

**TAVISTOCK TOWN COUNCIL  
BUDGET & POLICY COMMITTEE  
7<sup>th</sup> JANUARY 2020  
BUDGET PREPARATION AND PRECEPT SETTING 2020/2021**

**1) PURPOSE OF REPORT**

To provide the Committee with an opportunity to consider potentially outstanding elements of the emerging draft Budget for the 2020/21 financial year prepared pursuant to this Committees previous deliberations and subsequent consideration by Council.

**2) CORPORATE POLICY CONSIDERATIONS**

The effective management of resources and appropriate forward planning underpin the delivery of the Councils Strategic Plan 2017-21 and support its commitment to value for money, the promotion of best value and continuous organisational improvement.

**3) LEGAL AND RISK MANAGEMENT ISSUES**

These are broadly as set out in previous reports and this Report should be read in conjunction with those, together with the phased Budget Report as at the end of September 2019 (half year). The Council is under an obligation to consider, approve and adopt a budget including, where appropriate, necessary authority for the issue of a Precept upon the relevant Authority. Attention is drawn, in particular, to the potentially substantial impact of decisions made by the Borough Council<sup>1</sup> and to the appropriate requirement for any decision on precept levels to follow confirmation of the position regarding the application for borrowing approval previously made by the Council.

**4) RESOURCE ISSUES**

The resource issues associated with this Report are as set out in the attachments and in previous reports. They principally comprise organisational capacity, inflation, pressure on commercial income streams, demands of the Capital Programme and future (revenue) funding aligned to the need to rebuild capital reserves and fund the shortfall arising from the withdrawal from various services/hypothecated payments made by/through the Borough Council.

**5) ENVIRONMENTAL ISSUES**

There are no environmental issues directly arising in connection with this report. All areas of spend are subject to review and recommendation at the time of resource allocation through the corporate reporting framework.

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<sup>1</sup> WDBC on precept levels together with the issues and uncertainties necessarily arising from an extended Capital Programme

## 6) COMMUNICATION ISSUES

The content of this Report has been developed in association with the Councils Management Team and Accountant and is derived from the recent deliberations of the Committee and Council.

## 7) RECOMMENDATIONS

Subject to the satisfactory outcome of the Councils application for borrowing approval<sup>2</sup> the Budget & Policy Committee and Council:

- a) Note with regret the substantial impact of Borough Council decisions upon the 2020-21 Council Tax requirements of the Council<sup>3</sup>;
- b) Endorse the additional areas of spend as identified in para's 2.1-2.3 for inclusion in the 2020-21 budget in order to both meet statutory requirements and provide a facility for locality based initiatives;
- c) Consider how best to proceed in connection with those matters as outlined in para's 2.4 and 2.5-2.6.

### 1) BACKGROUND

1.1 The approach adopted for the budget setting process has previously been reviewed by the Committee and Council. At its last meeting the Council identified a range of areas where decisions of the Borough Council materially<sup>4</sup> impacted the financial position of the Town Council, namely: -

- a) The complete withdrawal of the Localisation of Council Tax contribution (Council Tax Support Grant) by the Borough Council (resulting in a next and future years loss of income to the Town Council of £26,670 per annum);
- b) The revenue implications of the withdrawal of the Borough Council from the provision of Public Health Services – i.e. public conveniences (resulting in an estimated future revenue cost to the Town Council of approximately £60,000 per annum should it take on the operation of up to 2 units);
- c) Withdrawal by the Borough Council of the Grounds Maintenance Contract from public tendering in order to take the service back "in-house" for delivery by South Hams District Council Grounds Maintenance Team (resulting in a continuing loss of commercial income to the Town Council of £9,000 per year);
- d) Plus additionally (ie not previously considered) - an estimated increase in charging for the collection of dog bins (anticipated to be in the order of £1,000 per annum);

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<sup>2</sup> ie £400,000 as made in November, 2019

<sup>3</sup> Note these have been endorsed in principle previously as part of the emerging budget in order to maintain services to the public

<sup>4</sup> equivalent to in the order of a 15.2% increase on Precept for a band D property

e) Any additional/consequential non-revenue (e.g. refurbishment, repair) one off or Capital costs arising from the Town Council taking over responsibility for public conveniences provision.

