



# 2016/17 BUDGET & PRECEPT

TOWN COUNCIL MEETING

REPORT 2/16

8 FEBRUARY 2016

The purpose of this report is to summarise the changes affecting the Town Council's expenditure for the financial year 2016/17 and provide the basis for the formal adoption of a budget for that year and the setting of the related Precept.

## No. DETAIL

### 1) BACKGROUND

- a) A letter from the Isle of Wight Council's Chief Financial and Section 151 Officer Dave Burbage of 12 January 2016 requests the Island's 33 Town and Parish Councils to submit their Precept requirement for 2016/17 by 17 February 2016.
- b) The letter also sets out the calculations for the Local Council Tax Support Scheme (LCTS) grant due to the Town Council for 2016-17 of £11,970 (compared with £17,827 in 2015/16) that is an addition to the Precept the Town Council sets for the year.
- c) The reduction reflects the level of decrease in the amount the Isle of Wight Council receives from government for the LCTS scheme and in Ventnor's case it is almost completely offset by an increase in the Town's Tax Base from 2,395.8 this year to 2,438/8 for 2016/17.
- d) 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.

### 2) RISK ASSESSMENT

- a) There are two significant future risks to the Town Council's current Budget and associated Precept levels relevant for future years.
- b) *The IoWC LCTS scheme Grant*
  - o Under its own Budget pressures, the IoWC may choose not to pass on the Town & Parish Council element it receives from central government: that was raised as a possibility at one point by the Isle of Wight Council Leader this year.
  - o If the £17,827 grant had not been available for this year the Town Council would have been faced with a choice between reduced income of that amount and an increase in the Precept of £7.44 to retain the same level of income.
- c) *Precept Capping*
  - o The possibility that the government may decide to restrict increases in Precepts to the same 2% level currently applied to Council Tax has been much discussed again this year.
  - o Although that will now not apply to 2016/17, there is no guarantee that it will not be implemented in future years.
  - o If that were to happen, the Town Council's ability to increase its precept income would be limited to £4,646 at its current level.

### 3) DRAFT BUDGET FOR FINANCIAL YEAR 2016/17

- a) The Draft Budget included with this Report indicates a total anticipated expenditure for the financial year 2016/17 of £412,446.
- b) A third of this total is offset by a combination of income and grants totalling £128,167 rising to £140,137 with the inclusion of the Local Council Tax Support Grant described in section 1 above.
- c) These sources of income reduce the amount needed from the Precept to £271,809 compared with the current year's figure of ££232,376 and representing a cost of £111.45 to a Band D Council Tax paying household.
- d) This is an increase of £14.48 or 14.93% on the current year's Precept.
- e) The major elements requiring the increase are:

- a total of £20,000 required to maintain the town's Library – a combination of £6,000 for running costs and £14,000 for a second member of staff – following the Isle of Wight Council's budget cuts to the Island's Library Service by moving the Libraries serving Freshwater, Cowes and Ventnor to this new Partnership status, offset by the £6,000 already included in the current year's budget.
- an estimated total of £26,415 to meet the running costs of the Esplanade, Marlborough Road and Ventnor Park public toilets following their freehold transfer to the Town Council from 1 April 2016, offset by the £16,000 already included in the current year's budget.
- an increase of £8,760 in the costs of the Grounds Maintenance service the Town Council has operated this year to adjust for an inaccuracy in the figures supplied to us prior to the transfer of the service.

#### 4) ASSETS & SERVICES

- a) The Annual Consultation Meeting held on 25 January 2016 at St Francis Primary School had an attendance of over 90 with the first half of the programme being a consideration of the response of the Town Council and the town's residents to the very substantial cuts in the Isle of Wight Council's budget over recent years and the consequent threat to many of the town's important assets and services.
- b) As the level and extent of the cuts have increased over the past three years, the response has been to take local control of assets and services under threat not only to prevent their closure and deterioration but also to secure their future in the increasingly uncertain world of governance.
- c) The assets and services secured for local control through this and previous recent Budgets are:

Salisbury Gardens*	Paddling Pool	Putting Green
Dudley Rd Car Park*	Market St Car Park*	Pound Lane Car Park*
Shore Rd Car Park*	First Aid Hut	No. 31 Bus
Shore Rd Toilets	Esplanade Toilets	Marlborough Rd Toilets
Ventnor Park Toilets	Ventnor Central	Ventnor Library
Beach Cleaning	Grounds Maintenance	

\* = self-financing

- d) Their total annual operational costs are £116,000, accounting for 80% of the Precept increase of the past three years and a cost to a Band D Council Tax paying household of 90p a week.

#### 5) RECOMMENDATION

The Town Council is recommended to:

- i) confirm its Precept-related Budget for 2016/17 to be £283,779;
- ii) set the Precept income to fund it at £271,809 together with the grant of £11,970 from the Isle of Wight Council, representing a £111.45 charge for the year per Band D Council Tax paying household; and
- iii) ask the Town Clerk to inform the Isle of Wight Council accordingly.