

Full Council

Draft Revenue budget 2020/2021 - and three-year financial plan

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Introduction

This report considers resource allocation within a draft revenue budget planned for three years from 2020/2021 against the context of external factors, and Council priorities as detailed in the Corporate Plan. The Library Service has been part of the Town Council now for 12 months and is thriving under our direction. Transfer of Meneth Road Public Open Spaces, Enys Road and Pengegon allotments were completed in May and July this year. Negotiations with Cornwall Council on the remaining sites in the green spaces' devolution package are continuing. These devolution milestones have been achieved within the last year; consequently, it is difficult to assess the ongoing financial implications for the revenue budget.

The Strategic Budget Working Party took a strategic view of the Council's finances in consideration of all factors when making recommendations for the 2020/21 budget. The Amenities Committee, Staffing Committee and Planning & Development Committee have considered the draft budget, made some adjustments and approved the recommendations of the Strategic Budget Working Party. Recommendations from these committees were considered by the Finance and General Purposes Committee before finalising the draft revenue budget for 2020/2021 and three-year financial plan for recommendation to Full Council for approval.

Context

The revenue budget for 2020/2021 must be set against a context of external factors that are outside the control of the Council, implementation of devolved services and decisions already taken to achieve the objectives set out in the Corporate Plan.

Referendum Principles

The Government decided to defer the setting of referendum principles for town and parish councils for three years from 2018/2019. This was, however, conditional upon the Government seeing clear evidence of restraint in increases set by the sector.

It should also be noted that the original deferral of referendum principles was for three years from 2018/2019; the three-year financial plan extends beyond that term. The risk of the extension of referendum principles to this tier of local government remains despite continued devolution.

Brexit

The terms of the United Kingdom's departure from the EU are still being negotiated but the UK will leave the EU in January 2020: whether this will be on a 'deal' or 'no deal' basis is unknown. These are uncharted waters; the implications are likely to "dominate the legislative and political agenda for the next decade" (LGA). In any event; the consequences of this major change are bound to be experienced locally as well as nationally. Labour and skill supply, finance, jobs, trade could all be affected and in turn impact the supply of and demand on local government services.

Council Tax Support Grant Funding

Cornwall Council has paid a Council Tax support grant to town and parish councils since April 2013 when the Localised Council Tax support scheme was introduced. It is not yet known what level of grant Cornwall Council will pass over to town and parish Councils for 2020/2021. It should be noted that, since 2013, the funding was used by Camborne Town Council to offset the precept charge by allocating a percentage of the payment as income in the annual revenue budget. The remainder of the funding has been held in reserves to be used as a cushion to buffer the effect on the precept when the funding ceases. No allocation of this funding has been included in the revenue budget since 2017/2018 revenue budget; instead it has been held in earmarked reserves to mitigate the risk of future large increases in the precept due to the loss of this income. This funding will be phased out by 2020; therefore, including any income from the Council Tax Support Grant in the revenue budget represents a significant risk to medium- and long-term financial planning. Any use of earmarked reserves to offset increases in the precept will have to be made cautiously as the reserve is finite.

Tax base

The provisional tax base for the Camborne parish has increased from 5,889.70 for the 2019/2020 year to 6,027.86 for the 2020/2021 year which represents 2.35%. Any increase in the tax base for the Camborne parish helps the Council to minimise increases to the precept; however, this level of growth is not anticipated to continue throughout the three-year period of the financial plan.

National Joint Council for Local Government Services (NJC) pay scales

The Council is a 'Green Book' employer and subject to the National Agreement on pay. Agreement was reached between the National Employers and NJC Trade Unions on rates of pay applicable from 2019 but there is no Agreement in place beyond the financial year 2019/2020. Staffing Costs for the draft 2020/2021 revenue budget have been allocated with a 5% increase for budget planning.

Local Government Association

The LGA autumn budget submission to HM Treasury (September 2018) stated that “unprecedented funding pressures and demand for key services is pushing councils to the limit”. The Association’s analysis shows that local services face a funding gap of £7.8 billion by 2024/2015 with funding pressures facing adults and children’s social care as well as homelessness and public health being particularly severe. The submission continues “The growing demand for these services has meant that less money is being spent on other services that keep our communities running such as libraries, local roads, early intervention and local welfare support. This is also a false economy and leads to increased cost pressures in other parts of the public sector”.