1.2 These, amongst others, were identified by Council at its last Meeting, both as a major budget pressure and risk (both in funding terms and capacity). Having previously made a range of savings and adjustments to its budgets in order to meet its own projected spend, this report has been commissioned to review the potential impact of other prospective impacts on funding.

## **2) ISSUES**

### Quantifiable Impacts

2.1 **Locality based initiatives** – at its last Meeting the Council indicated it wished to establish a modest fund (iro £20,000) to provide support for Community/Locality based initiatives<sup>5</sup>. In the past these would have been capable of being funded from reserves. However, with a fully committed Capital Programme this is not now possible;

2.2 **Council Website** – The Committee will be aware, from the reports of the Assistant to the Town Clerk, that the regulatory regime for Council websites changes in September 2020. The Councils current website is non-compliant and early indications indicate that it would be prudent to conduct a market testing exercise to replace (and potentially consider moving providers). The Council has a current budget for ICT infrastructure of in the order of £6,700 and it is suggested that this be increased by £5,300<sup>6</sup> to enable full and compliant replacement should that be required.

2.3 **Council Insurance** – a review has just been completed of the replacement value of Council properties resulting in an increase in the underlying insurance base of the Council by approximately £2,500.

2.4 **Grant monies** – the Council was recently unsuccessful in application for £18,000 grant funding from Viridor toward the Guildhall Gateway Centre Project. There is opportunity for either it (the Council) or THT to re-apply for different purposes but, given the issues which arose previously<sup>7</sup> a prudent approach would be to consider either making a provision in this amount or reducing the Scheme scope to avoid inability to fund the Scheme as presently set out.

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<sup>5</sup> For example, the Neighbourhood Development Plan, activities associated with promoting sustainability/environment etc.

<sup>6</sup> Giving an overall budget of £12,000 but note – this is unlikely to enable email hosting also

<sup>7</sup> Ie Viridor failing to correctly assess the eligibility of the scheme prior to site visit

- 2.5 **Tavistock Heritage Trust**<sup>8</sup> – request for additional grant assistance and/or underwriting. THT have requested a variation to the arrangements agreed with HLF and the Council for the funding a Visitor Centre Manager role. This was originally costed in the project budget at 2.5 days per week. Having reviewed the situation it is now the view of the Trust that this needs to be full time. To effect such a change HLF approval will be needed together with Council consent to underwrite the additional monies. If the Council were minded to view the request favourably it is difficult to be precise as to the amount required. This includes because the amount actually required will be affected by:
- how successful the Trust is in raising income to offset the additional cost;
  - the actual salary payable (currently THT estimates iro £26,000pa including on-costs);
  - whether a iro £6,000 Project budget hypothecated for 'learning' is capable of being re-purposed<sup>9</sup> in whole or in part.

2.6 Consequently, as the available budget<sup>10</sup> is presently iro £22,800 (excluding 'learning') a maximum projected potential shortfall arises of £29,200 over a two year period<sup>11</sup>. THT have provided a business case which is attached at appendix 1. However, it is important to note that the figures given are *estimates of gross income* from activities before the deduction of any costs such as advertising, paying speakers, cost of stock etc. THT were asked to provide a net estimate for this Meeting in order that the Council could assess the extent to which the request was capable of being considered/liability attaching but have indicated they are not in a position to do so. Consequently, if the Council considers it has sufficient information on which to base a decision and if the request is acceded to, it will no doubt wish to make a prudent estimate (likely covering the bulk of the additional cost<sup>12</sup>) and no doubt tie it to a review at yr 1 financial year end.

