



# 2014/15 BUDGET & PRECEPT

TOWN COUNCIL MEETING

REPORT 9/14

10 FEBRUARY 2014

The purpose of this report is to summarise the changes affecting the Town Council's expenditure for the financial year 2014/15 and provide the basis for the formal adoption of a budget for that year and the setting of the related Precept.

## No. DETAIL

### 1) INTRODUCTION

- a) In developing a draft budget Members and Clerks have been very conscious of the risks and challenges of the financial year 2014/15 and beyond.
- b) In addition to the two risks identified in last year's report at this time there is added a third: the threat to locally valued services resulting from the Isle of Wight Council's (IoWC's) need to reduce its own Budget by £28M by 2016/17.
- c) These three risks are identified in sections 2, 3 and 4 of this report.

### 2) TAX BASE CHANGES

- a) The tax base is the calculated number of Band D rate households from which Council Tax is predicted to be collected and is the number by which the total precept is divided to show the cost to the Band D tax payer.
- b) The funding of Council Tax Benefit from the current financial year was changed to an IoWC responsibility with a significantly reduced offsetting funding amount from the government.
- c) For financial years up to 2012-13 the tax base had been the number of Band D equivalent properties in the Council's area. The cost of Council Tax Benefit granted was reimbursed by grant income from the government in full with no impact on the tax base or finances of Parish & Town Councils.
- d) With effect from the 2013-14 financial year this changed. The tax base is now calculated as the number of Band D equivalent properties less the government's assessment as to what the level of Council Tax Benefit granted will be.
- e) The cost of this to Ventnor in 2013/14 was a reduction in its local tax base of 17.1%, from 2,768.3 last year to 2,278.9 this year and a loss of income of £23,851. However all except £612 of this amount was offset by a new government grant, paid to the IoWC, including an element for Parish & Town Councils. The effects of this are shown at the bottom of the attached draft budget.
- f) For the coming year, Ventnor's tax base is calculated at the slightly increased level of 2,344.1, still well below the level before the funding change but offset this year by a grant from the IoWC of £20,383.
- g) The risk here is that there is no statutory requirement for Local Authorities to pass on the element of the government grant they receive that is intended for Town and Parish Councils: some didn't this year and more intend not to next year.

### 3) POSSIBLE CAPPING

- d) Local Authorities' power to increase Council Tax without holding a referendum is currently capped at 2%.
- e) There are suggestions that the government is considering applying similar rules to Town and Parish Councils' Precept raising powers.
- f) The government has now stated that it will not do so for the coming financial year, but is not ruling out the possibility for future years.

- g) In those circumstances, the Town Council's ability to raise the local Precept to ensure the continuation of local services would be severely limited.
- h) If the capping were to be introduced *and* the IoWC grant element of funding local work was withdrawn, there would be a very significant funding gap for local services.

#### 4) THREAT TO LOCAL SERVICES

- a) The IoWC's need to reduce the range of services it can support by reducing its spending by £28M by 2016/17 has put a number of local services under threat of closure at some time over the next three financial years.
- b) The IoWC has published a lengthy list of services under the *Possible Savings* heading.
- c) Those affecting Ventnor in that list are: the Cascades, Ventnor Park, Esplanade Toilets, Marlborough Road Toilets, Seabreeze Play Area, North Street Play Area, Upper Ventnor Play Area, Beach Cleaning, Beach Safety project and Beach Safety Equipment.

#### 5) RESPONSES

- i) IoWC's Budget reductions and the impact on these local services was the major subject of the Annual Community Consultation Event on Monday 27 January 2014 in St Francis Primary School's Hall.
- j) Almost 100 residents heard an explanation of the IoWC's Budget problems and the impact on Ventnor before being asked to discuss, in the 10 table groups in which they were sitting, a priority listing of the 10 services on the list and to agree what they considered to be an acceptable Precept increase to fund and maintain these services if and when IoWC funding for them is withdrawn, bearing in mind the risks identified in sections 2 and 3 above.
- k) The lowest proposal for that increase was £40,000 and the highest £60,000, requiring an increase on each Band D council tax paying household of 33p a week at the lower end and 49p a week at the higher end.
- l) The Town Council's response has followed in the form of a new Budget line (line 33 on the Draft Budget) of £46,000 ring fenced for the purpose of taking on those services – and any others – if the IoWC are no longer able to support them.
- m) The Town Council recognises that not all of this provision may be required in 2014/15 but that this level is necessary in view of the risks identified in sections 2 and 3 of this report.

