



Leyburn Town Council Budget Precept Report 2019/20

1. PURPOSE

- 1.1. The Town Council is required to set out a budget and Precept for 2019/20, in accordance with the information set out by the Responsible Financial Officer [RFO]. The purpose of this report is to seek approval from the Council for the setting of the Council's 2019/20 Precept at the **21st January 2019** Leyburn Town Council Meeting, thereby allowing the submission of the Precept request form to Richmondshire District Council.
- 1.2. This report requests the Council to formally set the Precept and therefore the Town Council proportion of the Council Tax for 2019/20.
- 1.3. In accordance with Section 25 of the Local Government Act 2003, this report also provides Members with information on the robustness of the budget and the adequacy of the Council's balances and reserves to meet the financial requirements of the next financial year.

2. BACKGROUND

- 2.1 The Leyburn Town Council is required to set its Precept each year in accordance with statutory requirements and the local timetable set out by the council tax billing authority; Richmondshire District Council.
- 2.2 This report sets out implications of setting the Council's Precept for 2019/20 and the impact it will have on the Council's proportion of the Council Tax Bill.
- 2.3 A letter was received from Richmondshire District Council on **13th September 2018** formally requesting notification of the Council's Precept for the 2019/20 financial year by **Tuesday 8th January 2019**.
- 2.4 The Council requested that the deadline was extended until **Wednesday 23rd January 2019**, this request was approved.
- 2.5 The Council's 2019/20 Revenue and Capital Budgets were considered at the budget meeting of the Council and discussed in detail at the precept meeting last week when the final budget proposals were agreed and the Council's Net Budget Requirement, otherwise known as the Precept was determined.
- 2.6 Once the Precept has been set, the Chairman of the Council will be required to sign the Precept Request Form and this will then be sent to Richmondshire District Council by Wednesday 23rd January.

Signed Chairman:

Date:

2.7 The precept was last year (2018/19) set at £45.39 a year for a Band D property. This has generated income as detailed below:-

Amount 15/16	Band D properties	Contribution per property
£37,660.00	904.74	£41.63
Amount 16/17	Band D properties	Contribution per property
£39,500.00	936.63	£42.17
Amount 17/18	Band D properties	Contribution per property
£41,880.00	1013.41	£41.33
Amount 18/19	Band D properties	Contribution per property
£47,210.00	1040.09	£45.39

2.9 **Calculation of Budget Requirement (Precept).** There is a statutory formula for the calculation of the local precept which is based on the number of equivalent Band D properties. Firstly, the number of domestic “dwellings on valuation list”, is established. This number is then adjusted to take account of estimated council tax relief and council tax discounts etc. to arrive at the “equivalent number of chargeable dwellings”.

3. **2019/20 PROPOSED BUDGET**

3.1 A suggested budget has been prepared and presented to the Council.

3.2 The proposed budget for 2019/20 has also restructured how the Town Council presents the budget and has developed a new cost centre structure with related cost centre codes to allow increased accountability/budget monitoring throughout the year. The budget also provides comparative figures for the current financial year (2018/19).

3.3 The key changes/issues proposed are as follows:

3.4 **Income**

3.5 **Public Conveniences** - With the installation of the pay doors in 2018 the Council anticipates that the income from the toilet doors will contribute 40% towards the running costs in 2019/20.

3.6 **Parking donations** - Expected to remain the same for 2019/20.

3.7 **Market rent** - No increase. The Council has left the projected income the same as 2018/19.

3.8 **Thornborough Hall** - Income generated from the rental of offices and room hire at Thornborough hall have been taken into consideration when setting the 2019/20 budget.

3.9 **The Wensleydale Suite** - (former registry office) is now a function room for conferences and small weddings; publication of these on the town council website is likely to increase usage and income.

3.10 **Cemetery** - Over the last few years the income from the burial ground has declined, this trend has been taken into consideration in the 2019/20 budget.

3.11 **Expenditure**

3.12 The review of current service contracts has highlighted areas for cost saving which will inevitably mean a reduction in ongoing expenditure.