#### Non Quantifiable Impacts

2.7 Additionally, there remain potentially foreseeable but less readily quantifiable impacts upon Council finances. These include the possibility that additional resources could be required to support the capital works being undertaken to the Guildhall Gateway Centre<sup>13</sup> and/or Guildhall Car Park area (combined Capital Programme value approximately £1.75 million) together with those other pressures identified in previous

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<sup>8</sup> THT

<sup>9</sup> Which would require HLF consent

<sup>10</sup> For a 2 year period

<sup>11</sup> Which is the initial term of appointment suggested by THT

<sup>12</sup> Or undertake a partial underwriting being clear as to the minimum THT would need to raise

<sup>13</sup> Or indeed funding for Tavistock Heritage Trust

reports to this Committee and Council. These include, but are not limited to

- pressures on commercial rent,
- reduced car parking income,
- costs associated with representing the Councils interests, emergency maintenance etc;
- outcome of organisational job evaluation.

2.8 With regard to the latter your independent human resources provider<sup>14</sup> has identified that for most grades the Scheme continues to be fit for purpose<sup>15</sup> and no recommendations have been made in respect of the impact of sectoral grade consolidation<sup>16</sup>. No changes arise in relation to those entry level or middle management posts considered<sup>17</sup> and the position with regard to senior roles continues to be subject to review.

### **3) CONCLUSION**

- 3.1 The Council faces an<sup>18</sup> unprecedented pressure upon it's budgets in the next financial year. This is principally derived from:-
- a. the impact of a series of decisions made by the Borough Council<sup>19</sup>; coinciding with:-
  - b. the final stages of a seven-year Town Council led Regeneration and Heritage Improvement Programme.
- 3.2 It is also acknowledged that, in addition to the areas of uncertainty listed above, the operating costs of the Guildhall Gateway Centre - once open, necessarily represent estimates which may vary.
- 3.3 Looking ahead it is perhaps helpful to distinguish between any uplift in Precept<sup>20</sup> necessitated by decisions of the Borough Council and those directly related to the demands of delivering Town Council Services:-
- a) The total budget increase required to meet the costs associated with the decisions of the Borough Council is in the order of £100,000 per annum on a continuing basis;

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<sup>14</sup> South West Councils

<sup>15</sup> For the purposes of this report, no significant changes to the budget line for salaries are anticipated.

<sup>16</sup> ie for entry level posts by virtue of government led changes to the pay and grading structure arising from amendments to the Minimum Wage;

<sup>17</sup> Subject necessarily to the outcome of any appeal(s) if submitted,

<sup>18</sup> In recent years, certainly this century

<sup>19</sup> The Town Council has no control over the removal of the contribution relating to Localisation of Council Tax, nor the termination of competitive tendering arrangements for Borough Council grounds maintenance. It could choose not to take on delivery of two public conveniences but this would require a change of policy which would be contrary to past commitments in principle<sup>19</sup>.

<sup>20</sup> As a somewhat rough and ready rule of thumb a 1% increase in Council Tax per Band D property roughly equates to £6,000 income to the Council.

- b) As regards new budget pressures on Town Council services the Council has identified a provisional allocation of £20,000 to locality based initiatives which, together with the other quantifiable items listed above (ICT, website, insurance<sup>21</sup>) suggest a preliminary additional requirement of approx £30,000.
- 3.4 From your officers perspective this is the minimum increase that they can prudently recommend in the current circumstances<sup>22</sup>. Clearly it would be desirable (in view of all the uncertainties which have been identified in reports to Council) to have in place a higher level of reserves. However, it is acknowledged that there is a necessary balance to be struck between the level of Precept and organisational safety on the one hand, and affordability for the Council Tax payer on the other.
- 3.5 That then still leaves the matter of the failed Viridor grant and THT underwrite to be addressed. The Committee and Council will therefore need to consider whether to:
- sponsor a new grant application (and if unsuccessful how to proceed regarding the £18,000 project shortfall);
  - provide the requested underwrite to THT for additional staff costs (and if so identify the sum which will need to be budgeted accordingly).
- 3.6 As outlined elsewhere the next few years will require both rigour and discipline to rebuild reserves and capacity to deliver new initiatives following an extensive 10year programme of regeneration and improvement for the Town.

CARL HEARN  
**TOWN CLERK**  
DECEMBER 2019

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<sup>21</sup> But excluding the further request from THT and loss of Viridor grant

<sup>22</sup> Again crudely adding an additional iro 5% to the precept.