

ST JUST-IN-PENWITH TOWN COUNCIL

PRECEPT MEETING 12 DECEMBER 2016

REPORT BY THE TOWN CLERK & RESPONSIBLE FINANCIAL OFFICER

BUDGET AND PRECEPT REPORT FOR 2017/18

This has been another challenging year in terms of moving devolution discussions forward with Cornwall Council and other partner organisations. Following the public meeting last December, and subsequent notification from Cornwall Council regarding its decision to stop funding public conveniences as from 31 March 2016, the Council moved away from discussions on the library to enable the Friends of St Just Library (FoSJL) to enter into direct negotiations with Cornwall Council on the viability of it taking on responsibility for the library service in St Just within the existing building. On 3 October 2016, the Council considered an application for grant funding from the FoSJL, but decided to defer consideration pending the receipt of a detailed business case with financial projections, as the financial request was for a three-year period commencing in April 2017. That revised application is still awaited.

In March this year the Town Council agreed to fund the costs of maintaining the public conveniences within the parish at a total cost £22,000. This was a one-off agreement to provide additional time for the Town Council to enter into discussion with Cornwall Council on the longer term position. Draft heads of terms for a longer term agreement, including the car parks in St Just and Pendeen post 31 March 2017 is awaited.

In addition, the long awaited title transfer of Pendeen Playing Field is likely to be completed in the coming weeks.

In September 2017 the Council's current lease expires. A meeting was held on 25 November between representatives of Cornwall Council (CC) and the Town Council on various options, including various lease scenarios and possible freehold purchase of the building. The options presented to the Council were as follows: -

Council Offices - Chapel Street

Freehold valuation £165,000

The valuation assumes that the roof is near the end of its life and that there are signs of damp penetration in the property.

Leasehold Valuation – Whole building £14,000

This assumes the Town Council take a lease of the whole of the building and would sublet with CC's agreement the first floor and one room downstairs to Spider Eye. The Town Council would be responsible for the full repair and maintenance of the building along with all compliance testing and servicing.

Leasehold Valuation – ground floor (area currently occupied by the Town Council)

The Town Council's current lease terminates on 17 September 2017. The Council has the right to renew the lease on the same terms, save as to rent. The current market rent values the property at between £6000 and £7000 per annum.

The Town Council also requested a review of the freehold valuation for the Lafrowda Car Park, and the implications for the Pendeen Car Park and public conveniences in the parish if the Town Council was to purchase the freehold. The offer details are set out below: -

Lafrowda Car Park

Freehold valuation remains at £100,000. This option would include purchase of the recycling area which would be transferred to the Council subject to a licence in favour of Cornwall Council and its waste contractor to locate recycling bins for all purposes. Bus turning and parking area: Cornwall Council will require this to be part of any transfer. Street lights – Cornwall Council expect these to be transferred with the car park. Finally, the public toilets – All public toilet transfer have been undertaken on the basis of a property transfer for £1 with the town or parish council taking the revenue responsibility without support, grant or offset by any other property transfer. If the Town Council decide to take over responsibility for the public toilets, then they could be included in the transfer but there would be no adjustment in the valuation.

The delay in receiving this information, and therefore the inability to bring detail before the Council in advance of the budget meeting, has meant that a number of assumptions have been made in putting together this draft budget and precept request before the Council. It must be stressed these are assumptions based on the information provided and it will be for the Council to decide how it wishes to proceed.

Since April 2013 the Town Council has been in receipt of the Localised Council Tax Support (CTS) grant, which is paid in addition to the precept. For 2017/18 the amount of CTS that will be distributed is £1.219m. The actual amount of grant varies between local councils and is calculated on the following basis:

- The current profile and number of recipients of CTS
- The element of the 2016 / 17 Band D Council Tax charge that relates to the individual town or parish council.

Accordingly, we have been advised by Cornwall Council that the CTS grant will reduce from £12,464 in 2016 /17 to £9,376.69 in 2017 / 18. However, despite this further reduction it is once again proposed that the Council's precept demand to Cornwall Council be reduced by the amount of grant it will receive.

With ever increasing budgetary pressures on Cornwall Council over the coming few years town and parish councils will continue to be asked to take on additional responsibility for some of its services.

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.

Elaine Baker
Town Clerk
12 December 2016

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 2017 / 2018 as set out at Appendix A to this report.

1. It is proposed to carry forward this year's budget allocation into 2017 / 2018 with the exception of the following:

- **Note 1** – Elections - proposed increase of £1,000 in line with the Cornwall Council's estimated cost of £5,506.
- **Note 6** – Reduction from £800.00 to £500.00 for printing & stationary to reflect underspend in the budget allocation in 2016 / 17.
- **Note 8** – Increase in the allocation for rent in line with projections from Cornwall Council of market rent of between £6-£7,000 for the Council Office as from 17 September 2017.
- **Notes 10 & 11** - £500.00 reduction in audit and insurance to reflect underspend and reduced insurance premium following Council decision to approve longer term agreement with existing insurer which resulted in reduction in premium from the previous year.
- **Note 12** – Slight reduction in Grants -General to reflect anticipated underspend in the current financial year.
- **Note 13** – Allocation to be reduced by 100% to reflect annual underspends in the budget.
- **Note 15** – Reduction proposed due to consistent underspend in the allocation.
- **Note 18** – proposed 20% (£3,000.00) increase in the financial allocation for Public Amenities reflecting transfer of ownership for Pendeen Playing Fields, future responsibility for maintenance of St Just Graveyard, and the likely possibility of other services transferring to the Town Council in the future e.g. further public open spaces. The cost centre also includes ongoing maintenance for CCTV. Provision has also been made for the introduction of an annual cyclical maintenance programme for the Council's street furniture.
- **Note 19** – reduction in allocation for bank charges as a result of increased use of internet banking.
- **Note 23** – 50% increase in provision for public toilets reflects spend on cleaning in the current year (£22,000).
- **Note 24** – Reduction to £15,000 reflects annual underspend in the carpark provision and is offset by the increase in the financial provision for public toilets.
- **Note 29** – removal of the allocation for the TIC

2. **Note 29** - Based on the above assumptions the Council's proposed budget for 2017 / 18 is £154,200.

3. **Note 30** - Indicates that the Council's precept demand for 2017 / 18 to Cornwall Council will be £138,823 which is calculated by the assumed budget £154,200 less the assumed Council Tax Support Grant of £9,377 and VAT reclaim of £6,000.
4. **Note 32** - indicates that at 31.03.17 the Council will have total reserves of £212,455, due to an assumed underspend in the 2016 / 17 budget of £29,091. It is suggested that a further £20,000 of this total figure is transferred into the "Capital Assets Reserve". Total Capital Asset Reserve Fund of £156,000 in 2017 /2018. The level of free reserves to be £62,293 (40.40%) of the anticipated opening cash balance in 2017 / 18.

Recommendations

That the Town Council approves:-

- (a) The proposed budget for the financial year 2017 / 2018 of £154,200 and that a precept request of £138,823 is made to Cornwall Council by 31 December 2016, an increase 3.34% on the previous year;
- (b) That £20,000 be transferred to the Capital Asset Reserve, and with the remainder £9,091 allocated to the "Free Reserve".