- 3.13 **Salary & Training Expenses** - There will be a national incremental salary increase in April 2018 of 1.9%. The allowance for the Clerk's salaries has increased accordingly.
- 3.14 The provision for training has increased due to the need to upskill new Councillors and in order to continue to support the Clerks ongoing training courses with the SLCC.
- 3.15 **Subscriptions** - A provision for the following memberships has been included to continue to provide advice to the Council and additional support to the Clerk.
- Yorkshire Local Councils Association Membership – increase of 3.4%
 - Community first Yorkshire- increase of 3.4%
 - Information commissioner's office (ICO).
- 3.16 **Utilities** - (Electric, gas, water) are expected to increase by 17-18%.
- 3.17 **Chairman's Allowance** - The Chairman's allowance remains the same for 2019/20, this includes provision of the wreath for the local Remembrance Service.
- 3.18 **Insurance** – The Council anticipate that the insurance premium will increase in 2019/20.
- 3.19 **Website & IT Services** - Due to plans to launch a new .gov.uk website the cost of a .gov.uk domain, website re-design and ongoing hosting costs including office software subscriptions an increased budget of £2,000 has been included.
- 3.20 **Election** - A provision of £3,000 for election expenses is included, as the next elections will take place in May 2019.
- 3.21 **Audit** - Budget Increased by 1.3%.
- 3.22 **Business Rates** - Richmondshire District Council anticipates an increase of 2.3% for 2019/20.
- 3.23 The budget for 2019/20 includes the business rate for the LTC office, Library, Market, Market Store, Cemetery, Thornborough Hall Oak room & Wensleydale Suite.
- 3.24 The Public toilets are also liable for business rates; this will still be the case in 2019/20 as the rate relief for public conveniences has been put on hold until 2020.
- 3.25 **Street Cleansing** - Provision of emptying of the litter-bins in streets and road sweeping increase of 2%.
- 3.26 **Roadside Verges** - Provision to maintain roadside verges. Grass cutting fees have been increased by 10% to provide more scope during the next tender exercise.
- 3.27 **Traffic** - Provision to assist the NYCC Highway Authority to provide traffic calming. In 2018 the Town Council signed a 4 year contract to share the Vehicle Activated Sign located on Moor Road, at an annual cost of £375.00 this has been included in the budget.
- 3.28 **Public Conveniences** - Provision and maintenance of public toilets. With the business rates expected to increase by 2.3% and the rate relief for public conveniences now on hold until 2020. The budget includes funds to cover the increased business rates and an increase in maintenance and cleaning costs of 2%, to enable to Council to keep these facilities open.

- 3.29 **Town Squares** - The provision and maintenance of public open spaces. Limited changes in this cost centre with regards to repairs however, we have not costed in any major resurfacing work for 2019/20 to the town squares as these upgrades will be completed once decision has been taken on parking improvements in Leyburn.
- 3.30 **Market** - Trade waste collections are the main expense for the market running costs, the Council is actively looking for ways to reduce this cost for 2019/20.
- 3.31 **Market Shelter** - Provision and maintenance of shelters for general public use. The cleaning, maintenance, including opening and closing the market shelter, is expected to increase by 2.94%.
- 3.36 **Town Clock** - Provision and maintenance of the town clock. The service contract for the clock is due for renewal in 2019/20, provision has been included to ensure the maintenance of the town clock.
- 3.37 **Cemetery** - Provision and maintenance of Leyburn burial grounds. Rates for the burial ground will continue to be paid to Richmondshire District Council, business rates are expected to increase 2.3%.
- 3.38 The cost of Grounds maintenance and grass cutting of the cemetery has been increased by 10% to provide more scope during the next tender exercise.
- 3.39 **Playing Fields** - Provision & maintenance of land & equipment. Playpark maintenance including weekly inspections is expected to increase by 2%.
- 3.40 The Town Plan highlighted that electors would like to see improvements to the Shawl playpark, £5,000 has been reserved towards upgrading the play equipment.
- 3.41 The Town Council anticipates the probability of having to take on the responsibility for the Dale Grove playpark by 2020. This will bring increased operating costs for insurance, playground safety inspections and maintenance. Actual costs are not yet known and the decision to take over the park is still being considered depending on negotiations with the housing developer; however the Council has set aside a contingency fund that would cover the maintenance and inspections of the additional playpark.
- 3.42 **Thornborough Hall** - Provision of building for public meetings and functions, recreation, or for the use of clubs or societies. The budget increased by 17% which includes the cost of ground maintenance and utilities.
- 3.43 **Library** - In 2017 the Council took on the responsibility of running the library service from the County Council. The Town Council continues to support the community library by financing the day to day running costs and stationary supplies. The 2019/20 budget towards the library costs has increased by 17% to ensure that this service continues.
- 3.44 **Leyburn Town Plan Projects** - The implementation of the Leyburn Town Plan (LTP) will start during this financial year and whilst it is anticipated that grants will be available to assist with expenditure there is a provision to allow for costs for year one projects:
- Provision of free drinking water £1,500
 - Improvements to the Shawl playpark £5,000
 - Tourism: Provision of the tourist information points and improvements to the tourist information service £500.

