

WELLINGTON TOWN COUNCIL

THE COUNCIL'S BUDGET AND THE LEVEL OF ITS COUNCIL TAX FOR 2015/16

REPORT OF FINANCE COMMITTEE

1. Introduction

As is now normal practice, 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 continue to manage its finances extremely well. It continues to exercise careful stewardship and good housekeeping. This has enabled it to keep its precept at a reasonable level. Gradual increases in the Council's precept over the past few years have ensured that a looming budget gap was successfully filled. The careful budget set by the Council last year (2014/15) has enabled it to position itself so it has been able to fund its aspirations from the income it receives.

However, quite significant further challenges to the Council continue to await and challenge.

- Local Government funding for principal authorities has reduced by 40% since 2010.
- The 2015/16 settlement from central Government will see a further cut of 10%
- This has resulted in significant cuts to non statutory services and a reduction of services in statutory areas
- Costs inevitably continue to rise
- A redesign of local services in a world of diminishing resources means that, together with the principal authorities, we are looking at different ways of service provision.

All of this means that we are likely to see a significant squeeze on the voluntary sector as there continue to be a reduction in the level of statutory services to a minimum standard. We have already seen that there is a move to localise services with parish and town councils taking on more responsibility. This is quite likely to result in some money initially coming to us in the form of "dowry" payments but these payments are unlikely to continue.

This changing situation will need to be in back of every councillor's mind as set future budgets.

2. The Budget

The Council has a duty to prepare an annual budget detailing both income and expenditure. This has a dual purpose. Firstly to estimate spend to enable a council tax precept to be set and secondly to provide spend estimates against which actual spend can be measured.

3. Devolution of Services

This was inevitably an area discussed in some detail by the Finance Committee. 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. No doubt members will 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 try and 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. We have started on this process but we are unlikely to be in a position in the next financial year to be specific about what, if any services, we might take on. The Committee recommends, therefore, that the Council continue to include a generic sum in its budget to deal with anything under this category that might arise during the year.

With this situation in mind the Committee welcomed TDBC Councillor Catherine Herbert, Portfolio Holder for Sports, Parks and Leisure, to the meeting. Councillor Herbert had indicated that she would like to begin discussions with the Town Council about the possibility of devolving the management of facilities such as the Playing Field, Recreation Ground and Dobree Park Playing Field to the Town Council. The Committee were also informed of the possibility of the provision of a "town centre" Wi Fi facility and of the Town Council taking on the management of such a scheme.

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 grass cutting, provision of litter bins, dog bins and grit bins. The grass cutting and weedspraying in the town is likely to remain at its current reduced level. In addition we have also contributed to traffic light sequencing, the removal of a kerb in Longforth Road Car park and made significant contributions to enable the continuation of the Youth Service in the town. We also promote a Youth Council group. These are all services where the Town Council may wish to use its funds to continue and improve.

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.

The Council Tax Base for the current financial year (2014/15) is 4,355.37. Attached (Appendix A) is a copy of TDBC's draft "Band D Equivalent" table, showing the proposed Tax Base for 2015/16 of 4,482.33. This means that the total amount of precept we could raise by keeping the Band D equivalent value for 2015/16 the same as the amount for 2014/15 would be £111,834 (£24.95 x 4,482.33).

4. Council Tax Support Grant

Last year Taunton Deane proportionately shared with parishes the grant received from Government for the reduction in funding due to Council Tax Support. The TDBC Executive has recommended that the grant funding to parishes for the council tax reduction scheme is maintained on the same basis as the current year. This would mean that the grant would be similar assuming the eligibility and demand for discount has not shifted significantly within the town/parish area.

As can be seen from Appendix A the amount for Wellington in 2015/16 will be £13,770 (which is a reduction of 10% from last year's grant).

Indications are that this grant is very unlikely to be paid in future years.

The Committee felt that as this funding was unlikely to be available in future years, provision should be made for an increase in our own precept for 2015/16 to compensate.

6. Council Tax Capping

At the moment there is no restriction on the level of increase that the Town Council can levy. However, members need to be aware that this is a situation that may not continue in the future

7. Last Increase

The last Town Council Tax increase was last year (2014/15) when it went up from £22.70 for Band D properties to its current figure of £24.95 (a 9.91% increase).

8. Current Financial Year 2014/15

Our income for 2014/15 is will be significantly more than we originally anticipated. This is because we will have received payments towards keeping the Longforth Road toilets open and contributions for the car park information boards and for our increased external audit fee. Notwithstanding these payments our income has matched our expectations.

As far as expenditure is concerned, it is not possible, with 3 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 and devolved services.

9. Next Financial Year 2015/16

The Council's financial situation continues to be carefully and regularly 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 referred to in the introduction, 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. It is hoped that the Council would be keen to take on extra responsibilities and take control of a number of services provided within the town. We are already aware that consideration is likely to be given to the provision of a defibrillator, the continued operation of public conveniences and possibly even Playing Fields. To maintain and develop these responsibilities will inevitably involve a significant change in the level of our precept if the current level of service is to be maintained. The increase in services and responsibilities will also impact on the resources that the Council have to implement any changes.

In addition, 2015 is an election year. The Council will, therefore, need to allow for the costs involved when setting its precept for next year. Whilst some costs are shared, as this will be a combined election, there are certain expenses which will fall upon the Town alone. It is difficult to predict an exact figure. Even uncontested elections will involve some costs being recharged, as a guideline, uncontested election costs will be in the region of £100. This is to cover the considerable administration involved in the election process.

Contested elections for the average sized parish should be at least £1,500 but this is only an estimate and will depend on the actual cost of ballot paper, postal vote and counting sheet printing. Town Councils will incur greater costs.

10. 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.

11. Reserves

The total balance in hand at the end of March 2015 is likely to be approximately £116,000 (£55,000 in our Treasury deposit and £61,000 in our ordinary deposit account). This equates to a year's expenditure which is a situation we have been working to achieve. 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.

12. Recommendation

In view of all the foregoing information the Finance Committee **recommend that:-**

- (a) the Town Council's element of the Council Tax be increased by £2.45 per year per Band D property bringing it up to a total of £27.40 per annum and that a total precept of £122,816 be requested;
- (b) the proposed budget for 2015/16 as set out in the attached Appendix be agreed;
- (c) the Council's reserves be retained at their current level;
- (d) discussions take place with TDBC regarding the possible devolution of responsibility for parks and playing fields in Wellington;

(e) the provision and management of a town wide wi fi facility be investigated further.