
Allowance for inflation @ 1%	£ 424.28
TOTAL	£42,852.28

Additional costs could be met from reserves.

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 1% increase. $£41,000 + £410 = £41,410$. Less money would then have to be drawn from reserves.

OPTION 4

The Precept could be increased to the level of this year's expenditure plus 1% to keep in line with inflation i.e $£42,428 + £424.28 = £42,852.28$

OPTION 5

Should the Town Council foresee a large expenditure then the Precept could be increased further.

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. A large portion of the running costs can be met within this budget. Other expenses can be drawn from the reserves. This will actually mean a decrease for rate-payers when inflation is considered.
- 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 last 2 financial year as compared to the previous 8 years. when the sum of £43,220 had remained frozen.
- 5.4 The reserve of nearly £123,200** should be considered. The recommended amount of reserves, according to the External Auditors BDO LLP in its “Issues Arising Report for Lampeter Town Council for the year ended 31 March 2014” states, “The balances held by the council appear high and have been building up over the years.....The council has no power to hold excessive reserves unless they are saving for something in particular....if the council is not saving for a large purchase, the balances carried forward should be reduced to a more appropriate level. The generally accepted level of reserves is usually no more than the level of the precept or one year’s expenditure”. Further guidance on this matter can be obtained from: Governance and Accountability in Local Councils in Wales – A Practitioner’s Guide; OVW/SLCC.
- 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).
- 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 and a formula adopted for high-profile local charities.
- 5.8 The CCTV** situation could be revisited.
- 5.9 The Financial Officer’s preferred option is Option 1** i.e. no change in the level of the precept for the 2015-16 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.