3.45 Section 137 - A donation is given annually towards the North Yorkshire Air Ambulance; this amount remains the same for 2019/20.

3.46 Section 137 Community Events - Provision of facilities and encouragement of recreational and business tourism. A provision of £7,000 has been made to support the following events in Leyburn: Food & Drink festival, 1940's Weekend, Bonfire night and the Christmas Event. In addition to this the UCI Road World Championships will be coming through Leyburn in September 2019.

4 2019/20 PRECEPT CALCULATION

4.1 The Council Precept represents the amount that is required to be raised from council tax payers in the Leyburn Parish to meet the estimated net cost of providing all of the Council's services next year, after deducting the income expected to be receivable in respect of those services from fees and charges and other funding.

4.2 The amount required to be raised by way of Council Tax to meet the expenditure of this Town during the year 2019/20 is **£54,443.70**.

4.3 Richmondshire District **Council has confirmed that the 2019/20 Council Tax Base for the Leyburn Parish will be 1056 properties, an increase of 16 properties on the 2018/19 Tax Base of 1040.09**. The Council Tax Base is the statutory calculation of the number of 'chargeable' households in the parish or county area and is used by the billing authority to calculate the council tax in each area.

4.4 Each parish forecasts how much money it is going to need the following year (the precept). This is then divided by the number of properties in the parish that fall into Band D Council Tax bands (the tax base). This figure is adjusted to take account of such things as exempt properties and planned new houses to get the precept each Council Tax payer in the parish will contribute.

4.5 **The 2019/20 Council Precept of £54,443.70 is therefore divided by the Tax Base of 1056.45, and results in a 2019/20 Band D Town Council Tax of £51.53 per year. This represents an increase of 13.54% (£6) on the 2018/19 Council Tax, which amounts to £4.30 per month or £1 per week at Band D.**

5 ASSURANCE ON THE ROBUSTNESS OF THE BUDGET ESTIMATES

5.1 The implementation of the 2019/20 Budget Framework has ensured that all practical steps have been taken to prudently identify and make provision for the Council's likely spending commitments and income next year.

5.2 The 2019/20 Revenue Budget is therefore considered to be a robust and prudent budget that will ensure that all services can continue to be provided to the standard expected by the residents of Leyburn next year, whilst continuing to provide a firm foundation, to meet the spending commitments that lie further ahead.

5.3 The budget setting process has incorporated a comprehensive review of the Revenue Budget by the Council.

5.4 All budgets have been prudently set, taking into account the various spending pressures faced, including the 2019/20 local government pay award, National Living Wage increases, pensions and business rates increases, inflation of running costs.

