

TO: All Town Councillors
FROM: Meryl Thomas, Clerk

SUBJECT: Precept 2019-20
DATE: 17 January 2019

REPORT ON THE BUDGET PROPOSALS OF LAMPETER TOWN COUNCIL FOR THE FINANCIAL YEAR COMMENCING 1ST APRIL 2018 AND ENDING 31ST MARCH 2019

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 17th January, to the Council, for consideration.

INTRODUCTION- BACKGROUND INFORMATION

What is the "Precept"?

The Precept forms a part of the Council Tax. Council Tax is a form of local taxation, based on occupation and or ownership of domestic property, levied by local councils.

It is calculated by adding together amounts needed by the County of Ceredigion, the Dyfed Powys Police Authority and Town and Community Councils (the Precept). The money collected, from more than 30,000 households, together with Government grants, is used to provide a wide range of services.

Ceredigion County Council provides many services including education, social services, libraries, highway maintenance, street lighting, building control, planning and economic development, park & ride, concessionary travel, passenger transport, cemeteries, trading standards, waste management, council housing, homelessness assistance, leisure centres, parks, playgrounds, car parks, markets, housing benefit, health and safety, food hygiene, information centres, pest control and other related services. The Council Tax, which is 50% property based and 50% personal based, is imposed on all homes and flats within the authority's boundaries, and is based on the assumption that 2 adults occupy each property. However, if only one adult occupies the property, a 25% discount may be available. While Council Tax can also be payable in respect of unoccupied properties, certain exemptions may apply.

The Town Council's Precept represents a small proportion of the total Council Tax collected by Ceredigion County Council. For example, for the year 2018-19, the total Band D (average) charge of £1,494.74 for a Lampeter Council-Tax payer is broken down as: -

	£	%	per week (approx.)
Ceredigion County Council	1,225.24	81.97	£23.56
Dyfed Powys Police	223.91	14.98	£ 4.30
Lampeter Town Council	45.59	3.05	£ 0.88
Total	1,494.74		

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 to in 2018-19 in Lampeter, to a weekly amount of £0.58 and the upper end was charged £2.04 a week.

BAND - PER YEAR 2017-18-VALUE OF THE PRECEPT								
A	B	C	D	E	F	G	H	I
£30.39	£35.46	£40.52	£45.59	£55.72	£65.85	£75.98	£91.18	£106.38

WHAT ARE THE TOWN COUNCIL'S FIXED ASSETS?

Appendix 3 lists the fixed assets of the Town Council.

This report will endeavor 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.

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 2018 - 31 March 2019) was reviewed.
- 2.2 The income and expenditure of the present year (1 April 2018– 31 March 2019) were calculated and compared with the previous year. Predictions were made.
- 2.3 The budget of the park's projects was examined.
- 2.4 The projected amount of reserves in the Bank Accounts at the end of the present financial year i.e.31 March 2019, were calculated.
- 2.5 Donations to charities were appraised in light of the formula compiled in February 2015.
- 2.6 The ongoing costs/future costs were noted.
- 2.7 Conclusions were drawn and options regarding the amount levied by means of the Precept (2019-20) were proposed.

3. FINDINGS

3.1 REVIEW OF THE CURRENT YEAR'S PRECEPT (1 APRIL 2019 – 31 MARCH 2020)

The total Precept in respect of this financial year (fiscal year ending 31 March 2019), was £41,000, the same as the previous 5 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 had meant a reduction in real terms, due to inflation.

3.2 THE CCTV SYSTEM

The 6 CCTV Cameras at Lampeter were discontinued by Ceredigion County Council on the 1 April 2014 due to budgetary constraints. Presently, there are no plans to reinstate CCTV cameras in Lampeter.