Recent experience has proved that in many parts of the country, the financial pressures on local authorities has resulted in increased transfers of assets and services to the local councils. This has been facilitated by the Localism Act 2011.

The submission warns of there being a “real risk to the future viability of services and Council”, and calls for the abolition of council tax thresholds.

Cornwall Council

Cornwall Council continues to cut services to achieve its savings target. Town and Parish Councils have been asked to take increased responsibility for service delivery and it is anticipated that this pressure will continue as Cornwall Council pushes its ‘Double devolution’ agenda. This Council has embraced the challenge and taken responsibility for the library service and building, five green spaces, 2 allotments, provision of public convenience facilities and all costs relating to public realm CCTV.

No additional funding for devolved services has been provided and Cornwall Council information to aid financial planning has been poor.

At the time of writing this report Cornwall Council have indicated their intention for a further 4 sites for transfer, to be discussed at Public Estates and Devolution Working Party on 4th November 2019.

The Boundary Review

Cornwall Council has set up a Community Governance Review which is currently in its second stage.

Any changes to Boundaries are scheduled to be made in September 2020. It would be prudent to allow some allowance for additional expenditure on Green Spaces and Amenities in future years budget setting which would need some work this year as we now have a 3-year plan.

Corporate Plan Priorities

The following additional objectives for the Corporate Plan 2018 – 2021 were approved by Full Council in June 2017:

The successful of transfer of ownership or management of green spaces from Cornwall Council;

- The implementation of green space services;
- The development of a programme for improvement and investment in green spaces;
- The successful transfer of the Passmore Edwards library building;
- Completion of the library building refurbishment works to meet the scheduled move of the Town Council offices in May 2018;
- The transfer of the library service;
- Communication, consultation and engagement with local residents, organisations and community groups;
- The Local Government Boundary Review in Cornwall;
- Managing change to facilitate training, development and welfare;
- Implementation of recommendations resulting from the Review of the Staffing Structure;
- Implementation and compliance with the Data Protection Regulations 2018.

The successful transfer of green spaces, the Passmore Edwards building and implementation of associated services currently represent the most significant priorities in terms of the Council's finances.

Devolution of Green Spaces

The Council's devolution proposal for green spaces was driven by the poor maintenance standards and neglect of playing fields, play areas and parks across the parish. Beacon Recreation Ground, Camborne Recreation Ground, Park Gerry (Park Road Playing Fields) and Treslothan Road Park, Troon transferred to the Town Council in December 2017. The transfer of Meneth Road Public Open Spaces, Enys Road Allotment Gardens and Pengegon Allotment Gardens has been achieved over the last 6 months.

Managing these sites includes grass cutting, gardening, tree inspection and maintenance, boundary repairs and maintenance (hedges, fences etc.), play equipment inspection, maintenance and repair, waste management and public conveniences. Investment for improved facilities will need to be planned, phased and include extensive public consultation.

Camborne Recreation Ground will be the second site to undergo capital improvements with works scheduled to begin Early 2020. A successful application for Section 106 monies has contributed to this project but scope for future Section 106 funding varies depending on the location and the extent of improvements needed.

During the 2019/20 budget process it was agreed that an additional Amenities Technician would be added to the Staffing budget along with a 10% increase across all Green Spaces cost codes, this has remained in place for the 2020/21 draft budget. But further provision will still need to be made in the Capital Budgets and Earmarked Reserves in order to achieve the Council's previously stated aspirations for all public green spaces that are transferred to its ownership.

Devolution negotiations regarding King George V Playing Field, Grenville Gardens Recreation Ground and Pengegon Playing Field and Park are ongoing and part of this phase of devolution discussions. Treverno Road Playing Field is expected to be part of the next phase of devolution, which could still take place within the term of the 3-year financial plan.

