

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

**SUBJECT:** Precept 2016-17  
**DATE:** 14 January 2016

**REPORT ON THE BUDGET PROPOSALS OF LAMPETER TOWN COUNCIL FOR THE FINANCIAL YEAR COMMENCING 1<sup>ST</sup> APRIL 2016 AND ENDING 31<sup>ST</sup> MARCH 2017**

**1. TERMS OF REFERENCE**

In order to plan ahead effectively for the forthcoming financial year, the Clerk, as financial Officer, was asked, 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 14th January, to the Council, for consideration.

**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 2015-16, the total Band D (average) charge of £1,316.29 for a Lampeter Council-Tax payer is broken down as:-

	£	%	per week (approx.)
Ceredigion County Council	1,070.17	81.30	£20.58
Dyfed Powys Police	200.07	15.20	£ 3.85
<b>Lampeter Town Council</b>	<b>46.05</b>	<b>3.50</b>	<b>£ 0.89</b>
Total	£1,316.29		

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 2015-16 in Lampeter, to a weekly amount of £0.59 and the upper end was charged £2.08 a week.

<b>BAND - PER YEAR 2015-16-VALUE OF THE PRECEPT</b>								
A	B	C	D	E	F	G	H	I
£30.70	£35.81	£40.93	<b>£46.05</b>	£56.28	£66.92	£76.75	£92.10	£107.45

**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, 2 Rock Blocks, 6 Lifetrail Stations, 14 Civic Cloaks, Civic Regalia, Christmas Decorations, Forklift Cages, Notice Board, 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. At Maesyderi Field: 5 Picnic Benches £600 (original cost); 2 Metal Benches £650 (original cost); 2 Litter Bins £87 (original cost). Three fences have been paid for, in recent years - at Parc-yr-Orsedd £5,343 (ex VAT); Maes-y-Felin Play Area £8,080 (inc VAT); Maesyderi Field £9,018 (inc VAT). The total value last August, including insurance valuations, is approximately £164,000 (excluding the Maesyderi Fence).

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 2015 - 31 March 2016) was reviewed.

**2.2** The savings associated with CCTV Cameras were considered.

**2.3** The income and expenditure of the present year (1 April 2015– 31 March 2016) were calculated and compared with the previous year. Predictions were made.

- 2.4 The budget of 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 2016, were calculated. Recommendations of the External Auditor BDO Stoy Hayward were highlighted.
- 2.6 Donations to charities were appraised in light of the formula compiled in February 2015.
- 2.7 The ongoing costs/future costs were noted.
- 2.8 Conclusions were drawn and options regarding the amount levied by means of the Precept (2016-17) were proposed.
- 2.9 Recommendations were made.

### 3. FINDINGS

#### 3.1 REVIEW OF THE CURRENT YEAR'S PRECEPT (1 APRIL 2015 - 31 MARCH 2016)

The total Precept in respect of this financial year (fiscal year ending 31 March 2016), was £41,000, the same as the previous 2 years. 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 meant a reduction in real terms, due to inflation.

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 2015-16 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 8<sup>th</sup> 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 was one of the highest in the county. From the 9<sup>th</sup> January 2008, the yearly fee was reduced to £12,000, as the CCTV System was upgraded. The decrease in the CCTV cost was not reflected in a reduction in the Town Council's Precept.

The 6 CCTV Cameras at Lampeter were discontinued 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 2014-15 financial year had not been used to meet this expected cost. No reduction was made to the 2015-16 Precept of £41,000 despite the demise of CCTV Cameras at Lampeter. These savings have enabled the TC to meet its normal annual running costs, without imposing an increase to the rate-payer and also to a growth in its reserves. A review into the use of publicly-funded CCTV across half of Wales has been 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.

The Commissioner's initial recommendations stated that Public CCTV should remain the responsibility of local authorities, town and community councils. There could, therefore, be future costs in relation to CCTV Cameras.