3.3 THE INCOME AND EXPENDITURE OF THE PRESENT YEAR (1 APRIL 2018 – 31 MARCH 2019)

3.3.1 CALCUALTION OF EXPENDITURE FOR THE 12 MONTHS OF THE 2018-19 FINANCIAL YEAR BASED ON ACTUAL EXPENDITURE DURING THE FIRST 8 MONTHS OF THE YEAR

ACTUAL EXPENDITURE FROM 1 APRIL 2018 TO 30 NOV 2018 (from cash-book) (inc vat)	£45,243.39 See Appendix 1
Subtract – Watering Costs for Summer 2018	£ 4,200.00
Mayor's Installation Dinner	£ 1,500.00
Mayor's Allowance	£ 1,356.40

Flowers	£ 4,440.00 £11,496.40
EXPENDITURE FOR FIRST 8 MONTHS: (INC VAT) Subtract vat Actual expenditure 1.04.18-30.11.18	£33,746.99 (£ 3,723.24) £30,023.75
PROJECTED EXPENDITURE FOR THE NEXT 4 MONTHS ex vat	15,011.87
TOTAL PROJECTED EXPENDITURE FOR THE YEAR ex vat	<u>£45,035.62</u>
<i>Projected VAT for the next 4 months</i>	<i>3723.24/4= £930.81</i>

During the previous year (2017-18) the actual expenditure had been £43,785.37 (exc. VAT) (Less £1,254.75 Mayor's dinner, double entry) = **£42,530.62**. The projection for expenditure was **£51,094.00**

3.3.2 INCOME FOR THE FINANCIAL YEAR (COMMENCING 1 APRIL 2018 AND ENDING 31 MARCH 2019)

The Precept for the year 2018-19	£40,837.70
VAT Refund	£ 4,159.26
WWHA Grant Parc yr Orsedd	£ 2,000.00
Interest – Lloyds Bank Bond	£ 702.00
Refund clerk's telephone	£ 61.70
CCC Grant Parc yr Orsedd	£ 6,012.00
TOTAL	£53,772.66
£53,772.66 (income).	
TOTAL INCOME LESS TOTAL EXPENDITURE (inc Projected)	
£53,772.66 - £49,562.62 (ex Vat) = £4210.04 surplus	

3.4 PARKS EXPENDITURE (Ex VAT)

EXPENDITURE MAESY DERI 2016-17 Grass Cutting £300 ROSPA Park Inspection £66.50	£366.50
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EXPENDITURE ALL PARKS 2018-19 Parc yr Orsedd Hedge cutting and Maintenance £1565.78 Maes y Deri Grass cutting £200.00 ROSPA Park Inspections £133.00	£1,898.78

Plans have been made to use the £601 to install goal posts on the field. The £601 allocated for this is held in the Lloyds Bank Current A/c of the Town Council.

A Budget of £1,500 per annum had been allocated to the Maes y Deri field during the Budget Meeting of January 2010.

RAY Ceredigion meet at Parc-yr-Orsedd, but this does not cause any additional costs to the council.

The parks committee convenes once every 2/3 months to discuss matters.

The Maes y Deri field remains the property of Ceredigion County Council. Enquiries have been made in the past for the Town Council to purchase the field but all efforts, as yet have been unsuccessful.

3.5 THE PROJECTED AMOUNT OF RESERVES IN THE BANK ACCOUNTS AT THE END OF THE FINANCIAL YEAR (COMMENCING 1 APRIL 2018 AND ENDING 31 MARCH 2019)

If spending will continue at the same rate during the next 4 months the balance of the Lloyds Bank Current Account will decrease from £48,083.97 (less £15,011.87 less VAT £930.81) = **£32,141.29**

Other Accounts held by the Town Council

Lloyds Bank Bond £70,000

Projected Interest Lloyds Bank Bond 23.01.2019 £702

Lloyds Bank Business account £834

TOTAL: £103,677.29 c/f 1.04.2019 to include £601, money collected for Maesyderi Field.

VAT paid during 2018-19 £4,654.05 will be reclaimed.

