

**8. FINANCE AND GENERAL PURPOSES COMMITTEE BUDGET SETTING 2017/2018 AND 2018/2019 – 2021/2022 – a.) to receive and approve the revised proposed 2017/2018 budget (attached EXCEL spreadsheet 8a column in bold right hand side) b.) to receive and approve the proposed 2018/2019 – 2021/2022 indicative budgets (attached EXCEL spreadsheet 8b)**

Update – The 15<sup>th</sup> November 2016 Finance and General Purposes Committee meeting considered the draft Committee 2017/2018 budget. Several suggestions were made and these have been reflected below. Furthermore, there have been additional developments since the Committee, such as, with the potential to participate in a part funded upgrade of the CCTV system. Those points are also included below:

- Reserves – To check the position with regard reserves relevant to this Committee to help to inform the budget setting process. Outcomes as per bullet points below.
- Salaries – Check all review related Council adjustments reflected – There has been a transfer of the funding for the Administration Assistant Facilities post across to Facilities Committee.
- Public Hall Equipment and Leasing – What is covered by this code? This budget code covers the main office printer and photocopier machine (£1,568) and the franking machine £222). Together £1,790. Therefore, the draft budget figure has been reduced.
- Grants – Could the grants budget be limited to £8,000? – This has been altered.
- Ellis Whittam – Draft budget figure £2,550 – Anticipated spend to a full year end? £2,150. The draft budget has been reduced to £2,150.
- Elections – Reduce elections sum to £8,000 as £3,000 been carried forward (The Elections Reserve -£5,040 amount has been added adjacent to the item of expenditure).
- Section 106 Fees – Proposal to raise the sum from £5,000 to £7,500 (reserves checked and include two items to a total value of £7,550. Of this - £5,000 has been introduced in the budget line adjacent to the item of expenditure.
- CCTV – The Council has £24,000 in reserves for CCTV. A meeting has been organised for 31<sup>st</sup> January 2017 to further explore the possible progression of an upgrade to the Liskeard CCTV system using part funding from the Office of the Devon and Cornwall Police and Crime Commissioner. It would be possible to use the funding from reserves and the external sources in the next financial year to progress investigation of an upgrade without an increase in next years' precept. This has been introduced into the budget as CCTV Upgrade Project with "Costs" and "Grant Reserves" headings each of £10,000.

Background Notes to Budget Headings – This element of the report should be read in conjunction with the attached EXCEL spreadsheet Financial Plan 2017/2018 – 2021/2022 8b).

- Council Review – Support Service Manager post – The Council has appointed a Support Service Manager in accordance with the Review recommendations. The total employment cost including salaries, NIC and Superannuation contributions is £29,581. This is being included in the new budget figure n1.
- Elections shortfall (£5,556.77) – Cornwall Council have notified the Town Council that if all three wards are contested in the 4<sup>th</sup> May 2017 Town Council elections, the cost to the Town Council will be £10,596.77. note n2 on attached EXCEL spreadsheet. The Town Council has budgeted for an elections budget of £5,040.n2 The shortfall is £5,556.77 to meet costs. This needs to be included in our precept setting. The 2016/2017 £2,000 elections budget should be placed into a nominated elections reserve along the 2014/2015 and 2017/2018 budgeted sums.
- Neighbourhood Plan – The Chair and Vice Chair of the Planning Committee asked that until the Neighbourhood Plan process comes a live Planning document that the relevant, budget heading including grants and Nominated Reserves continue to be carried as part of the Finance rather than set up a separate Planning Committee budget. The 2016/2017 budget £7,550, plus grants and nominated reserves should be rolled forward into a nominated reserve for the 2017/2018 financial year.
- CCTV – as reported on previous occasions owing to the age of the CCTV system in the town centre, the repair and maintenance bill is increasing. The Police have also indicated that the newer systems available now have an enhanced capability compared with the extant machines.
- Section 106 Technical Budget - £5,000 – The Town Council recently confirmed its desire to pursue Section 106 projects and Neighbourhood Plan projects of benefit to the Community. The Town Council will need to fund preparatory design, valuation and legal costs etc. Therefore, this new budget code is proposed to meet the aspiration. Note n4.

