

**PRECEPT MEETING 19 DECEMBER 2011**

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

**BUDGET AND PRECEPT FOR 2012 /2013**

This year the Town Council faces many challenges in deciding the level of precept for 2012 / 2013. The possible devolution for the maintenance and operation of the toilets and car parks has had inevitable impact on the Council's budget, and the Town Council also needs to take into account the Internal Auditor's comments in respect of the current level of reserves.

All this comes at a time when local community groups and the local electorate are also struggling for funding. In the attached spreadsheet which has been put together for your consideration, indicative figures have been inserted to provide the Council with an indication of the level of next year's budget.

This report sets out the assumptions made in respect of each of the suggested financial allocations to enable the Council to reach its decision on next year's budget. During the meeting I will be able to update the figures proposed prior to the Council finalising the budget to enable the impact on the overall budget to be explained.

The following notes are to be read in conjunction with the proposed budget for 2012 / 2013 as set out at Appendix A to this report. The paragraph numbers correspond to those shown on the spreadsheet.

1. As no allocation made in last year's budget, need to ensure sufficient financial provision is made for next year and therefore £8,000 is suggested. Each election costs in the region of £4,000.
2. No change is proposed in the financial provision for salaries. Government confirmed that public sector pay increase to be capped at 1% for the next two financial years. However, no provision has been made to take account of any recommendations which may come forward as part of the job evaluation exercise. The Council may wish to add an amount to offset any recommendations which may be forthcoming as a result of undertaking the exercise..
3. No change in financial provision proposed.
4. Slight increase of £250 to take account of £500 annual contribution to Cornwall Council Pension Fund. Level of additional employer contribution to be reviewed as part of the triennial review in 2015.
5. £300 increase suggested to offset any increase in supplier's costs in 2012 / 13.
6. The proposed reduction reflects savings already introduced. However, this figure could be further reduced by a reduction in postage to councillors. The current annual spend on

postage is £170.00 p.a. This further reduction could be achieved by Town Councillors collecting their agendas from the Town Clerk's office, if the Council so wished.

7. No change proposed as the existing contract with BT is based on an annual spend of £500 for telephone and internet combined. This provides the Town Council with favourable financial benefits.
8. The amount has been reduced to reflect the actual rent. No change until the current lease expires in 2017.
9. The suggested increase to £1300 reflects the Town Council's affiliation to South West Employers and any increase in subscription costs to NALC / CALC.
10. The suggested increase to £2,000 reflects increase in premium for new CCTV equipment and notice boards, and likely inflationary increase. This does not take account of increases in respect of taking on responsibility for maintaining the car parks and toilets. This will be addressed under "Projects".
11. Increase due to uncertainty over external audit arrangements as from 2012 due to the abolition of the Audit Commission, together with increased internal audit costs.
12. You will recall that the Town Council at its meeting on 7 November considered a recommendation from the Internal Audit Committee regarding a new grant application scheme. The Internal Auditor commented that the Town Council was "*making extensive use of the s137 powers making grants.*" The Environment & Tourism Cttee have been asked to review the proposed scheme. No reduction is proposed within the budget for grants but the Town Council may wish to consider a lesser amount bearing in mind other financial commitments facing the Town Council next year. Also the proposed new grant making application scheme suggests that grants should be limited to £250.00, with larger awards made in exceptional circumstances. The figure includes the £1,000 grant to Centre of Pendeen for which a similar request has been made this year, and £1,000 grant to both Pendeen Parish Rooms and Nancherrow Centre. £3,000 in total. No formal request has been received from either Pendeen Parish Rooms or Nancherrow Centre towards a financial contribution in 2012 / 2013.
13. No change to the current allocation reflects the Town Council's commitment to supporting the professional development of its staff and training for Town Councillors in fulfilling their duties.
14. Allocation carried forward from 2010 / 2011 from reserves. No reduction in allocation suggested as the Clock Tower / War Memorial attained listed building status this year, and any future works are likely to be more expensive as a consequence of the listing.