COMPARISON WITH PREVIOUS YEAR

c/f 1.04.2018 £117,090.29 which means a reduction of £13,413 in the amount carried forward at the beginning of the financial year.

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 2019-20 is £8.12. As there are 1607 people on the electoral list of Lampeter in 2018 (figure received from Ceredigion County Council), then £13,048.84 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, £5,000 in aid of the Lampeter Family Centre; £8,000 + £6,200 = Safe Routes in the Community Project CCC; £6,000 Festive Lighting 2016. This expenditure had often 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 1** for a breakdown in the donations made by the TC, as yet in 2018-19. A formula has been adopted by Lampeter Town Council.

3.7 ONGOING COSTS/FUTURE COSTS

3.7.1 FOOTPATHS: No grant has been received from Ceredigion County Council for a number of years, for the maintenance of the footpaths. (£1,330 was spent 2018-19). Lampeter Town Council is involved with the Walkers are Welcome Project; additional costs could arise.

3.7.2 PARKS

PARC YR ORSEDD: A new fence had been put in place £5,343 (ex VAT) in July 2014. Cllr Chris Thomas had reported in the previous meeting that a new fence and associated work at the park could cost £5,500. A Park Inspection undertaken by RoSPA for a fee of £66.50 (ex VAT) made certain recommendations, which are receiving attention. The cost of the grass-cutter who cut the grass from April to September inclusive, checked for vandalism and collected litter on a regular basis had been

£1,150. The present grass-cutter will also collect litter during the months of October to March (inc) twice weekly for a fee of £46.66/month (bin liners paid by the Town Council). Lampeter Tree Services have cut certain trees within the park for a fee of £240. Castle removed for a fee of £1,100. New play apparatus purchased for £12,025.60, donation of £2,000.00 received from WWHA and a grant of £6012.00 to come from CCC.

MAESYDERI FIELD: The £1,500 present annual budget could be reviewed

- 3.7.3 VENUE OF MEETINGS:** The Town Council now meets at the Victoria Hall (£10.00 per hour). The council is considering renting a room on a permanent basis, depending on costs.
- 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. Certain members have attended One Voice Wales Training Courses.
- 3.7.5 EXPENSES:** (travelling costs currently set at 45pence per mile for Cllrs only). All photocopying/printing by Cllrs could be reimbursed. Donations made by members to certain events have been discussed. Town Councillors will qualify for to an allowance of £150.00 each year unless they inform the clerk that they do not wish to receive the allowance. The council has agreed not to award any other allowances as permitted by the Independent Remuneration Panel for Wales.
- 3.7.6 COMMUNITY EVENTS:** The Town Council supported the *Shwmae Shwmae* initiative and Ras yr Iaith and is now working in partnership with Cered and Ysgol Bro Pedr to organize a St David's March and Gig. The Council will need to consider a contribution to the National Eisteddfod in Tregaron in 2020.
- 3.7.7 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. Consider installing lights between Teifi Terrace and the Common.
- 3.7.8 MAYOR'S ALLOWANCE:**
Mayor's allowance to be restricted to £1500.00 for 2018-19 and £1500.00 for the Mayor's installation as per IRPW.
- 3.7.9 RUNNING OFFICE COSTS:**
- General office costs. H&L and storage £20.00 per month. Broadband/Phone approx. £130.00 per quarter. Stationery and postage approx. £150.00 per annum.
 - Translator for monthly meeting - £35.00 per hour.
 - Computer System: A desktop and printer were purchased in March 2016. Consider a new Lap Top and external drive
 - Bank – Consider internet banking as Nat West has closed in town.
- 3.7.10 CLERK'S SALARY:** New Town Clerk appointed in June 2018 on point 26 of the scale, 40.5% of full-time salary. The salary for 2019-20 will be £10,043.00 gross together with Employers NI Contributions of approx. £190.00 per annum. Increment due every April until point 29 is reached.
- 3.7.11 The Mayor's Chain:** The Mayor's chain and Civic regalia have been re valued and stored in a safe at UWTSO.
- 3.7.12 Town Council's Website & Social Media:** The annual hosting costs of running the website and e mail accounts are £705.00 per annum. The Facebook and Twitter accounts are up and running.
- 3.7.13 TOURISM:** The Town Council has had a presence at the Lampeter Food Festival, during the past six years.
- 3.7.14 TOWN COUNCIL'S INSURANCE (Zurich Municipal):** The annual premium last year was £1,577.03, see attached for cover included. There could be extra costs, should

