

WELLINGTON TOWN COUNCIL

THE COUNCIL'S BUDGET AND THE LEVEL OF ITS COUNCIL TAX FOR 2013/14

Report by Greg Dyke, Town Clerk

1. Introduction

As members are aware the draft Town Council budget receives the initial consideration of the Council's Finance Committee before going to Council. Setting a budget is an annual statutory requirement. It is a means of financial control although there are inevitably variances that arise during the year because of changing circumstances.

The Council have managed its finances extremely well over the years thanks to careful stewardship and good housekeeping. This enabled it to keep its precept at a reasonable level. Increases in the Council's precept in 2010/11 and 2011/12 have ensured that any budget gap has been filled and the Council has positioned itself so it has been able to fund its aspirations from the income it receives.

This year the job of recommending a budget has been complicated by the unexpected nature and timing of the Government's new Council Tax Base Regulations which are intended to reflect its new localised system of Council Tax Support. More of this later in the report.

2. Devolution of Services

The picture for local government finances remains pretty bleak. The County Council continue to make cuts to its expenditure and the Borough Council are under similar pressures. Neither Council will be able to continue to provide the current range and level of services. This all means that Town and Parish Councils will continue to come under pressure to fill some of the gaps left by the principal councils. The Finance Committee were very mindful of this situation when considering a draft budget. No doubt Council will also have this in the forefront of their minds when going through this year's budget.

However, it is important that an overall view is taken of what services are available to town and parish councils and what exactly our priorities would be. It will be necessary to think strategically and identify what services are important to the local area. Any additional services carried out by this Council should not be done so on a piecemeal basis. We should also be fully aware of the effect that any additional duties will have on our budget – both in the short term and the long term, and on the resources required to carry the duties out.

The Town Council already make a considerable contribution to services that are the responsibility of the County and Borough Councils. This includes:

Cleaning Bus Shelters

Allotments

Provision of Tone Play Area

Grants to community organisations

School Crossing Patrol

Footpaths

Economic Development – Promotion of Wellington

Delegated Planning Decisions

Community Safety Emergency Planning

The current financial year has also seen expenditure by the Town Council on weedspraying, provision of litter bins, dog bins and grit bins.

The County Council, as part of its "Local Choices" initiative, considered launching a Community Warden Scheme however this was greeted with little enthusiasm by the town and parish councils. The Young People's Centre in Wellington has now reached a stage where it can continue to operate independently. The grass cutting and weedspraying in the town is likely to remain at its current reduced level. The contribution made by TDBC towards Christmas lighting is likely to change next year. These are all services where the Town Council may wish to use its funds to improve. The Town Council may wish to be proactive and suggest to the County and Borough Councils certain services that it might want to take on. Last year a generic sum of £14,000 was included in our budget to deal with "Devolved Services". This was because we had no way of knowing for certain what services would be reduced or discontinued. The Council might want to consider including a similar generic sum in its budget for 2013/14.

All councillors were invited to submit bids for the inclusion of sums next year. Any bids received have been considered by the Finance Committee.

3. Advice from Somerset Association of Local Councils

The Somerset Association of Local Councils has passed on the following advice to all Parish and Town Councils:

"May we remind all Councils that the Local Government Finance Settlement due after the Chancellor's Autumn Statement (Weds Dec 5th) may have a bearing on the value at which your Council sets the 2013-14 Precept.

Budget preparations may continue on the basis of 2% flexibility in Council Tax Rate but final decisions should wait for the Settlement.

Precept Forms should be returned to the District Councils in January 2013.

There is talk of an increase in pay scales of 1% during the next financial year. Your Council may wish to bear this in mind when setting the Budget"

4. Council Tax Base

The Council Tax Base is calculated annually by Taunton Deane Borough Council. It is the "Band D" equivalent of the properties included in the Valuation Officer's banding list as at 15 October 2009, as adjusted for voids, appeals, new properties etc., and the provision for non collection.

The Band D equivalent is arrived at by taking the laid down proportion of each Band as compared to Band D and aggregating the total.

As I mentioned earlier in the report this situation has changed this year. You will see from the Appendix that the Finance Committee are recommending that we request a precept for the next financial year of £112,909. This would equate to an increase in the Town Council's portion of the Council Tax from a Band D equivalent of £21.60 to £22.70. Members felt that this increase of almost 5% was justifiable in light of the devolved services that we would be getting involved in.

