

## **REPORTS TO COUNCIL – 22 JANUARY 2020**

### **REPORT 1 – BUDGET AND PRECEPT 2020-21**

#### **1. BACKGROUND**

- 1.1 In accordance with usual procedure, each of the committees has reviewed its budget requirements for the coming financial year and so at the last meeting of the Finance & General Purposes Committee a budget report was presented, along with the initial draft budget. Further draft budget papers were circulated at the Council meeting in December. Several amendments were made at that meeting, along with requests for some figures to be recalculated. The Council discussed the available drafts and agreed that it would be necessary to defer consideration of the report to an extraordinary meeting of Council in the new year. In particular, there remained uncertainty about the emerging national pay awards, which had been delayed due to the general election.
- 1.2 Since that time the Council has been advised of the departure of the Town Clerk and additional budget work has been completed with the assistance of the Council's external financial advisor. Attached for consideration are:
- The draft budget figures as recommended by the Finance & General Purposes Committee, subject to some additional changes which can be highlighted at the meeting.
  - Projected balance of reserves at year end (estimated)
- 1.3 Appended to this report is a draft budget for 2020-21, a budget overview and precept summary.

#### **2. ADDITIONAL CONSIDERATIONS**

##### **2.1 Reserves**

The projected balance of general reserves (estimated at £309,594) needs to take into account new / emerging projects which may require earmarked funds to be allocated. The budget overview report identifies a number of commitments which have been made over the course of the year. These total £190,555. Council will note that this takes the general reserve figure down to a projected balance of £119,069. Members may be aware that this does not align with the Council's reserves principle recommended at the last Finance and General Purposes Committee which proposed that prudent reserves should be between a minimum of 3 months of budgeted revenue expenditure (which in 2020-21 would be £241,703). However, this does take into account the key one-off projects such as the Community Land Trust contribution, Hayle day care, the skate park project and Consols pool. Any additional year end surplus would improve this figure. In addition, there are £200,730 of ear marked reserves, which would need to be reviewed in any adverse environment. There has been no profiling of spend for large commitments, such as the CLT or concert hall, which are currently all assumed to be spent in 20-21. Again, any re-profiling would improve this position for 2020-21.

##### **2.2 Projected Deficit / Surplus**

Despite being at month 10, it has proved difficult to project a year end position and a surplus / deficit figure has not yet been projected. However, there are a number of areas of underspend which indicate a surplus of between £30,000 and £40,000. Examples include utilities costs which are significantly lower than budgeted amounts (due in part to a supplier and tariff switch), lower than anticipated costs for external cleaning contracts and some economies of scale in relation to shared expenditure with the library including office and stationery budgets and insurance costs. In addition, some projects have not been progressed due to staffing capacity issues. These will be necessary, at least in part to contribute towards one-off staffing costs referred to below.

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### **2.3 Income**

Members should note some concern about income performance in 2019-20. Income targets for rental, event and LIS budgets (and feed in tariff) will not be achieved. It is recommended that an early review of income generation across the Council takes place in 2020, including greater clarity on rent increases, leases and income from feed in tariff.

### **2.4**

#### **One-off Staff Costs**

The attached proposals reflect anticipated costs associated with the departure of staff in the latter part of the year, together with the need to put into place interim management arrangements pending decisions in 2020/21 about more permanent arrangements. Members will note that these costs can be accommodated by savings in staff and other budget underspends during the course of the year, including a delay in the appointment of the Venues Manager plus other general budgetary efficiencies made. This precludes the Council having to make specific provision for these measures in the existing budget out-turn for 2019/20 or indeed the 2020/21 proposed budget now before you.

### **2.5 Council Tax referendum principles**

Town and parish councils have not been subject to the referendum limit previously and the Government (in 2017-18) said that it would defer the setting of referendum principles for Town and Parish Councils for three years. This could limit the ability of the Council to make increases on the precept in future years.

### **2.6 Contingent liability requirement**

The VAT *de minimis* calculations raised in previous years has not been completed and is severely delayed. Members should be aware that there is a risk of a charge for VAT should the Council breach the threshold. Specialist advisors have been appointed to seek to minimise the risk of this occurring and complete the calculations before the financial year end.

### **2.7 Setting the Precept**

As a result of the number of community based projects agreed within the current year and the need to make prudent provision for reserves, it is recommended that the Council consider a precept increase to £131.13, an increase of £21.95 for band D households, expressed as a weekly increase this is 0.42 pence.

It will be a matter for Council to determine whether this level of increase can be supported. However, it is important to note that no increase was levied this year and St Ives remains a town with one of the lowest precepts in Cornwall. A precept rise of this order will enable the Council to fulfil a commitment to a number of projects – affordable housing, care for older people and community facilities which would otherwise be affordable.

## **3. RECOMMENDED – that**

- 1) The draft budget for 2020-21, be approved; and
- 2) The precept for 2020-21 be approved.

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<b>St Ives Town Council - Overview of Proposed Budget for 2020/2021</b>		
	<b>Draft budgeted income</b>	<b>Draft budgeted expenditure</b>
<b>Finance and General Purposes Committee</b>		
Administration	3,000	237,780
Community Provision	-	23,400
Planning	-	2,400
Devolution		
Use of Reserves		
<b>Facilities Committee</b>		
Concert & Guildhall	86,900	79,150
Library & Information Service	76,400	187,195
Public Conveniences	16,500	151,936
Island Centre	17,700	13,100
Market House, Huers Hut & Lodges	51,000	3,000
Chapels	7,100	3,600
Facilities Maintenance & Management	3,828	207,000
<b>Communities and Environment Committee</b>		
Allotments	4,355	2,800
Civic / Hospitality	-	16,550
Services & Projects	-	18,400
Palemon Best & Open Spaces	-	20,500
<b>Total</b>	<b>266,783</b>	<b>966,811</b>

Total budgeted income: £266,783

Total budgeted expenditure: £966,811

Net budgeted expenditure	£700,028	A
Less: Council Tax Support Funding:	£15,870	B

Amount to be precepted 2020/2021: £684,158

(A - B)

Tax Base 2019/2020: **5,217.21**

Band D Charge 2020/2021: £131.13

Band D increase from 2019/2020: £21.95

Band D percentage increase: 20.11% %

For information:

2019/20 Precept	£568,230
2019/20 Band D Charge	£109.18
2019/20 Tax Base	5,204.60