

WELLINGTON TOWN COUNCIL

THE COUNCIL'S BUDGET AND THE LEVEL OF ITS COUNCIL TAX FOR 2019 - 2020

Report by Kathryn Hemensley, Town Clerk 7 January 2019

1. Introduction

The draft Town Council budget has received initial consideration at an informal meeting of councillors prior to formal determination by the 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 due to changing circumstances. In recent years a wider discussion has allowed Councillors to give thought to the future direction they felt the Council should take. The outcome of such discussion then informs the recommended budget and the level of Council Tax for 2019/2020. The principal authorities (TDBC and SCC) are under significant pressure to reduce their expenditure as Government grant aid is gradually reduced and transformation kicks in. There is, therefore, the 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.

It should be noted that a change from previous protocol has been announced for the forthcoming year where a Council's precept exceeds £10,000. The new process sees the precept being paid to the Town Council in two instalments – **April and September**, rather than in one lump sum.

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 challenging.
- As we know, 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 continue to see a significant squeeze on the voluntary sector as statutory services are diminished 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 the ability (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 previously indicated that it is keen to take on more powers and responsibilities and has already taken on some services. It is 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 has previously been agreed 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
- Being 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. 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 be mindful of this when setting 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. Also 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 recommend that the Council budget should continue to accurately reflect the range of services we undertake. I believe we should also continue to include a generic 'Devolved Services' 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 gradually reduced to £40k and last year further reduced to £20k. I **recommend** that we continue to include a sum of £20k in the 2019/20 budget. The Town Council already makes 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 (including, now, Service Level Agreements)

School Crossing Patrol

Footpaths

Economic Development – Promotion of Wellington (including the work of the Town Centre Working Group)

Delegated Planning Decisions

Community Safety

Emergency Planning

Once again the current financial year has also seen expenditure by the Town Council on grass cutting, weed-killing, provision of litter bins, dog bins and grit bins. We have made a significant contribution to Wellington 1-Team – both in connection with the employment of the Co-ordinator and in service delivery. We own and have responsibility for Longforth Road toilets. We pay for the services of a Community Warden for 22 hours per week. We make use of the Community Payback scheme to undertake a variety of tasks. We have also used the Devolved Services budget to support a number of initiatives that quite clearly fall within our areas of focus. The grass cutting and weed-spraying in the town is likely to remain at its current reduced level.

We continue to make significant contributions to enable the continuation of the Youth Service in the town having agreed to pay £19,663 for three years we are now in Year 2). 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. 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 (2018/19) is 5132.95. Attached is a copy of TDBC's draft "Band D Equivalent" table, showing the proposed Tax Base for 2019/20 of 5242.40. This means that the total amount of precept we could raise by keeping the Band D equivalent value for 2019/20 the same as the amount for 2018/19 would be £218,189. (£41.62 x 5242.40).

5. 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.

6. Last Increase

The Council has managed its finances extremely well, exercising careful stewardship and good housekeeping. This has enabled keeping the precept at a reasonable level. 2016/17 saw a significant increase in the precept (46%). This additional income enabled the Council to fund its aspirations and retain sufficient flexibility to consider taking on or supporting some of the services being reduced by the principal authorities.

More modest increases followed - 1% in 2017/18 then 3% in 2018/19 which increased the Band D Council Tax from £40.40 to £41.62.

7. Current Financial Year 2018/19

Our income for 2018/19 is expected to slightly exceed our estimate. This is because we've had some Community Infrastructure Levy money (CIL), and rental income for the use of the promotional space in the High Street and the Council Chamber.

As far as expenditure is concerned, it is never possible with just under 3 months of the financial year to go to accurately estimate the final position. However, it's looking likely that the estimated expenditure will be fairly accurate.

8. Next Financial Year 2019/20

The Council's financial situation continues to be carefully and regularly monitored by the Finance Committee throughout the year. The Council continues to ensure that money spent goes to the areas that are its top priorities. As referred to in this report, we are likely to continue to come under pressure to pick up some of the services where other funding has stopped. This aspect will need to be considered very carefully. The Council remains keen to take on extra responsibilities and take control of a number of services provided within the town.

A number of new factors will need to be considered when setting the budget. We have been asked to contribute £11,000 towards the Wellington One Co-ordinator post (an increase of £2,500), the Town Centre Working Group will be bidding for funds in connection with the proposed Film Festival and a Pop-Up Shop and we have agreed Service Level Agreements (SLAs) for three organisations. In addition as we gain experience as owners of a public convenience we begin to realise the need to budget for repairs, maintenance and supply of services. The development of a Neighbourhood Plan is also likely to need funds and we need to make provision for the 2019 local elections. Any increase in services and responsibilities will 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.

9. 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 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 areas for focus (paragraph 2 (c) above).

I suggest that members consider retaining the existing grants policy with a budget at the same level. 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. We have addressed this by making a commitment over a period of time to certain applicants subject to them entering into a SLA This gives applicants some degree of certainty and gives the Council the opportunity to make sure the grant is achieving its aim.

10. 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

11. Reserves

The total balance in hand at the end of March 2019 is likely to be approximately a very healthy £316,399 (£55,086 in our Treasury deposit and £261,313 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.

12. Recommendations

A draft budget for 2019/20 has been previously circulated and given informal consideration. It is attached as Appendix 1. Recommendations arising from these earlier discussions are:-

(a) A sum of £5,000 is **recommended** to cover 2019 Town Council and Taunton Deane elections.

(b) A provisional sum of £11,000 is **recommended** for the Wellington 1-Team Co-ordinator (Community team) as the funding stream is being severely reduced in the next financial year. At this stage it is not clear in what guise the 1-Team Community service might continue and firmed-up funding proposals will be presented once the picture is clearer.

(c) It is **recommended** that three items previously budgeted for are treated instead as 'Earmarked Reserves'. This amounts to £36,300 in total being £21,000 for the proposed Film Festival and Pop-up shop, £9,000 for phase 2 of the Playing Pitch Strategy, and £6,300 as a carried-forward reserve for the Railway Station project.

Councillors are committed to supporting local residents and businesses so that the town can continue to thrive, and offer a positive and welcoming experience for inhabitants and

visitors alike. This by necessity requires investment in services over and above the coming year's statutory provisions. As the town grows, so does its needs, and the Council wish to have the ability to respond to the new challenges and opportunities that the forthcoming year will inevitably bring. It is therefore **recommended** that having examined the requirements for the town, the Council Tax be increased by £9.57 to £51.19 per annum. This will result in a precept of £268,358. Members are asked to formally approve the budget.

Kathryn Hemensley, Town Clerk
31 December 2018