

Budget 2016/2017 – Explanatory Notes

Background

Town and parish councils are required to establish a budget for each financial year and to levy a precept demand on the District Council so that council tax bills issued in March can reflect the requirement. In East Devon the requested deadline for precept demands to be lodged with the District Council is 25 January 2016.

For the current financial year no budget was produced prior to the precept being set as this took place before the Town Council came into existence. A precept was set by the district council at £56 per household which is the average precept raised across the country by all councils irrespective of size. Based on the 882 houses then occupied, the total precept raised was £44,148. In July 2015, the Town Council agreed a working budget for the current year and an indicative budget for 2016/2017 on the basis that the latter would be reviewed during the third quarter so that it could be refined before the precept for the coming year was levied.

At a meeting of the Finance and Personnel Committee on 21 October 2015 members identified the following considerations for the 2016/2017 budget which was subsequently agreed by the Town Council:

- Taking ownership of the Younghayes Centre including legal advice and a structural survey
- Provision of £3,000 to £5,000 for transfer costs on any other assets which the Town Council receive
- Considering the likely impact of the TMS fund and the potential overlap with Council services
- Generating sufficient balances as required by the Local Government Finance Acts
- Operation of the station car park and coffee shop
- Play Parks at Hayes Square and St Martin's primary school
- Town events budget
- Development of the Town Hall

While some of the Town Council's costs in the foreseeable future, e.g. staffing, have become clear, it is fair to say that there remain many uncertainties in respect of the budget for 2016/2017. Although, as a brand new Town Council there is a consensus on the direction of travel we have not yet fully agreed a medium to long term strategy in relation to specific services which we will provide and property which will be managed. Consideration of services to be provided are complicated by the existence of the TMS fund which ostensibly

overlaps with services which the Town Council might provide. Clarification has been sought in respect of property which the Council might manage or own in the future, but the precise commitments may not become clear for some time. Cranbrook is also a growing community which means demands on the Council will inevitably increase over time.

These uncertainties set a continuing challenge to the Town Council in setting its budget. The Council needs to obtain sufficient financing to ensure that it can meet its obligations and respond to reasonable future demands on its resources while levying a precept which is reasonable both for the existing Cranbrook community and for those who will be part of it in the years ahead. In order to manage that balance, the budget proposal has the following objectives:

- To fully fund known requirements such as the costs of staffing and administration
- To build Council balances and contingencies to a level which external auditors would regard as prudent where likely expenditure is uncertain
- In the absence of precise cost estimates to establish reasonable funds to allow the Council to respond to likely service demands and costs of property ownership or management
- To implement a precepting strategy which establishes a Town Council element of overall council tax

Explanatory notes on individual budgets

Notes on Expenditure budgets. Accounts marked with a *relate to the general operation of the council, those marked with ** relate to direct service provision to the community.

EX1 Salaries * and **

Salaries for the Town Clerk and Assistant are now agreed. It is assumed that there will be no further staffing requirements in 2016/17 financial year.

EX1a Expenses

Following the approval of the Town Council's expense policy and the allowances for councillors the sum of £700 has been set aside for this.

EX2 Subscriptions *

Subscription costs for Devon Association of Local Councils, the Society of Local Council Clerks and South West Employers have been included.

EX3 Training/Conferences * and **

It is important that the Town Council is able each year to support training for employees and councillors and the sum which was established in the July forecast is confirmed in this budget.

Insurance *

A three-year arrangement at a fixed premium has been arranged with Aviva through WPS insurance brokers.

EX5 Audit *

The precise cost of audit will not be known until the first audit takes place in June 2016. The budget does not include the £250 cost of internal audit which is included in the salary account.

EX6 Office Supplies * and **

While less has been spent on office supplies in the current year than anticipated due to the delay in establishing a town council office the July forecast for the coming year is confirmed.

EX7 Equipment * and **

By the end of the current financial year it is anticipated that the equipment budget will be underspent by about £1,000. It is recommended that any surplus on this account is carried forward since as a new Town Council further equipment purchases will in all likelihood be necessary.

EX8 Rental/ Utilities *

It is not clear when the Town Council will commence paying for its own utilities or whether and when it will be paying rent for an office. However it is likely that utilities costs will be due within the financial year and unless the Town Council takes ownership of the Younghayes Centre office rental will also be due. This budget therefore assumes that rent is payable throughout the year. In the event that the Younghayes Centre is taken into ownership this budget should be applied to building maintenance.

EX9 Postage *

The postage budget has been reduced in line with experience to date and the policy to communicate electronically where possible.

EX10 PR/Branding/Newsletters/Website **

A website will replace the existing web pages which will need to be developed. Also contained in this budget is funding to cover other public relations activity including the publication of the annual report.

EX11 Chairman's Allowance * and **

The figure agreed during discussion of the July forecast is included in the budget.

EX12 Staff Recruitment *

There are no anticipated recruitment costs in the 2016/17 financial year.

EX13 Younghayes Centre Acquisition Costs **

This budget covers legal and transfer costs in the event that the Younghayes centre is passed into Town Council ownership.

EX14 Grants **

This budget is reduced to one third of the amount provided in the original July forecast.

EX15 Amenities and Property **

There are currently no specific project costs for property transfer or for provision of amenities. It is also not clear whether funding will be required for direct investment, operational support or to service loan funding. However,

several potential areas for investment have been identified and this account provides a general fund for investment of this type as options become clear:

- Play Parks at Hayes Square and St Martin's primary school
- Operation of the station car park and coffee shop
- Development of the Town Hall

EX16 Town Events **

An amount of £4,000 has been budgeted for use in support of town events.

EX50 Contingency * and **

Due to the continued uncertainty over Cranbrook Town Council's budget, particularly in respect of property and the TMS fund, it is recommended that the contingency level continues at 7% of gross budgeted income while significant uncertainty exists.

Precept proposal

This will be the first year when the Town Council's precept will be set on the basis of a formal budget process. The proposed budget indicates likely expenditure of £113,484 in 2016/17 although the sum of £61,294 will be carried forward from the current year, primarily due to one-off Section 106 payments.

In order to maintain a prudent level of balances in an environment where the town and the Council are expanding, it is recommended that the precept level for the year be set at £100,000. This would mean an actual annual increase per average Band D property from currently £56 to £97, which equates to an increase of £41 per year or 79 pence per week per property.

Recommendation

To adopt the proposed budget and to make a precept demand on East Devon District Council of £100,000 for the financial year 2016/2017.