

WELLINGTON TOWN COUNCIL

THE COUNCIL'S BUDGET AND THE LEVEL OF ITS COUNCIL TAX FOR 2016/17

Report by Greg Dyke, Town Clerk - 4 January 2016

1. Introduction

The draft Town Council budget usually 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. However, this year the approach taken has been slightly different. Rather than just the Finance Committee considering the proposed budget the discussion has been widened so that Councillors could give some thought to what direction they feel the Council should be taking in the future. Two informal meetings have taken place so that members had this opportunity. The outcome of the discussions has informed the recommended budget and the level of Council Tax for 2016/2017 and subsequent years.

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. This Council's element of the Council Tax remained unchanged for 11 years until 2010/11. Since then 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 (2015/16) has enabled it to position itself so it has been able to fund its aspirations from the income it receives.

2. Where do we go from here?

(a) The Broader Context

Significant challenges continue to await the Council.

- Local Government funding for principal authorities has reduced by 40% since 2010.
- The 2016/17 settlement from central Government is likely to see a further cut
- 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 continues 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 we set future budgets.

The advantage that town and parish councils have is being able (at the moment) to precept without restriction. This means that the Council can raise money by setting its proportion of the Council Tax to whatever level it considers necessary.

(b) What sort of Council do we want to be?

There is no doubt that local councils are a very important part of local democracy, working hard to improve the local community and ensure the delivery of local services. At the moment we have responsibility for very few services. We are, however, a very vocal and at times, effective pressure group. We are very good at dealing with grass roots issues that can easily be neglected by Borough and County Councils. But is this enough? The Council has asked itself if it wishes to take on more powers and responsibilities. This is a “new” Council with a new opportunity.

There are a number of questions we need to ask ourselves:

- What are we here for?
- Do we spend the right amount of money?
- Do we spend it on the right things?
- Should we do something new?
- Should we stop doing something?
- What are the biggest challenges for the Wellington community?
- What do we want the town to look like – can we make a difference to the appearance of the area?
- What does the future look like?

(c) Is there a cunning plan?

Unfortunately not – well, not at the moment. Although progress was made on the initial stages of a Neighbourhood Plan this has fallen by the wayside for a number of reasons. The Vision for Wellington was produced in 2008 and work was started on a Parish Plan but never completed. In order to plan for the future the Council need to at least have some idea of where it was going.

The intention would be to give a clearer direction to Town Council and the wider community of how the town should develop.

3. Devolution of Services

Following news that Somerset County Council had announced a freeze on all non essential expenditure and that Taunton Deane Borough Council needed to make further reductions, councillors have looked at how best the Council could maintain and improve services in the town. 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 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. If this proves to be the case then I would recommend 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. At the informal meetings of members that have been taking place it has been suggested that if this route is followed a Working Group of councillors be formed to prioritise any services that are to be taken on.

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. The contribution originally made by TDBC towards Christmas lighting has changed. In addition we have also agreed to contribute to work being undertaken on traffic light sequencing. We continue to make significant contributions to enable the continuation of the Youth Service in the town. We also promote a Youth Voice group as a way of giving young people an opportunity to have their opinions heard. These are all services where the Town Council may wish to use its funds to continue and improve.

4. What are our priorities?

Over the past few months TDBC have organised a number of “Members Priority Workshops” where Taunton Deane councillors were invited to highlight what they saw to be the issues of most concern to them. The detailed points that were raised by the councillors present at these workshops together with the feedback notes prepared by Penny James, TDBC Chief Executive have been submitted and considered at the informal meetings. Town Council members have taken this information into account and considered their own areas of priority. Members are keen to take back responsibility for some of the services carried out locally in the past. The following were the broad areas that were felt should be the Council’s main aims going forward:

- Improve the local environment
- Co-ordinate support for older people
- Support families and young people
- Be proactive in getting people into employment

5. Communication

Members hoped that the community would support its bid to improve services in the town. It was considered important to give publicity to the way the Council were thinking so that members of the community could have the opportunity of making their views known. Press releases have been issued to the Wellington Weekly News and to the Around Wellington web site. Details were also published on the Town Council’s web site, on our Facebook page and on Twitter. Suggestions and comments were invited.

6. The Budget

Moving on now to the budget for the next financial year. 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.

7. 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 (2015/16) is 4,482.33. Attached (Appendix B) is a copy of TDBC’s draft “Band D Equivalent” table, showing the proposed Tax Base for 2016/17 of 4,652.51. This means that the total amount of precept we could raise by keeping the Band D equivalent value for 2016/17 the same as the amount for 2015/16 would be £127,479. ($£27.40 \times 4,652.51$).

8. Council Tax Support Grant

Since 2014/15 Taunton Deane has proportionately shared with parishes the grant received from Government for the reduction in funding due to Council Tax Support. Indications are that the grant will be reduced by two thirds in 2016/17, a further one third in 2017/18 and discontinued completely the following year.

The amount for Wellington in 2016/17 would be £9,180. Fortunately the Town Council foresaw this happening last year and set its precept level accordingly.

9. 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. In documents published recently on the local government finance settlement it was announced that referendum principles will not apply to the parish sector in 2016-17.

However, DCLG are aware that many people continue to be concerned about parish spending, so they have stated that they expect town and parish councils to behave responsibly and protect their taxpayers from excessive precept increases. If parishes fail to do so, the government has the option of making them subject to the referendum principles in future.

10. Last Increase

The last Town Council Tax increase was last year (2015/16) when it went up from £24.95 for Band D properties to its current figure of £27.40 (a 9.91% increase).

11. Current Financial Year 2015/16

Our income for 2015/16 will be around £20,000 less than we originally anticipated. This is because we will not have received payments towards keeping the public toilets open. Other than that our income has matched our expectations.

As far as expenditure is concerned, 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 the budgets for the Promotion of Wellington and devolved services.

12. Next Financial Year 2016/17

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 I have referred to in this report, 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. The Council are keen to take on extra responsibilities and take control of a number of services provided within the town. 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. Without knowing just what services currently provided by others are to be reduced or discontinued it is difficult to be precise about the cost to the Town Council. A Transformation Fund has therefore been introduced which contains a significant sum. It is anticipated that this would allow flexibility and be sufficient to fund any additional responsibilities that the Council might want to fund in the forthcoming financial year.

13. 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

14. Reserves

The total balance in hand at the end of March 2016 is likely to be approximately a very healthy £216,000 (£55,000 in our Treasury deposit and £161,000 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.

15. Recommendation

(a) A draft budget has been prepared which reflects the aspirations of the Council. It is attached as Appendix A. The draft budget takes into consideration the likely reduction in income from other sources and the level of increased precept necessary to fund the provision of services. The increased precept of £186,100 equates to a 25p per week rise in the Town Council's element of the Council Tax. Members are asked to give detailed consideration to the budget for 2016/17;

(b) a Working Group of councillors be formed to prioritise and cost any additional services that might be undertaken by the Town Council.

Greg Dyke
Town Clerk