

ST JUST-IN-PENWITH TOWN COUNCIL

PRECEPT MEETING 2 DECEMBER 2013

REPORT BY THE TOWN CLERK & RESPONSIBLE FINANCIAL OFFICER

BUDGET AND PRECEPT REPORT FOR 2014 /2015

As in previous years, the Town Council faces many challenges in deciding the level of precept for 2014 / 2015 as discussions continue on the purchase of the freehold of the public car parks and conveniences in St Just and Pendeen. After two years of negotiations with Cornwall Council, the Town Council at its meeting on 18 November agreed to enter into a longer term agreement with Cornwall Council thereby delaying the freehold purchase of the assets until a future date when the Town Council's finances are in stronger position, and would reduce the level of loan that would be required to realise the Council's aspiration to own the assets. As a consequence, it is suggested that the under spend in the budget relating to car parks and conveniences be transferred into earmarked reserves. In addition, the new Memorandum of Understanding (MoU) between the Town Council and Cornwall Council will include a clause preserving the Town Council's ability to purchase the freehold at any time during the agreement period. For the duration of the agreement the car parks will remain "free at the point of use" for all users.

Following the reforms to the Council Tax system which came into effect last year, the Town Council will again receive a Council Tax 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 will not meet until the end of November to agree its budget for 2014 / 15 the amount of Council Tax Support Grant is not yet known. However, in preparing this suggested budget the level of grant has been based on last year's figure of £21,858. However, early indications are that in 2014 / 15 Cornwall Council will not pass on the full grant to local councils and that there will be a slight reduction in the amount. However, it is not expected to exceed 10% of last year's figure and the scope of the error has been accounted for in the budget.

In addition, it is anticipated that during 2014 / 15 Cornwall Council will be looking to the Town Council to take on additional responsibility for some of the services it currently provides due to increasing budgetary pressures. Cornwall Council has already announced that it will have to make in the region of a further £190m of cuts over the next four years and this will have a significant impact on local councils across the county. It is likely that there will be a significant impact on the level of service currently provided by Cornwall Council's Environment Service and as you are aware the Town Council has already agreed to take over the grass cutting within the Closed Churchyard, St Just, for which it will receive some grant funding. It is anticipated that further services will be delivered by the Town Council in the future and therefore the budget for 2014 / 15 will need to reflect this.

The attached spread sheet which has been put together for your consideration provides indicative figures for the Town Council on a proposed level of 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 on next year's budget. 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 2014 / 2015 as set out at Appendix A to this report. The paragraph numbers correspond to those shown on the spread sheet.

1. In the current year, it is anticipated that £350 will be spent in connection with the local elections, and the co-options to fill the three remaining vacancies on the Council. In view of the fact that the next Town Council elections will not be held until May 2017, and no further election is anticipated during 2014 / 15, it is proposed that the budget allocation be reduced to £5,000 as the amount that the Town Council has previously paid in respect of election costs has been in the region of £4,500.
2. No increase in the financial provision for salaries is suggested as it is assumed that there will be under spend of 8%, and therefore the provision of £35,000 is expected to be sufficient to cover any increase in costs as a result of any pay award that is announced which this year was 1%.
3. No change suggested.
4. It is suggested that the amount of employer pension contribution is increased by £250 to £5,500 as during 2014 / 15 the triennial review of the pension fund will be completed which is likely to result in an increase in pension contributions.
5. £50 increase is suggested to offset any increase in supplier's costs in 2014 / 15.
6. No change as it is anticipated that there will be a slight under spend at the end of the financial year.
7. No change suggested.
8. No change suggested. Current lease expires in 2017. However, the Council will need to begin discussions with Cornwall Council during 2015 /16 financial year regarding draft heads of terms in advance of the expiry of the current lease.
9. No change suggested.
10. Reduction of £1,000 is suggested following the Council's decision to enter in to a long term agreement with Zurich Plc (3 years) which has reduced the annual premium figure by approximately £500.

11. No change suggested.
12. General Grants to be increased by £5,000 to reflect the continued reduction in grants by Cornwall Council to local groups and organisations and reflects the Council's wish to continue to provide much needed support through its grant application scheme.
13. No change suggested.
14. An increase of £500 is suggested to reflect the Council's decision to proceed with the replacement of the clock's electrical mechanism and the installation of a new internal ladder.
15. No change suggested.
16. No change suggested.
17. No change suggested.
18. It is suggested that the financial provision for public amenity be increased by £1,800 to reflect the anticipated overspend resulting from increase costs: installation of new electricity supply in the Plen-an-Gwarry, the re-print of the St Just Area Guide (at a cost of £1,912) which may need a further reprint in 2014 and increased cost of purchasing the Christmas Trees and new lights. The increase will also offset any additional unplanned expenditure during the financial year which may arise as a consequence of a possible reduction in Cornwall Council services locally.
19. No change suggested.
20. Despite the potential overspend in this year's budget resulting from additional costs related to the development of the Council's new website, it is suggested that the amount of allocation is reduced as the new website will have been launched and costs are likely to be reduced.
21. Increase of £500 is suggested to enable the Town Council to carry out additional works to the local footpath network to that covered by the Local Maintenance Partnership between the Council and Cornwall Council. There has been no increase in the amount of grant from Cornwall Council over the past four years (approx. £5,500) which is in effect a real terms cut and the additional funding will enable the Council to carry out additional work in an area where the footpath network is a significant part of the local tourist industry.
22. No change suggested.

23. No increase suggested, but under spend (£11,300) transferred to earmarked reserves in line with Town Council decision taken on 18 November 2013 to extend the existing MoU and delay purchase of the freehold of the car parks and public conveniences in St Just and Pendeen.
24. No increase suggested, but under spend (£10,400) transferred to earmarked reserves in line with Town Council decision taken on 18 November 2013 to extend the existing MoU and delay purchase of the freehold of the car parks and public conveniences in St Just and Pendeen.
29. No change is proposed. Last year of the previously approved Council match funding (£3,000) towards the costs of the repairs to the perimeter wall.
30. During the year the Council has completed the upgrade of the CCTV cameras within the town. Therefore it is suggested that financial provision in 2014 / 15 is reduced by £2,500 to cover ongoing maintenance costs.
31. No increase suggested.
34. Based on the above assumptions the Council's proposed budget for 2014 / 15 is £148,600.
35. Indicates that the Council's precept demand for 2014 / 15 to Cornwall Council will be £126,354 which is calculated by the assumed budget £148,000 less the anticipated Council Tax Support Grant of £21,859.
40. The spread sheet indicates that at 31.03.14 the Council will have total reserves of £115,415. It is suggested that £75,000 of this total figure is transferred into one earmarked "Capital Assets Reserve". This will reduce the level of free reserves to £40,415 (27.20%) of the anticipated opening cash balance in 2014 / 15.

Recommendations

That the Town Council approves:-

- (a) The proposed budget for the financial year 2014 / 2015 of £148,600 and that a precept request of £126,742 is made to Cornwall Council by 31 December 2013;
- (b) That the under spends in the financial provision for car parks and public conveniences be transferred to ear marked reserves from 2013 / 14 and subsequent financial years for the duration of the Memorandum of Understanding between the Council and Cornwall Council;
- (c) That ear marked reserves be renamed Capital Asset Reserves; and
- (d) That the remaining £4,134 in ear marked reserves in respect of allotments be transferred to the Capital Assets Reserve.

Elaine Baker
Town Clerk
2 December 2013