additional insurance cover be necessary during the year. Zurich quote for next year is £1851.26.

3.7.15 BUS SHELTERS: The 4 bus-shelters are cleaned every 2 months at a cost of £10 per bus-shelter. It was suggested in the previous Budget Meeting that the Town Council could possibly purchase a new bus shelter adjacent to the Nat West Bank.

3.7.16 TOWN COUNCIL'S AUDIT: 2017-18: External Audit £231.75 - Grant Thornton Wales Audit Office. Internal Audit: Mr. Marshall - £150.

3.8 NEW PROJECTS/COSTS

Additional costs could arise during the next year.

3.8.1 War Memorial Garden: The Town Council have been discussing possibly taking over responsibility from CCC.

3.8.2 Floral Displays over the summer months: The Town Council look after the Floral Displays. Watering costs for 2018-19 were £4,200.00 and £4,440.00 for the flowers. The 3 planters on the Town Entrances are included but not the planter based at Parc-yr-Orsedd.

3.8.3 Parc yr Orsedd and Maesyfelin Play Area: Lampeter Town Council could take responsibility for the Maesyfelin Play-Area in the future Solicitors' fees are in the region of £800. Costs of maintaining equipment.

3.8.4 Christmas Lights' Display within the Town: Two new Christmas lights purchased in 2018-19 for £2685.00. Maintenance and repairs of lights.

3.8.5 The Fountain, Harford Square: The Town Council is in discussion with Ceredigion CC concerning the possibility of transferring the Fountain to the Town Council.

3.8.6 Transition Llambod: £2500.00 was paid to aid the Ceredigion Community Fund in February 2018.

3.8.7 Teifi Greenway Project: The Town Council have agreed non-financial support but might consider assisting financially in future.

4. THE AMOUNT LEVIED BY MEANS OF THE PRECEPT (2019-20)

There are a number of options regarding gauging the level of the precept for the next financial year. All calculations are exclusive of VAT.

INFLATION: The inflation rate for 2018 is 2.5%.

The options include:

OPTION 1

No change in the level of the Precept i.e. it remains at £41,000 running costs (ex VAT) based on 2018-19 expenditure:

	£45,035
Allowance for inflation @ 2.5%	£ 1,125
TOTAL	£46,160

Additional costs of £5,160 could be met from the reserves of £103,677.29

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 to meet part or all of the running costs.

5 RECOMMENDATIONS

As a result of the investigation, members of the Town Council are recommended to give active consideration to the following:

5.1 Reserves: The reserve of nearly £103,677.29 should be considered. The external auditor Grant Thornton has questioned why the reserves are high in comparison to the Precept. The

Town Council's Fixed Assets are comprised of items, which require significant regular maintenance and/or replacement. The Internal Auditor has suggested setting up a Sinking Fund to meet these costs.

- 5.2** Local Government is facing significant spending reductions. There will be deep cuts in capital investment for years to come. Transferring responsibility for certain projects from Ceredigion CC to the Town Council, for example, War Memorial Gardens, the Fountain, Harford Square will mean additional costs for the Town Council. Acquiring responsibility for the Maesyfelin Park will also involve considerable outlay.
- 5.3** 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. The Precept is presently deposited in the Lloyds current a/c (0.01% annual interest) for instant access.
- 5.4** The amount of money donated to local charities should be regularly reviewed.