#### 6) DRAFT BUDGET

- n) The Draft Budget for 2014/15 is attached to this report, showing a total expenditure increase of £41,456 to £210,242 offset by anticipated income, £12,550 less than at the same time last year, of £7,560.
- o) The IoWC grant reduces the total required from the Precept to £182,299 and a consequent charge to each Band D council tax paying household of £77.77 for the year – an increase of £22.73 over the full year that is equivalent to 44pence a week.
- p) The breakdown into its major categories and the changes since the current year are:

| Expenditure Category  | Expenditure     |                 | % of Total Expenditure |               |
|-----------------------|-----------------|-----------------|------------------------|---------------|
|                       | 2013/14         | 2014/15         | 2013/14                | 2014/15       |
| Town Clerks' Salaries | £46,236         | £51,511         | 27.4%                  | 24.5%         |
| Overheads             | £30,050         | £31,081         | 17.8%                  | 14.8%         |
| Infrastructure        | £18,500         | 65,150          | 11.0%                  | 31.0%         |
| Projects              | £66,000         | £52,500         | 39.1%                  | 25.0%         |
| Contingency           | £8,000          | £10,000         | 4.7%                   | 4.8%          |
| <b>Total</b>          | <b>£168,786</b> | <b>£210,242</b> | <b>100%</b>            | <b>100.0%</b> |

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## 2) VARIANCES

### a) *Town Clerk's Remuneration*

- i) The increased provision for the Town Clerk's salary is not a salary increase as such but the payment for longer remunerated working hours. In the current year the Town Clerk has been paid on the basis of 25 hours a week although his average working week in the financial year to date has been 42.
- ii) As the workload will not be reduced in 2014/15, the Staffing Committee has recommended the remuneration of an additional 5 hours.

### b) *Office + Room Rent*

The increased cost for room rent for the Town Council's offices is that in the coming financial year it will be paying the same rate for its rooms as that of other users of the building. The cost is inclusive of electricity and water charges and business rates.

### c) *Infrastructure costs*

The substantial increase in Infrastructure costs is the consequence of the decision to allocate the sum of £46,000 to fund services that cease to be supported by the IoWC.

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## 3) RECOMMENDATION

The Town Council is recommended to resolve that the Town Council:

- i) formally adopts the attached draft as its Budget for 2014/15;
  - ii) sets the Precept income to fund it at £148,676 for that year; and
  - iii) asks the Town Clerk to inform the Isle of Wight Council accordingly.
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# Ventnor Town Council