**RECOMMENDATIONS:** a.) That the draft Committee 2017/2018 budget is approved. b.) that the draft Committee 2018/2019 – 2021/2022 budget is approved.

**9. COUNCIL PRECEPT AND BUDGET SETTING 2017/2018 – to receive an update on the Service Committee’s revised proposals for 2017/2018 budget setting. a.) To recommend to Council the setting of a budget for the 2017/2018 financial year. b.) To recommend to Council the setting of a Precept for the 2017/2018 financial year.**

9.1 Update – At the last meeting of the Finance and General Purposes Committee, the Committee considered three options for setting the 2017/2018 budget and setting the 2017/2018 precept. In cost terms, Option 1 being the lowest and Option 3 the highest, as set out more fully later in the report. The Committee recommended “that all Committees including itself be asked to base their revised draft 2017/2018 budget setting financial plans on a modified version of Option 1”.

The Service Committees have conducted their reviews. The results of which are attached as EXCEL spreadsheets and incorporated below. In the case, of the Finance and General Purposes Committee these are outlined in item 8 above and will be dependent upon considerations by Councillors at the Committee itself.

9.2 Background – several external and internal factors need to be considered when looking at precept and budget setting and making recommendations to Council. These are outlined in the following report.

9.3 Council Tax Base Cornwall Council has provided a formula which shows the impact of residential completions on the size of the Council Tax base. The 2016/2017 tax base was 2833.2. This has increased to a 2017/2018 figure of 2899.17. This has the impact of spreading any precept that the Town Council might set over a greater number of households thereby reducing the impact on individual households.

9.4 Cornwall Council – Council Support Grant 2017/2018 – The Council Support Grant is funded by the Government but the local allocation is made by Cornwall Council. It is to assist with the delivery of services at the Town and Parish Council level.

The Committee may recall that advice from Cornwall Council and Cornwall Association of Local Councils. (C.A.L.C.) was that over the current three-year funding period the Council Support Grant would be reduced. The Council Support Grant to Liskeard Town Council as per the table below.

Council Support Grant	
2016/2017	£45,492
2017/2018	£33,566.31
Reduction	£11,925.69
Percentage reduction in Council Support Grant	26%

The initial notification from Cornwall Council regarding the provisional cuts in the Council Support Grant over a three-year period has not proven particularly accurate. This impacts upon the Town Council in budget planning.

	2015/2016	2016/2017	2017/2018
Indicative Cut	15%	10%	10%
Actual Cut	22%	+5.3%	26%

#### 9.5 Cornwall Council Notification of Costs for the Town Council Elections 4<sup>th</sup> May

2017 – the Town Council has been contacted by Cornwall Council regarding the costs of the 2017 Town Council elections. These relate to the administrative cost of the electoral arrangements including items such as relevant advertisements etc, but the most significant costs relate to contested elections in which additional Polling Cards would need to be printed and posted to electors and the Polling Station manned and the costs of additional hours for the Count Staff would need to be met. The details relevant to the budget setting process are:

- Uncontested costs (total if all three wards are not contested) - £824.94
- Contested costs (total if all three wards are contested) - £10,596.77

Below is a comparison of costs with the previous 2013 election.

Contested Costs (all three wards) 2013	Contested Costs (all three wards) 2017	Increase
£8,026	£10,596.77	32%

Concerns about the increase in costs were raised by a number of Parish and Town Council's including Liskeard Town Council. C.A.L.C has challenged Cornwall Council on the issue. The financial implications are outlined in the table below.

#### Town Council – Elections Budget

2014/2015 – Elections - reserve	£1,000
2016/2017 – Elections – approved budget	£2,000
2017/2018 – Elections draft	£2,040
Total Town Council – Reserve Fund	£5,040
Potential Maximum Cost	£10,596.77
Potential Elections Funding Shortfall	£5,556.77

9.6 Reserves (upon which Interest is earned) – The Town Council holds the following reserve accounts. These will not need to be drawn upon in the current financial year to meet the normal operating costs of the Council as there is sufficient funds within the HSBC current account.