However, since that time the Government have decided to change the way the

Council Tax is calculated in order to reflect its new, localised system of Council Tax support. In brief what this means is that the Council Tax Base has been adjusted downwards. **But** TDBC have been allocated a grant to cushion the impact of the potential reduction in income and some of that grant money will be passed on to the Town and Parish Councils. This originally threw the whole budget setting process into turmoil because we didn't know with any certainty how much (if anything) would come our way from TDBC. Taunton Deane has now contacted us with details of how much we are likely to get from this Council Tax Support Grant. Attached is a letter from them explaining the changes and giving us the information we need to calculate a Council Tax for next year.

The adjusted Council Tax base for us will now be 4,290.56. If we multiply this by £22.70, which is the level of Council Tax the Committee had originally agreed upon, it gives us a sum of £97,396. If we then add the Council Tax Support Grant of £14,855 we end up with £112,251 which is only £658 less than we would have got from the old method of calculating our precept.

Whilst this might be an acceptable way forward for this year it does not mean that the situation will remain the same next year or in future years. There is no guarantee that any kind of Council Tax Support Grant will be available either to this Council or the Borough Council in the future. There is also a suggestion that the Minister will be looking in the future at the possibility of limiting the level of Council Tax increases that town and parish councils are able to levy. That would mean that although we are being encouraged to undertake more services locally ourselves, the ability we have to raise the necessary funds would be controlled centrally by the Government.

5. Last Increase

The last Town Council Tax increase was last year (2012/13) when it went up from £19.80 for Band D properties to its current figure of £21.68.

6. Current Financial Year 2012/13

Our income for 2012/13 is pretty much on target. The Bank interest rate remains low but on the whole our income has matched our expectations.

As far as expenditure is concerned, it is not possible, with 4 months of the financial year still to go, to accurately estimate what our final out turn will be. However, with continued careful management of our finances we are likely to have a small underspend. Savings in the original estimates are likely to be made by reductions in the amount spent on a number of items, the main ones being training for staff and councillors, footpath maintenance, community safety, grants and devolved services.

7. Next Financial Year 2013/14 and beyond

The Council's financial situation has been carefully monitored by the Finance Committee throughout the year. Next year, more than ever, the Council will want to continue to ensure that any money being spent is going to the areas that are its top priorities. As I have referred to in the introduction, although we are likely to come under pressure to pick up some of the services where funding elsewhere has stopped, this aspect will need to be considered very carefully. In view of the general trend in respect of public finance the Council would not want to be seen to appear profligate. I imagine that the Council would be keen to take on extra responsibilities and take control of a number of services provided within the town. To do so, however, would involve a significant change in the level of our precept if the current level of service is to be maintained. It would also have a significant effect on our staff resources and the way in which the Town Council is currently administered.

The funding picture beyond next year is not clear. As I have explained in paragraph 4 the Government are considering limiting our ability to raise funds from the Council Tax whilst at the same time encouraging us to provide more services locally.

8. Options

The following are options that are open to the Council and which need to be examined in some detail:

- Additional income can be raised by increasing the Council Tax – any additional income can then be focussed on the Council's top priorities.
- The services that we currently provide can be reduced
- The services that we currently provide can be increased to take on duties that until now have been carried out elsewhere
- A combination of the above

If the decision is taken to allow for the possibility of taking on additional duties it is not possible to judge accurately how much this would be likely to cost. A contingency sum would therefore need to be included in our estimates.

7. Reserves

The total balance in hand at the end of March 2013 is likely to be approximately £96,500 (£55,500) in our Treasury deposit and £41,000 in our ordinary deposit account). This will be more than adequate for the Council to be in a position to deal with any unforeseen items of expenditure which might occur during the forthcoming financial year.

8. Recommendation

- (a) the Town Council's element of the Council Tax be increased by £1.02 per year per Band D property bringing it up to a total of £22.70;
- (b) the proposed budget for 2012/13 as set out in the attached Appendix be agreed;
- (c) the Council's Reserves be retained at their current level.

Greg Dyke
Town Clerk