### 3.3 THE INCOME AND EXPENDITURE OF THE PRESENT YEAR (1 APRIL 2015 – 31 MARCH 2016)

#### 3.3.1 CALCULATION OF EXPENDITURE FOR THE 12 MONTHS OF THE 2015-16 FINANCIAL YEAR BASED ON ACTUAL EXPENDITURE DURING THE FIRST 8 MONTHS OF THE YEAR INCLUDING VAT

<b>ACTUAL EXPENDITURE FROM 1 APRIL TO 30 NOV 2015 (from cash-book) (inc vat)</b>	£27,381.57 (please refer to Inc & Exp. Sheet <b>Appendix 1</b> )
Subtract COST OF MAYOR'S DINNER (double entry)	£1,223.28
EXPENDITURE FOR FIRST 8 MONTHS: (INC VAT)	£26,158.29
PROJECTED EXPENDITURE FOR THE NEXT 4 MONTHS;	26158.28/8 X 4 = 13,079
<b>TOTAL PROJECTED EXPENDITURE FOR THE YEAR</b>	<b>£39,237(including VAT)</b>
<b>TOTAL PROJECTED EXPENDITURE EXCLUDING VAT</b> (VAT 1,451 + 725.50-proj.)	£37,060 (ex VAT)

During the previous year (2014-15) the actual expenditure had been £41,501.79 (inc VAT) **Appendix 3**. Should spending continue at the same rate during the next 4 months then £2,265 less will have been spent this year when compared with the previous year.

Expected Expenditure for the next 4 months (Dec-March inc) include Annual Insurance (approx. £2,000); CAB Donation; Christmas Lights – Electricity Cost.

#### 3.3.2 INCOME FOR THE FINANCIAL YEAR (COMMENCING 1 APRIL 2015 AND ENDING 31 MARCH 2016)

The Precept for the year 2014-15	£41,000
VAT Refund	£1,705.07
Interest – Lloyds Bank	£ 904.93
Mayor's Dinner (double-entry)	£1,223.28

**TOTAL £44,833.28 (less £1,223.28 Mayor's dinner) £43,610 (income). £160 Lloyds Bank Bond is also expected in January 2017. TOTAL INCOME £43,770.**

**TOTAL INCOME LESS TOTAL EXPENDITURE (Projected) £43,770 - £39,237= £4,533, which is a surplus (+ VAT Reclaim).**

#### 3.4 MAESYDERI FIELD PROJECT (Ex VAT)

EXPENDITURE 2009-10 (year in which the field was first leased from Ceredigion CC)	£6,536
EXPENDITURE 2010-11	£11,357
EXPENDITURE 2011-12	£1,694
EXPENDITURE 2012-13	£1,715
EXPENDITURE 2013-14	£102
EXPENDITURE 2014-15	£407
EXPENDITURE 2015-16 Grass Cutting £400 ROSPA Park Inspection £65 Item for the Fence £4.54	£470

£22,281 has been spent to date on this project, to maintain the field as an amenity for the people of Lampeter supplemented by a Police Grant of £15,000.

It had been hoped to construct a Bike Track on the field. £910.60 had been raised for this project. This £910.60 had been transferred to a separate account. A few pence interest has accumulated during the course of the year. £301 had been transferred to the Town Council's Lloyds Bank Current Account in 2014; it will be presented to the Bro-Pedr School to assist with the construction of a Bike Track in due course.

A Budget of £1,500 per annum had been allocated to the Field during the Budget Meeting of January 2010.

RAY Ceredigion no longer meets on the field on the third Sunday of each month. It has now relocated to Parc-yr-Orsedd.

The Maesyderi Field Management Committee convenes once every 2/3 months to discuss matters appertaining to the Field.

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**

Please refer to [Appendix 2](#).

If spending will continue at the same rate during the next 4 months the balance of the Lloyds Bank Current Account will decrease from £37,000 (less £13,079) to £23,921

TOTAL: £145,752 + £160 (interest Jan 2016) less £13,079=**£132,833 c/f 1.04.2016**

**COMPARISON WITH PREVIOUS YEAR**  
c/f 1.04.2015 £127,852 (Appendix 3) which means a **surplus of £4,981**.

#### **ROUGH EXPLANATION OF SURPLUS**

£14,147 had been donated to Charity in 2014-15 and £4,910 (+£2,455 budgeted) in 2015-16 difference £6,782.

Administration "savings" in 2015-16.

Maintenance £3,187 increase in 2015-16 when compared with the previous year, to include projected calculations for example

Watering costs of plants: £4,200 (2015-16)

Income: £230 more income received in 2015-16 when compared to 2014-15.

### **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 the maximum expenditure that can be incurred for the financial year 2015-16 is £7.36. 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 £16,876.48 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 4](#) for a breakdown in the donations made by the TC. A formula has been adopted by Lampeter Town Council.