## Budget 2014/15

| Budget Line                  |                                 | 2013/14<br>budget | 2014/15<br>budget | Change          |
|------------------------------|---------------------------------|-------------------|-------------------|-----------------|
| 1                            | Town Clerk                      | 22,913            | 27,672            | 4,759           |
| 2                            | Assistant Town Clerk            | 23,323            | 23,839            | 516             |
| <b>Town Clerks' Salaries</b> |                                 | <b>46,236</b>     | <b>51,511</b>     | <b>5,275</b>    |
| <b>Overheads</b>             |                                 |                   |                   |                 |
| 4                            | Office stationery               | 1,000             | 1,200             | 200             |
| 5                            | Office equipment                | 500               | 500               | -               |
| 6                            | Photocopier costs               | 2,500             | 2,400             | - 100           |
| 7                            | Postages                        | 50                | 30                | - 20            |
| 8                            | Affiliation Fees                | 1,000             | 1,150             | 150             |
| 9                            | Insurance                       | 3,400             | 3,400             | -               |
| 10                           | Telecomms                       | 3,600             | 3,000             | - 600           |
| 11                           | Audit Fee                       | 1,050             | 750               | - 300           |
| 12                           | Bank Charges                    | 100               | 180               | 80              |
| 13                           | Newsletter and Website          | 1,300             | 1,400             | 100             |
| 14                           | Legal & Professional Fees       | 6,000             | 2,000             | - 4,000         |
| 15                           | Elections                       | 250               | 1,500             | 1,250           |
| 16                           | Member Training                 | 500               | 500               | -               |
| 17                           | Winter Gardens Tills            | 1,600             | 945               | - 655           |
| 18                           | Office + Room Rent              | 5,400             | 10,626            | 5,226           |
| 19                           | Miscellaneous                   | 1,800             | 1,500             | - 300           |
| <b>Total Overheads</b>       |                                 | <b>30,050</b>     | <b>31,081</b>     | <b>1,031</b>    |
| <b>Infrastructure</b>        |                                 |                   |                   |                 |
| 20                           | Public Seats                    | 1,600             | 1,000             | - 600           |
| 21                           | Motifs Electricity              | 500               | -                 | - 500           |
| 22                           | Town Clocks                     | 500               | 400               | - 100           |
| 23                           | Town Decorations                | 750               | 1,500             | 750             |
| 24                           | Metrological Honorarium         | 600               | 600               | -               |
| 25                           | Spring Hill Gardens             | 500               | 500               | -               |
| 26                           | Sea Breeze Park                 | 750               | -                 | - 750           |
| 27                           | Putting Green Kiosk Costs       | 1,000             | 1,000             | -               |
| 28                           | Green Ventnor                   | 4,000             | 2,000             | - 2,000         |
| 29                           | Shore Road Toilets              | 1,000             | 1,400             | 400             |
| 30                           | Paddling Pool                   | 4,000             | 5,000             | 1,000           |
| 31                           | War Memorial                    | 6,300             | 5,000             | - 1,300         |
| 32                           | Outfit                          | 1,000             | 750               | - 250           |
| 33                           | Protection of existing services |                   | 46,000            | 46,000          |
| <b>Total Infrastructure</b>  |                                 | <b>22,500</b>     | <b>65,150</b>     | <b>42,650</b>   |
| <b>Projects</b>              |                                 |                   |                   |                 |
| 34                           | First Aid Project               | 6,250             | -                 | - 6,250         |
| 35                           | Gateway project                 | 1,500             | 1,000             | - 500           |
| 36                           | Healthy Eating                  | 1,500             | 1,000             | - 500           |
| 37                           | Growing spaces                  | 750               | 500               | - 250           |
| 38                           | Dogs                            | 2,000             | 2,000             | -               |
| 39                           | Salisbury Gardens               | 2,000             | -                 | - 2,000         |
| 40                           | Warmer Ventnor Project          | 5,000             | 5,000             | -               |
| 41                           | Economic Development Project    | 21,500            | 21,500            | -               |
| 42                           | Community Development Project   | 21,500            | 21,500            | -               |
| <b>Total Projects</b>        |                                 | <b>62,000</b>     | <b>52,500</b>     | <b>- 9,500</b>  |
| 43                           | Contingency                     | 8,000             | 10,000            | 2,000           |
| <b>Total Expenditure</b>     |                                 | <b>168,786</b>    | <b>210,242</b>    | <b>41,456</b>   |
| <b>Receipts</b>              |                                 |                   |                   |                 |
| 44                           | First Aid Project               | 6,250             | -                 | - 6,250         |
| 45                           | Putting Green                   | 1,560             | 1,560             | -               |
| 46                           | War memorial                    | 6,300             | -                 | - 6,300         |
| 47                           | Paddling pool                   | 1,000             | 1,000             | -               |
| 48                           | Southern Housing Group          | 5,000             | 5,000             | -               |
| <b>Total</b>                 |                                 | <b>20,110</b>     | <b>7,560</b>      | <b>- 12,550</b> |
| <b>Expenditure - Income</b>  |                                 | <b>148,676</b>    | <b>202,682</b>    | <b>54,006</b>   |
| <b>Precept Requirement</b>   |                                 | <b>148,676</b>    | <b>202,682</b>    | <b>54,006</b>   |
| <b>Less grant</b>            |                                 | <b>23,239</b>     | <b>20,383</b>     | <b>- 2,856</b>  |
| <b>Precept Requirement</b>   |                                 | <b>125,437</b>    | <b>182,299</b>    | <b>56,862</b>   |
| <b>Council Tax Base</b>      |                                 | <b>2,278.9</b>    | <b>2,344.1</b>    | <b>65.20</b>    |
| <b>Band D charge</b>         |                                 | <b>£ 55.04</b>    | <b>£ 77.77</b>    | <b>22.73</b>    |