

WELLINGTON TOWN COUNCIL

THE COUNCIL'S BUDGET AND THE LEVEL OF ITS COUNCIL TAX FOR 2017/18

Report by Greg Dyke, Town Clerk - 9 January 2017

1. Introduction

The draft Town Council budget has received initial consideration at an informal meeting of councillors before being formally considered by Council at this meeting. 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.

Preparation of the budget is one of the most important annual tasks a council must undertake. It is not lawful to set a precept unless a budget has been prepared and approved. This is because the precept is not a figure arbitrarily set by the council but is the balancing figure after taking into account estimated expenditure and income.

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. Last year saw a significant increase in the precept (46%). The budget set by the Council last year (2016/17) enabled it to position itself so it could fund its aspirations from the income it receives.

Indications are that Somerset County Council and Taunton Deane Borough Council will continue to make further reductions in the services they deliver.

2. Where do we go from here?

(a) The Broader Context

Significant challenges continue to await the Council.

- Local Government funding for principal authorities continues to be reduced.
- The 2017/18 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.
- The proposed merger of West Somerset and Taunton Deane Councils is likely to have an impact on local services

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 have indicated that it is keen to take on more powers and responsibilities. It is also necessary not to lose sight of the questions we traditionally 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) Aims, Aspirations and Priorities

It was agreed that there was an opportunity to take back responsibility for some of the services carried out locally in the past. The areas the Council wishes to focus on are:-

- Improving the environment
- Co-ordinating support for older people
- Supporting families and young people
- Be proactive in getting people into employment
- Promotion of Wellington
- Health and Well Being
- Supporting traders and businesses
- Transport issues
- Community Safety

It was acknowledged that much of this can be done by working in partnership with and by supporting other agencies. There would, however, be a cost involved.

3. Devolution of Services

As the County Council and Taunton Deane Borough Council continue 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 once again have this in the forefront of their minds when going through this year's budget. We should continue to 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.

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

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. We have made a significant contribution to Wellington One – both in connection with the employment of the Co-ordinator and in service delivery. We have ensured that funds have been available to keep the Longforth Road toilets open whilst we complete the transfer of ownership. We have also supported Reminiscence Learning in providing services for older people and the Wellington Business Association in promoting the facilities available in the town.

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 will now be discontinued. 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. Communication

It is important to give publicity to the way the Council are thinking so that members of the community can have the opportunity of making their views known. Press releases will be issued, details will be published on the Town Council's web site, on our Facebook page and on Twitter. Suggestions and comments are invited.

5. 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 (2016/17) is 4,652.51. Attached (Appendix B) is a copy of TDBC's draft "Band D Equivalent" table, showing the proposed Tax Base for 2017/18 of 5012.27. This means that the total amount of precept we could raise by keeping the Band D equivalent value for 2017/18 the same as the amount for 2016/17 would be £200,490. (£40 x 5012.27).

6. 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. We have previously been told that the grant will be reduced again this year and discontinued completely the following year.

The amount for Wellington in 2017/18 would be £4,590. Fortunately the Town Council foresaw this happening and set its precept level accordingly.

7. Council Tax Capping

At the moment there is no restriction on the level of increase that the Town Council can levy. Council tax referendum principles have **not** been extended to parish and town councils in 2017/18.

The Secretary of State for Communities and Local Government has just announced the provisional local government finance settlement for 2017/18 and has said:

“[Town and parish council] play an important role in our civic life.

We have decided that we will defer our proposals this year, while keeping the level of precepts set by town and parish councils under close review.

I expect all town and parish councils to clearly demonstrate restraint when setting increases that are not a direct result of taking on additional responsibilities.

I am also actively considering with the sector ways to make excessive increases more transparent to local taxpayers.”

8. Last Increase

The last Town Council Tax increase was last year (2016/17) when it went up from £27.40 for Band D properties to its current figure of £40 (a 46% increase).

9. Current Financial Year 2016/17

Our income for 2016/17 will be around £10,000 more than we originally anticipated. This is because we have held just under £10k of HRA grant money on behalf of third party TDBC Councillors. Other than that our income has matched our expectations. As far as expenditure is concerned, it is not possible with just under 3 months of the financial year to go to accurately estimate what our final out turn will be. However, we are likely to have an underspend in the region of £20k. Savings in the original estimates are likely to be made mainly because the anticipated budget for devolved services has not been fully used.

10. Next Financial Year 2017/18

The Council's financial situation continues to be carefully and regularly monitored by the Finance Committee throughout the year. 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 continue 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. Any 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.

11. Options

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

- The Council Tax can be maintained at its current level
- 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

12. Reserves

The total balance in hand at the end of March 2017 is likely to be approximately a very healthy £216,500 (£55,418 in our Treasury deposit and £161,106 in our ordinary deposit account). This equates to a year's expenditure which is 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.

13. Recommendations

During the informal meeting of councillors detailed consideration was given to a number of ideas and suggestions for the forthcoming year.

A suggestion was made that the current level of Members Allowance be looked at. Although it is set at the very low level of £200 per annum (before tax) it was felt that it should remain unchanged. In the meantime the Town Clerk be asked to review the Members Allowance Scheme after taking advice from the TDBC Members Allowance Panel.

The current level of travelling allowance is set at 40p per mile which was 5p per mile below the level set by HMRC before it becomes taxable. It was recommended that the travel allowance be increased to 45p per mile.

It was also pointed out that it was now 8 years since the Town Council introduced a Mayoralty. Since that time the former Chairman's insignia had been used. Apart from the fact that this did not represent the current position the insignia was beginning to show signs of wear and tear. It was considered appropriate to update the chains of office for both the Mayor and Deputy Mayor.

Quite some time was spent on discussing the current Council premises and whether or not they were fit for purpose.

It was also felt that the Council should be more proactive in identifying which services it wished to take on rather than reacting to action taken by others to reduce their services.

Having examined the requirements of the Council it was agreed that a small increase in the Town Council's level of Council Tax would be sufficient for it to be able to carry out its aims and aspirations for the next financial year.

(a) A draft budget has been prepared which reflects the aspirations of the Council. It is attached as Appendix A and is **recommended for approval**. The draft budget takes into consideration the likely reduction in income from other sources and the small level of increased precept necessary to fund the provision of services. The increased precept of £202,495 equates to a 40p per **annum** rise in the Town Council's element of the Council Tax (1%);

(b) the Town Clerk undertake a review of Members' Allowance;

(c) the travelling allowance be increased to 45p per mile;

(d) quotations be obtained for refreshing the Council's Chains of Office;

(e) the Town Clerk undertake a review of Council premises.

Greg Dyke
Town Clerk