### 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 year. (£1,330 was spent 2015-16).
- 3.7.2 PARC YR ORSEDD:** A new fence has been put in place £5,343 (ex VAT) in July 2014. A Park Inspection undertaken by RoSPA for a fee of £65 (ex VAT) made certain recommendations, which are receiving attention (£420 spent to date). The annual cost of a caretaker who cuts grass (April to October), checks for vandalism and collects litter on a regular basis is presently £1,286.. 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, seven 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.
- 3.7.5 TRAVELLING COSTS** (currently set at 45pence per mile for Cllrs only). All photocopying/printing by Cllrs could be reimbursed.
- 3.7.6 BILINGUALISM;** additional costs would arise, should the Town Council wish to increase its provision of the Welsh Language. The Clerk is awarded 12 hours per month to implement the Town Council's Welsh Language Policy, since its inception in 2007. A Simultaneous Translator was introduced at Town Council Monthly Meetings in June 2015 @ £35.00 per hour. A simultaneous translator has featured at the Mayor's Installation Service in recent years (Cost: £50 - 2015).  
The Town Council supported the *Shwmae Shwmae* 2015 initiative £18.94.
- 3.7.7 MAESYDERI FIELD:** the £1,500 present annual budget could be reviewed.
- 3.7.8 STREET LIGHTING:** many street lights are extinguished from 12midnight to 5am. The Town Council meets the electricity costs associated with the Christmas Lights and the War Memorial.
- 3.7.9 MAYOR'S ALLOWANCE**  
Resolved to be increased by 1.5% annually during the January Budget Meeting of 2010. (£2,960 – 2015-16)
- 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 electronic communication 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 replaced the desktop (which had been acquired 6 years previously) and is now the Town Council's sole computer. The Town Council's Computer System could be upgraded in the future.
  - **A new (black-ink only, non-wireless)** printer/photocopier was also purchased in 2012. Consideration could be assigned to the acquisition of a colour printer..
- 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 to implement the Welsh Language Policy) which equates to, during 2014-2015, to £8,234 (net)

£770 (Tax & NI Emp<sup>ee</sup> & Emp<sup>er</sup> 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 £230 (ex VAT) & HCI-Data Renew lampeter-tc.gov.uk £69.75.

**3.7.15 TOURISM:** The Town Council has had a presence at the Lampeter Food Festival, during the past four 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 £295 (ex VAT) - BDO Stoy Hayward. Internal Audit: Mr R Matthers £165.

### 3.8 NEW PROJECTS

**3.8.1 The Town Council could** adopt the Lampeter War Memorial Garden. Present ongoing annual costs concerning maintenance and supply of plants (Ceredigion CC) are in the region of £4,800.

**3.8.2 Floral Displays over the summer months:** a communication has been received from Ceredigion CC asked whether the Town Council would be interested in organising the Floral Displays within the town over the summer months. Watering costs were met from the Town Council's Reserves during the Summer 2015.

**3.8.3 Maesyfelin Play Area:** Lampeter Town Council could take responsibility for the Play-Area in the future. £710-current annual maintenance undertaken by Tai Ceredigion; £572 – repair of present apparatus.

**3.8.4 Christmas Lights' Display within the Town:** The Town Council could meet a part of these costs in the future.

### 4.0 CONCLUSION

#### THE AMOUNT LEVIED BY MEANS OF THE PRECEPT (2016-17)

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 0.1% 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 (inc VAT)	£39,237.00
Allowance for inflation @ 0.1%	£ 39.24
<b>TOTAL</b>	<b>£39,276.00</b>

Additional costs could be met from the remainder and from the 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 should the Town Council envisage a large expenditure in the future.

## 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 is 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.
- 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, should be examined.** A reduction of approximately £2,000 was made during the last 3 financial years as compared to the previous 8 years. when the sum of £43,220 had remained frozen.
- 5.4 **The reserve of nearly £132,833** 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" stated, "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. Town and Community Councils could merge in the future which could mean that the reserve will be deposited in a central fund.
- 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 recruit volunteers and to seek funding (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 current a/c (0.01% annual interest) for instant access.
- 5.7 **The amount of money** donated to local charities should be regularly reviewed.
- 5.8 **The Financial Officer's preferred option is Option 1** i.e. no change in the level of the precept for the 2016-17 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.