

Report No.

Report to Full Council 17th December 2013

Budget 2014/2015

1. Purpose of the report

- 1.1. To present the Town Council budget for 2014/2015, together with background information regarding the calculation of the precept and the level of grant support expected from Wiltshire Council.
- 1.2. To assist the Council to determine the level of the precept and council tax for Malmesbury Town Council for 2014/15.

2. Budget Background

- 2.1. The budget format for 2014/15 has been revised. Essential expenditure has been identified and removed from individual committee budgets and added into the main Town Council Administration Budget (now known as the Core Budget). The reasons for this are to identify core expenditure and to give greater clarity and control to Committees over that part of the budget which may be used at their discretion.
- 2.2. Other accounting, such as the cross charging for use of the Town Hall by the Town Council has also been removed from the accounts. This was a necessary function when the Town Hall was owned by Wiltshire Council and useful initially to identify Town Council usage in financial terms, but is now no longer required.
- 2.3. Several cost centres have been removed which have not been used over the last two years or where we do not expect to have further expenditure.
- 2.4. One of the Council's aims has been to make the Town Hall more affordable to encourage further use by the community. To this end, the Malmesbury Hub project has started in the Old School Room and a new simplified tariff of reduced hire prices for all rooms is being introduced. This is seen as a reduction in rental income in the budget.
- 2.5. Other projects and works have been identified separately and budgeted accordingly. High Priority Projects and Special Projects have been included within the budget, being a cost of £43,500. Two other longer term projects which are currently being researched, totalling £49,000 have not been included, but could be taken from reserves as 'one off' items of expenditure, should the Council wish to proceed with them during this coming financial year.
- 2.6. Staff changes in the Office have allowed the Council the opportunity to reassess the job structure required to manage the Town Hall and facilities and because of this there has been a reduction of staff costs of over £20,000 in the two years from 2012/13 to 2014/15.
- 2.7. Additionally as may be seen from the Core Budget, there has been a rationalisation of administration expenditure, resulting in substantive savings. (Both the significant reduction in personnel costs and the administration savings could not have been achieved without the excellent co-operation of the Town Clerk and Office staff, to whom I extend my thanks).

2.8. Town Council Budget 2014/15*Dr**Cr*

Core budget plus committee budgets expenditure	403,737	
High priority project expenses	21,000	
Special project expenses	22,500	
<i>Less Income</i>		80,175

Total anticipated net expenditure in the 2014/15 budget is £367,062

3. Precept Background

3.1. Each year the Town Council is required to identify income and expenditure anticipated to be incurred during the forthcoming financial year, which is the budget. The expected total figure for expenditure is divided by the number of Band D equivalent properties to give a level of Council Tax for a Band D property. (2013/14 = £ 172.32).

3.2. Last year, Government changed the calculation method, which has resulted in a reduction of the amount of precept received. Government mitigated the impact of this by making a grant for most of the shortfall to local authorities. Wiltshire Council in turn then passed these extra funds on to Parish and Town Councils. Malmesbury's grant totalled £33,873.08 for 2013/14. This year the Wiltshire Council gave notice that the level of grant for 2014/15 will be substantially reduced to £22017.50. (Further to this, it is anticipated that the grant will not be available at all next year. Additionally, it is our understanding that Government are considering setting a cap on precept rises in the future, apart from the rate of inflation, on any precept which is already £70 or more).

3.3 The Town Council agreed a budget last year indicating a predicted level of gross expenditure of £503,740 with an anticipated income of £120,590 not including the grant from Wiltshire Council. In order to reduce the level of Council Tax to be levied by the Town Council it was agreed to use £31,956.92 from balances leaving the residue to be raised from taxation at a rate of £172.32 per Band D property.

3.4. Precept Calculation for 2014/15 (same as 2013/14 with no rise)*Dr**Cr*

1871.47 households @ £172.32 each (last year's Precept Charge)		322,491.71
Plus reduced grant from Wiltshire Council		22,017.50

Total anticipated Precept Council Tax plus reduced grant is £344,509.21

3.5. Precept Calculation for 2014/15 (if raised by 1.9%)

	<i>Dr</i>	<i>Cr</i>
1871.47 households @ £175.59 each (last year's Precept Charge plus 1.9% = £3.27)		328,619.05
Plus reduced grant from Wiltshire Council		22,017.50
Total anticipated Precept Council Tax plus reduced grant is		<u>£350,636.55</u>

4. Main Points for Consideration

- 4.1 The core budget, committee budgets and high priority projects will be covered by the precept without the need for any rise.
- 4.2 If the special projects (£22,500) are undertaken during the financial year then these will need to be taken from reserves. If the additional projects (£49,000) which are still being researched are to proceed this year then they will also need to come from reserves.
- 4.3 There are substantial reserves, including those already specifically earmarked for some of the projects.
- 4.4 If the precept is raised by 1.9% (which is below the current rate of inflation), then this will only provide an additional revenue £6,127.34 for the year 2014/15.
- 4.5 If the Government grant is withdrawn next year, then it is probable that the shortfall will be too large to cover sustainably from the reserves alone, if we are still to continue to provide the Town with current facilities. This is likely to mean an unavoidable rise in the precept for the year 2015/16.

5 Reasoning

- 5.1 The Council's aim is not to raise the precept unnecessarily. Given the savings made, it is likely that the main budget will be covered by the precept as it is for 2014/15 and there are sufficient reserves to pay for other projects, some of which are already specifically earmarked.
- 5.2 If as anticipated the Government grant is not given at all in future years, then it may become necessary to raise the precept starting 2015/16 and we should alert residents accordingly.

6 Proposal

- 6.1 That there is no rise in the precept charge for the year 2014/15 and that all projects other than high priority projects are considered on a case by case basis and funded from reserves.

6.2 When issuing a press release/ advice/ next Town Council newsletter re the precept for 2013/14, the situation regarding the Government grant should be explained to residents and the possibility of the need to raise the precept in 2015/16.

7 Financial implications and risks

7.1 This report provides background to assist on making a financial decision.

8 Recommendations

8.1 Members are recommended to agree the above proposals.

Cllr. Kim Power
12th December 2013