15. No reduction in allocation proposed. Costs to cover lease of photocopier and Connexion2 for the lone working protection system.
16. No change suggested in the level of Mayor's Allowance.
17. Anticipated underspend reflects decision by the Mayor not to hold the annual Mayor's Sunday event. No reduction suggested in next year's budget.
18. Suggested increase of £1,200 to cover the costs of the Town Council taking on responsibility for grass cutting contract for the Plen-an-Gwarry. Current year total cost (18 cuts p.a.) £1,080.00. Contract awarded for 12 months, suggested increase takes account of any increase in contractor's costs.
19. Reduction achieved through greater use of BACs transfers, reduction in the use of cheques.
20. Suggested increase of £50.00 to take account of any possible changes to the website and contractor costs.
21. Increase of £500 to cover additional maintenance of Boscaswell Corner, Pendeen and to provide some flexibility if further areas are taken on by the Town Council.
22. Licence fee £70. Therefore propose reduction in allocation to £100. No advice received from Cornwall Council regarding any possible increase in licence fee.
23. Projects: Of the £25,500 allocated in this year's budget for 2011 / 12, a total of £12,787 has been spent. To date £522.96 has been spent in connection with the delivery of allotments. (£368.00 in the current financial year). It is unlikely that any significant progress will be made in respect of the allotments in the remainder of this financial year. However, it is suggested that the allocation for 2012 / 13 has been carried forward within earmarked reserves, together with £500.00 for Feast. The remaining specified projects have been given the same allocation as in the current financial year, with the exception of the Plen-an-Gwarry where it is suggested that the allocation be increased by £500 and CCTV £1,000 has been allocated. The increase for the Plen-an-Gwarry is due to the confirmation that the Town Council is the legal owner of the scheduled ancient monument, and following the emergency works that were carried out the perimeter wall earlier in the year, it is clear that the Town Council needs to set aside sufficient funds to undertake additional repair works that will be required in the short to medium term. English Heritage, together with Cornwall Council's Historic Environment Service has confirmed that further work will be required and a survey of the wall is to be undertaken. English Heritage has also indicated that grant funding may be available towards the costs of some of the works. However, as there was a small shortfall in the Town Council's allocation this year and in view of the fact the more repair / maintenance works are likely in the near future. It is suggested that the Town Council sets aside an allocation of £3,000 in 2012 / 13. The Town Council may wish to consider setting aside this figure in earmarked reserves.

30. A further £2,500 has been requested from Cornwall Council's Library Service to cover the additional staffing required to provide extended Tourist Information Centre (TIC) opening hours for a similar 11 week period to cover the busiest seasonal period. This year the additional funding provided by the Town Council enabled the Library Service to provide an extended service to visitors and locals. The Library Service has reported that this was an exceptionally busy year, with staff dealing with a total of 5527 enquiries from April to September an increase of 732 over last year, which in part was due to the closure of the Penzance TIC, with a greater than usual number of enquiries regarding Penzance accommodation and information.
33. Two additional items have been included with Projects for next year: Public car parks and toilets. Cornwall Council has offered the Town Council a grant of £12,532.30 towards the cost of taking on responsibility for maintaining the public toilets in St Just and Pendeen. This grant represents 100% of the current fixed costs and 50% of the cleaning costs. This leaves a shortfall in the budget of £4,218.50 to cover the annual operational costs. It is proposed that the Town Council approves an allocation of £5,000 to cover this shortfall. The Town Council is not anticipated to make a final decision on accepting the grant offer from Cornwall Council until it has completed its discussions with the other local town and parish councils and the full implications for the community network area are known. However, it is advisable to set aside financial provision so as to avoid the impact of any possible future closures.
34. Regarding the public car parks, no formal response has been received from Cornwall Council to the Town Council's request to either purchase the car parks outright or to enter into a long term agreement, with the level of income fixed on annual basis to the Retail Price Index. Therefore, an assumption has had to be made on the level of expenditure to be included in next year's budget to cover any potential cost to the Town Council for taking on responsibility for maintenance. Therefore, the calculation has been based on the Town Council only making a financial contribution of £14,600 to Cornwall Council for the loss of income. These are annual costs only. This would hopefully give the Council additional time to negotiate with Cornwall Council on the future position.
35. The Council's proposed budget for 2012 / 13 is £114,750.
36. To fund this budget, the Council will need to raise the precept to £122,670. This is derived from the total budget of £114,750, addition of the level of reserve £28,688, minus the amount of free reserves £20,767 within this year's budget.
41. As stated by the Councils Internal Auditor in his interim audit report "*the Council's reserves are towards the bottom end of accepted levels, a situation that leaves the Council vulnerable to unforeseen events.*" The current budget has also made further use of reserves. As part of the budget process the Town Council needs to give consideration to its level of reserves. The Cornwall Association of Local Councils advises that a local council's **minimum** level of reserves should be 25% of the total budget. Based on a budget of £114,750 the level of

reserve should be at the least £28,688. Therefore, if there is a change to the total budget figure, there will be a consequential change to the reserve figure.

43. Based on the figures provided the total estimated expenditure for 2011 / 2012 is £77,543, of which the estimated net expenditure as at 31 March 2011 anticipated to be in the region of £1,734. Taking into account the need to increase the level of reserves to meet the recommended minimum requirement it is suggested that the amount of reserve set at 28,688. The amount to be met by precept for 2012 / 2013 £122,670. Any additional increase in balances as at 31 March 2011 to be set aside within free reserves.

### **Recommendation**

That the Town Council approves the proposed budget for the financial year 2012 / 2013 of £114,750 and that a precept request of £122,670 is made to Cornwall Council by 31 December 2011 in respect of the budget for 2012 / 2013. This includes a free reserve of £28,688.

Elaine Baker  
Town Clerk  
19 December 2011