

WELLINGTON TOWN COUNCIL

THE COUNCIL'S BUDGET AND THE LEVEL OF ITS COUNCIL TAX FOR 2018/19

Report by Greg Dyke, Town Clerk - 8 January 2018

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.

In the last couple of years the approach taken has been slightly different. Rather than just considering the proposed budget the discussion has been widened so that Councillors could give some thought to what direction they felt the Council should be taking in the future. The outcome of the discussions then informed the recommended budget and the level of Council Tax for 2017/2018. The principal authorities (TDBC and SCC) continue to be under pressure to reduce their expenditure as Government grant aid is also gradually reduced. This is, therefore, an opportunity to take the same approach this year.

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. Historically the Council has kept its precept very low. However, 2016/17 saw a significant increase in the precept (46%). This enabled the Council to position itself so it could fund its aspirations from the income it receives and have sufficient flexibility to consider taking on or supporting some of the services that the principal authorities are having to stop.

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 2018/19 financial 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.
- TDBC and WSDC have been given the go ahead to merge. This is likely to create a reduction in representation on the new Authority for the residents of

Wellington. The Town Council are therefore very well placed to develop its role as representatives of the community.

All of this means that we are likely to continue 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 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 previously indicated that it is keen to take on more powers and responsibilities and has already taken on some services. It also necessary not to lose sight of the questions we should ask ourselves every year:

- 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 and as the situation develops we are able to be more specific about what, if any, services we might take on. We do, however, need to retain flexibility in our budget to allow us to react to any issues that we are not yet aware of. I would recommend that the Council budget should now more accurately reflect the range of services we undertake. I believe we should also continue to include a generic sum in the budget to deal with anything under this category that might arise during the year. Originally £60k was included in the budget as a "Transformation" fund, this was reduced to £40k last year and now, with more specific responsibilities that we are able to budget for should be reduced again this year. Members have indicated that £20k be allocated in 2018/19 for "Council Priorities"

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

Once again the current financial year has also seen expenditure by the Town Council on grass cutting, weedkilling 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 (Chill and Chat service). We have now taken over ownership of and responsibility for Longforth Road toilets. We now pay for the services of a Community Warden for 12.5 hours per week. We have also used the Devolved Services budget to support a number of initiatives that quite clearly fall within those categories we want to focus on. 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 was discontinued last year which will involve the Council in some additional costs. We continue to make significant contributions to enable the continuation of the Youth Service in the town having agreed to pay £19,663 for the next three years. 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 (2017/18) is 5012.27. Attached (Appendix B) is a copy of TDBC's draft "Band D Equivalent" table, showing the proposed Tax Base for 2018/19 of 5,132.95. This means that the total amount of precept we could raise by keeping the Band D equivalent value for 2018/19 the same as the amount for 2017/18 would be £207,371. (£40.40 x 5,132.95).

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. This has now been discontinued completely.

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. However, members need to be aware that this is a situation that may not continue in the future. The Government has also said it is "prepared to consider" extending referendum principles to all Councils in England.

8. Last Increase

The last Town Council Tax increase was last year (2017/18) when it went up from £40 for Band D properties to its current figure of £40.40 (a 1% increase).

9. Current Financial Year 2017/18

Our income for 2017/18 is expected to pretty much match our expectations. As far as expenditure is concerned, it is never 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 once again to have an underspend in the region of £46k. 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 2018/19

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. Members allowances

During consideration of the budget last year there was a discussion regarding the level of members' allowances. It was decided that the allowance should not be increased but that further consideration could be given to the subject this year. The current figure of £200 (gross) has remained the same since it was introduced 11 years ago in 2007. Discussion took place at the Informal meeting around whether this allowance should be increased. It was agreed to recommend an increase to £280 p.a. (gross).

12. Grants Policy

We have a well established grants policy which generally meets the aims of the Council to give support to clubs, societies and organisations, allowing them to provide services and activities that otherwise may not have been available to residents. These are grants that support the local community and make a contribution to the life and well being of the town. Not all those applying for grants are able to comply fully with the policy so certain flexibility is sometimes shown with those applications considered to be worthwhile. For instance not all of them have a Constitution or historical accounts.

We have also made very good use of the Devolved Services budget when making grants to applicants whose aims fall firmly within those areas we have identified as being ones we want to focus on (paragraph 2 (c) above).

I suggest that members consider retaining the existing grants policy with a budget at the same level. However, I think it's time to start having separate budgets which could be used for funding the type of initiative that the Devolved Services budget has been used for in the past.

The grants policy only allows for grants to be made as and when applications are submitted. It does not provide any opportunity for on going support. This is evidenced by a number of applications that we receive on an annual basis. If the Council wish to continue supporting those applicants it may be worth considering making a commitment over a period of time subject to the applicants entering into a Service Level Agreement. This would give applicants some degree of certainty and give the Council the opportunity to make sure the grant is achieving the aim.

12. 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

13. Reserves

The total balance in hand at the end of March 2018 is likely to be approximately a very healthy £316,834 (£55,640 in our Treasury deposit and £261,194 in our ordinary deposit account). This 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.

14. Recommendations

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

(a) It was felt that after 11 years it was time for the Members Allowances to be increased to £280 p.a. (gross);

(b) Working in partnership with IDVerde to provide the services of a Community Warden had been very successful. It was felt that consideration should be given to increasing the hours of the Community Warden from two days a week to three days a week;

(c) It was suggested that there might be some merit in engaging the services of a Fund Raiser to work on behalf of the Council. This would be specifically to look at funds which might be available to the Town Council;

(d) As it was becoming possible to more specific about services to be taken on, it was felt that the budget should more accurately reflect the range of service we now undertake. However, in order to retain flexibility and to be able to react to any unforeseen situation a sum of £20k be included in the budget for "Council Priorities";

(e) It was apparent that there were a number of organisations that applied to the Council for funding on a regular basis. It was agreed that Service Level Agreements be introduced for the recipients of grant funding where appropriate;

(f) Having examined the requirements of the Council it was agreed that a 3% 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 draft budget has been prepared which reflects the requirements agreed at the informal meeting of councillors and is **recommended for approval**. The increased precept of £213,633 equates to a Council Tax for this Council of £41.62 **per annum**. This is a rise of £1.22 **per annum**. The draft budget is attached as Appendix A. Members are asked to give detailed consideration to the budget for 2018/19.

Greg Dyke
Town Clerk