Lloyds Deposit Account (30 <sup>th</sup> November 2016) (interest rate 0.5%)	£129,794
Cornwall Council – (12 <sup>th</sup> January 2017) (daily variable interest rate .88% - .99%)	£401,519
Total Reserve	£531,313*

\*Total Reserve £531,313 – of which £243,738 is allocated or nominated to specific projects the Town Council intends to carry out. The draft 2017/2018 budget includes several instances where nominates reserves will need to be drawn upon to fund actual and anticipated items of expenditure for example, Elections Reserve, the Public Hall Reserve and the potential drawing down of the CCTV reserve.

9.7 Uniform Business Rates – Revaluation 1<sup>st</sup> April 2017 – The Town Council pays Uniform Business Rates upon the Public Hall, Foresters Hall, two store rooms within the Guildhall and all three toilet blocks. The net effect of the revaluation will be an increase of £2,169 on relevant codes within the Facilities Committee budget.

9.8 Devolution Package - Cornwall Council to Liskeard Town Council – Following discussions, the Town Council recently submitted an Initial Proposal Form (I.P.F.) to Cornwall Council regarding the potential Devolution of sites and services to Liskeard Town Council.

This has been submitted on the basis that there will be no commitment to take on a Devolution package. It is a key step in obtaining sufficient accurate information to judge the cost and benefit to Liskeard of any Devolution package. This is essential as there are a mix of assets (Car Parks and Business Units) and liabilities (open spaces, play areas, Castle Park, cemetery maintenance etc). In considering the provision of a sum within the budgets to support a Devolution package in the 2017/2018 budget and precept it is worth noting the Town Council currently undertakes the following services which have previously been devolved to it or were formerly Cornwall Council functions that are no longer funded.

Item	Cost 2017/2018
Toilets	£11,360
Weed Spraying	£4,000
Westbourne Gardens	£2,500
Footpath Maintenance	£1,070
Total	£18,930

Options 1, 2 and 3 vary only in the additional of an increased Devolution package.

Option 1 - £10,000

Option 2 - £75,000 over the Option 1 provision

Option 3 - £125,000 over the Option 1 provision.

The recommendation of the last Finance Committee meeting was that the Option 1 be used as the budgeting figure.

9.9 Communications and Engagement Committee 3<sup>rd</sup> January 2017 feedback (EXCEL spreadsheet attached) – the Committee has reviewed its draft budgets for 2017/2018 and reduced the budget from £83,075 to £81,250 a reduction of £1,825.

It should be noted that this Committee has seen two significant changes within the last financial year:

- Liskeard In Bloom - £9,000 removed from Communication and Engagement Committee and transferred to the Facilities Committee.
- Museum Committee - £24,900 previously operated as a separate Committee has been discontinued and the budget line changed to an annual grant within the Communications and Engagement Committee budget.

9.10 Facilities Committee 10<sup>th</sup> January 2017 feedback EXCEL spreadsheet attached) – The Facilities Committee 2017/2018 budget year carries the costs of the one off Public Hall Refurbishment Project. This results in a non-standard year budget for 2017/2018. In entering the items into the budget, there is a balance in costs and grants and transfers of sums from the nominated reserves as outlined below.