- 5.5 Since 2018/19, significant savings have been required to meet increasing costs for building maintenance, trade waste collections and washroom services. Whilst balancing, the Revenue Budget has required some savings, and budget reductions had to be made. Those savings have been made by reviewing our current service contracts and utility costs to ensure cost savings are made. The major driver behind these savings has been the growing overheads identified through a review of current expenditure. Every service will be subject to a thorough review in 2019/20.
- 5.6 A key priority of the Council's budget strategy is the delivery of savings through the reduction of outgoing expenditure. Any reduction in the delivery of front line services will only be considered as a last resort. No service cuts have been sanctioned throughout this process.
- 5.7 Comprehensive working papers have also been prepared to justify and support the estimates included in the Revenue and Capital Budgets.
- 5.8 The Revenue and Capital Budgets have been reported and presented in detail to the Council at two budget meetings and have been properly considered and discussed by the Council at these meetings.
- 5.9 The financial reports clearly set out the key issues and changes in the Revenue Budget and the projects highlighted by the Leyburn Town Plan, explaining how the various spending pressures and increasing costs have been offset, and clearly explaining why an increase in the Town Council Tax next year was recommended.
- 5.10 The Revenue Budget reported to the Council also included details of the last three years actual spending and income, as well as a latest projection of current year outturn. This allowed the Council to make informed decisions regarding the Council's spending needs, based on actual financial performance over the last three years.
- 5.11 Taking all of the above factors into account, it is therefore the view of the Responsible Finance Officer that the robustness of the budget estimates has been ensured and can be relied upon.
- 5.12 In 2018 the Leyburn Town Plan survey was carried out, the town plan consultation provided the opportunity for local tax payers to formally comment on projects and areas they would like to see improvement in the future. The Council received both hand-written and digital responses to the consultation.
- 5.13 The feedback from this consultation has been reflected in the Councils budget proposals for 2019/20 including consideration of the long term projects when setting the budget.
- 5.14 The proposed increase in the Precept will ensure that all services can continue to be provided to current standards next year, whilst continuing to provide some surplus budget via a £3,650 contingency sum and £10,000 contribution to capital reserves, to meet the financial challenges that lie further ahead.

6 ASSURANCE ON THE ADEQUACY OF COUNCIL BALANCES AND RESERVES

- 6.1 Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

- 6.2 However, there is no specified minimum level of reserves that an authority should hold and it is the responsibility of the RFO to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.
- 6.3 The 2019/20 budget includes contingency provisions to provide protection against any unforeseen revenue commitments and a shortfall in anticipated income.
- 6.4 It is recommended that the current level of financial reserves is increased substantially to form a capital reserve and that the Council's future policy for balances and reserves should be as follows:-
- Set aside such sufficient sums in Earmarked Reserves, as is considered prudent, to fund future year's capital investment requirements and specific one-off revenue commitments; and
 - Set aside such sufficient sums as general reserves to support any major unforeseen spending pressures and one-off Revenue Budget commitments such as the funding of elections and by-elections.
 - Even at times when extreme pressure is put on the Council's finances the Council must keep a minimum balance sufficient to pay one month's salaries to staff in general reserves at all times.
 - Undertake an annual review of the level of General Balance and earmarked Reserves as part of the annual budget setting process.
- 6.5 In addition, the Council's 2019/20 Revenue Budget includes a £3,650 contingency sum which provides protection against any unforeseen revenue spending commitments, and a £10,000 contribution to capital reserves which allows the Council's capital reserves to be 'topped up' each year and maintained at prudent levels.
- 6.6 It is the view of the Responsible Finance Officer that the current levels of balances and reserves, taken alongside the contingency sum and contribution to capital reserves set aside in the 2019/20 Revenue Budget, provide the Council with an adequate level of resources to protect against unforeseen spending pressures, and to fund future year's capital investment requirements over the medium term.

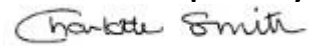
7 RISK ASSESSMENT

- 7.1 As set out in this report, it is considered that the 2019/20 Budget has been robustly prepared in accordance with the key financial principles of prudence and transparency, and that the levels of balances, reserves and contingencies included within the 2019/20 Budget are adequate to meet the Council's needs.
- 7.2 Clearly, there remains a risk that in future years the Council Tax Precept on which the Council is currently reliant, may be capped which may prevent large scale projects going ahead.
- 7.3 Members should also be aware that there is a risk that if the Precept is not set at this meeting that the Council will not meet the deadline for the receipt of the Precept Request Form and would not therefore receive a Precept payment next year.

8 RECOMMENDATIONS

- 8.1 The Responsible Finance Officer's recommendation for 2019-20 is therefore that the Precept be **increased from £47,210.00 to £54,443.70** to cover increased general costs and provide an adequate reserve as contingency.
- 8.2 The Town Council is asked to consider the issues raised above and it is recommended that:-
- **Members approve the 2019/20 Council Precept at £54,443.70;**
 - The Chairman is authorised to sign the attached Precept Form;
 - The Precept Form is sent to Richmondshire District Council on **Tuesday 22nd January 2019;** and
 - Members note the information provided regarding the robustness of the budget estimates and the adequacy of the Council's balances and reserves.

Prepared by:



**Charlotte Smith (Mrs)
Responsible Finance Officer**