

**ST JUST-IN-PENWITH TOWN COUNCIL**

**PRECEPT MEETING 1 DECEMBER 2014**

**REPORT BY THE TOWN CLERK & RESPONSIBLE FINANCIAL OFFICER**

**BUDGET AND PRECEPT REPORT FOR 2015 /2016**

As in previous years, the Town Council faces many challenges in deciding the level of precept for 2015 / 2016 as discussions continue with Cornwall Council regarding the further devolution of services, particularly future management options for the library in St Just further discussions on which was agreed by the Town Council at its meeting on 17 November 2014. These discussions are at a very early stage and no decisions which could potentially affect the Council's finances are likely to be taken in the near future. However, the Town Council has made a commitment to work with all interested parties, such as the "*Friends of St Just Library*" to ensure that the best result for the local community is made having taken into account all relevant factors.

As in the previous two years, the Town Council will receive a Council Tax Support Grant which will be paid in addition to the precept demand. Therefore, the Town Council will again reduce its precept demand to Cornwall Council by the amount of grant it will receive. As Cornwall Council only met on 25 November 2014 to agree its budget for 2015 / 16 the exact amount of Council Tax Support Grant is not yet known. However, we received a letter from Cornwall Council dated 11 November 2014 regarding parish and town council precepts for 2015 /2016 financial year, advising that in line with Central Government forecasts the grant should be reduced by 15%. In calculating next year's amount Cornwall Council has used the data available to it for these purposes: the current profile and number of recipients of Council Tax Support and the element of the 2014 / 2015 Band D Council Tax charge that relates to the Town Council. Based on this, Cornwall Council has advised that the indicative amount for St Just Town Council in 2015 / 2016 will be £15,868.97.

With ever increasing budgetary pressures facing Cornwall Council over the next four years and a requirement to make a further £196m of savings in addition to the £170m made since 2010, Cornwall Council will be looking to the town and parish councils to take on additional responsibility for some of the services it currently provides, and as already stated, the library service is the first step in that process. However, it is likely that there will be further reductions in the Environment Service budget and the Town Council has already indicated its willingness to take on responsibility for maintaining the churchyard around the parish church in St Just if the application to close the churchyard is approved.

With the above in mind, the attached spread sheet has been put together for your consideration and provides indicative figures for the Town Council on a proposed level for next year's budget.

The report sets out the assumptions made in respect of each of the suggested financial allocations to enable the Council to reach its decision and during the meeting the proposed figures will be updated prior to the Council finalising the budget to enable the impact on the overall budget to be explained in more detail.

The following notes are to be read in conjunction with the proposed budget for 2015 / 2016 as set out at Appendix A to this report.

1. It is proposed to carry forward this year's budget allocations into 2015 / 2016 with the exception of the following:
  - **Note 1** – proposed £1,000 reduction in election allocation reflecting significant underspend in 2014 / 2015.
  - **Note 4** – proposed increase in Employer Pension Contributions to account for increased contributions of 18.2% (annual deficit contribution of £800.00) in 2015 / 2016 and 18.7% (annual deficit contribution of £1,000.00) in 2016 / 2017 and any increases which may result from the national pay award. It is proposed that the financial allocation is increased by 15% to £6,500.00.
  - **Note 12** – increase financial allocation for Grants – General by 9% to £27,500 in the light of further reductions in the Cornwall Council's budget, particularly in view of the proposed reduction in Business Rate Relief for charitable organisations. The Town Council has already received requests for additional funding from local organisations which have previously been dependent on Cornwall Council grants / relief and it is anticipated that there will be further requests over the coming years.
  - **Note 14** – despite the fact that the "Memorial" allocation was overspent by 202% in 2014 / 2015 it is not proposed to increase the financial allocation as the overspend occurred due to the need to install a new ladder within the war memorial and the Council's decision to upgrade the electrical connection to the clock movement at the same time. Both of these were one-off costs and not likely to be incurred again for many years.
  - **Note 18** – proposed 18% (£1,000.00) increase in the financial allocation for Public Amenities to offset reductions in Cornwall Council's Environment Service and anticipated maintenance responsibility for St Just Churchyard.
  - **Note 25** – 2014 / 2015 will see the end of the Council's commitment to match fund the grant awarded by English Heritage to repair the perimeter wall of the Plain-an-Gwarry. These works are continuing, however it is proposed that in view of the need to carry out further work on the wall the Town Council sets aside a further £2,000 in 2015 / 2016 to enable repair works to continue. The net result is a 13% reduction in the "Projects" cost centre heading. Allocations for TIC / CCTV / building maintenance remain unchanged.
2. **Note 29** - Based on the above assumptions the Council's proposed budget for 2015 / 16 is £151,150.
3. **Note 30** - Indicates that the Council's precept demand for 2015 / 16 to Cornwall Council will be £130,281 which is calculated by the assumed budget £151,150, less the assumed Council Tax Support Grant of £15,869 and VAT reclaim of £5,000.

4. **Note 32** - indicates that at 31.03.14 the Council will have total reserves of £165,410. It is suggested that a further £21,000 of this total figure is transferred into the "Capital Assets Reserve". Total Capital Asset Reserve Fund of £96,000 in 2015 /2016. The level of free reserves to be £62,362 (40.99%) of the anticipated opening cash balance in 2015 / 16.

### **Recommendations**

That the Town Council approves:-

- (a) The proposed budget for the financial year 2015 / 2016 of £151,150 and that a precept request of £130,281 is made to Cornwall Council by 31 December 2014, a 1.42% increase on the previous year; and
- (b) That £21,000 be transferred to the Capital Asset Reserve, with the remainder £62,362 be allocated to the "Free Reserve".