9.11 Public Hall Refurbishment Project – The estimated gross project cost has been revised to £155,000. Grants are being applied for the Public Hall project. An indication of 50% of eligible costs has been included. The Town Council will need to make a final contribution from its own resources. In the draft budgets attached the Town Council element would be covered in the following way from the nominated reserves and budgets as indicated and a sum of £25,000 from the 2017/2018 precept:

Budget Heading	Amount
Nominated Reserves Budget Public Hall 2015/2016	£12,700
Public Hall - Project budget 2016/2017 (£25,000 minus preliminary costs £10,000)	£15,000
Facilities Committee – 2017/2018 draft budget precept	£25,000
Dilapidations Main Buildings Reserve Pre 2015	£24,800
Total – 50% Of £155,000 + £77,500	£77,500

## 9.12 Facilities Committee – Financial Plan 2017/2018 – 2021/2022 (see attached EXCEL spreadsheet)

### Items of Note:

n 1 - 2017/2018 Public Hall Income -£5,000 – this has been reduced to take account of the disruption in the income stream. Thereafter, the £25,000 per year income is anticipated to increase to £40,000 which will in fact assist the Council in funding a greater proportion of the operating costs of the Public Hall from receipts.

n 2 – 2017/2018 Salaries £20,981 – change as a result of the Council approval of the Salaries and Grading Report 21st June 2016. This created the Administration Assistant part time post (which was balanced by a transfer of a similarly graded post from the Finance Committee to the Facilities Committee establishment. Hence, this (£12,470) is an internal Council transfer and not a net increase to the Council.) The Town Council also approved the Caretaker and Handyman Team review at its 5th September 2016 meeting. This did combine the recommended 20 hours increase in the caretaking/handyman capacity of the Council by the appointment of dual capability caretaker/handyman staff. This replaced the previous system of separate caretaker and handyman posts which had limited the flexibility of the staff in meeting the needs of the Council and the public.

### Project Codes (used in EXCEL spreadsheet)

Public Hall – pb

Foresters Hall – fh

Guildhall – gh

Westbourne Gardens – wg

Dean Street Toilets / Amenity Project – ds

Eastern Avenue – ea

Maudlin Farm – mf

## **9.13 Consideration of Options for Budget and Precept setting – 2017/2018**

The input from the various Committees above has been used to create three Options below.

Option 1 is the lowest cost option. It includes increased capacity commitments already carried out by the Council from the review. It has a precept contribution of £25,000 to the Refurbishment Project for the Public Hall and takes account of a reduction in income during the closure of the Public Hall. There are also external factors beyond the control of the Council such as Council Support Grant cuts, increases in business rates, the cost of the 2017 elections. Option 1 also includes a £10,000 Devolution provision.

Options 2 and 3 add £75,000 and £125,000 to the Devolution provision. The tables below give further detail such as the impact upon the precept and the Band D payment per annum and per week.

	2016/2017	2017/2018
Expenditure		
C&E Committee	£66,000	£81,720 (no increase)
Museums Committee*	£24,900	0 (*incorporated into C& E)
Facilities Committee	£239,345	£252,087 (5.3% increase £12,742)
F&GP Committee	£161,280	£171,534 (6.3% increase £10,254)
Staffing	£2,000	£2,040 (2% increase £40)
Total	£493,525	£507,381 (2.8% increase £13,856)
Council Support Grant	-£45,492	-£33,566 (26% cut)
Internal Income	-£58,780	-£48,840 (reduction in Public Hall)
Precept	-£389,253	-£424,975
Total	-£493,525	-£507,381

Impact of Additional Review – at the last Finance Committee meeting, the Option 1 presented showed a Precept figure of £472,215 or a 21% increase. The revised 2017/2018 Option1 is £424,975 or a 9% increase. The impacts of the Options on Band D properties are as in the table below.

	Option 1	Option 2 (+£75,000 Devolution Sum)	Option 3 (+£125,000 Devolution Sum)
Precept	£424,975	£499,975	£549,975
Additional funding raised	£35,722	£110,722	£160,722
Percent Increase on 2016/2017	9%	28%	41%
Band D payment 2017/2018	£146.58	£172.45	£189.70
Comparison with the 2016/2017 £137.39	£9.19 per year or .17p per week	£35.06 per year or .67p per week	£52.31 per year or £1

**RECOMMENDATIONS:** a.) That the Committee recommends to Council that it sets a budget for the 2017/2018 financial year.

b.) That the Committee recommends to Council that it sets a precept for the 2017/2018 financial year.