The library Service

Resources for the Library Service Staffing and Resources have been allocated based on the current service being provided, with some reallocation of budget for Promotions and Marketing to the Library Community Activities budget to allow for more events and activities being provided.

There has been a small increase made to the Library Staff budget to allow for a part-time additional Saturday member of staff to allow for more activities at the weekends (as it is difficult for staff to take Saturdays as leave due to rotas/hours). This has recently been agreed by the Staffing Committee. This will also decrease the amount of Agency Staff needed.

Also, although it has already been agreed by Staffing that Agency Staff can be used for the Library Service to assist with leave, sickness or additional activities this was decided after last year's budget was set, so this will be a new cost code this year.

It is hoped that these changes to the Library budgets will allow the service to grow and thrive and provide even more interesting events and activities for the people of the parish to get involved in.

Human Resources

The Corporate Plan 2015- 2018 committed to continuing professional development for staff and Councillors alike; ongoing development and training activities will be essential to the successful transition of services, improved performance and wellbeing of employees.

The increase to NJC salary scales for 2020/21 is not known at this time but salaries and on costs have been provisionally been calculated with a 5% increase, along with allowance for performance based incremental increases.

Core Principles

A draft revenue budget for 2020/2021 and three-year financial plan has been developed using the following core principles:

- Earmarked reserves should only be used for 'one off' costs and expenditure incurred in the 2019/2020 financial year;
- There remains a risk of Referendum Principles being imposed on local councils; but current indications are that this is unlikely to happen for 2020/2021;
- Local Council Support Grant funding will cease in 2020 and it would be imprudent to include this funding as an income stream given the introduction of Referendum Principles;
- Capital budget codes introduced to allow for better recording of expenditure and to protect depleting reserves.

Use of Ear Marked Reserves and Futureproofing

In previous years there have been several revenue budget codes with a mixture of Capital and Revenue expenditure. This year the budget for Capital and Revenue has been split to allow for better records and audit purposes.

The Earmarked Reserves are usually used for most large Capital Expenditure but as we grow and take on more assets, we are at risk of depleting the reserves. There are new Capital codes added this year to allow for future expenditure so that new Ear Marked Reserves have allocation for probable expenditure.

For example, the lift in the Passmore Edwards Building is not going to last much longer, and parts are hard to obtain due to its age. This year a Capital code has been added to The Library Building cost centre for Capital-Building & Equipment Replacement.

The Budget Process

The strategic Budget Working Group met on 31st October 2019 and considered the draft three-year financial plan against current priorities and the wider context. Considering these the working group made recommendations which have been incorporated in the draft budget. Each standing Committee considered the draft budget and made recommendations to the Finance and General Purposes Committee. Following this process, the Finance and General Purposes Committee approved the recommendations for the 2020/2021 budget and three-year financial plan to Full Council to approve.

2020/2021 Resource Allocation

Finance and Administration

All proposed changes to the allocation of resources in the Finance and Administration budget have been made to reflect the growth of the Council's operations, move to the Passmore Edwards building and the addition of the library service. Where possible, based on projected year end spend, the budget has been reduced to minimise any increase to the precept.

Printing and Stationery	Decreased due to changes to more paperless Systems.
Postage	Decreased due to changes to more paperless Systems.
Consumables	Decreased as Library Service have their own this year.
Photocopier Charges (and Printing)	Decreased due to changes to more paperless systems.
Subscriptions	Increased for CIPFA subscriptions for 2020/21

ICT Provision and Support	Increased to due to current expenditure and future growth expected.
Capital-ICT replacement	New Capital budget for ICT equipment replacement

Library Building

All proposed changes to the Library Building Budget have been made based on the spends to date, and to try and safeguard the Councils finances going forward with the improvements and replacement capital items needed.

Passmore Edwards Gas	Decreased to reflect projected end of year spend.
Passmore Edwards Water	Decreased to reflect projected year end spend.
Passmore Edwards Security Inc CCTV	Decreased to reflect projected year end spend and new capital code set up.
Passmore Edwards Small Works	Decreased due to new code for Capital Expense.
Passmore Edwards Building & Grounds Maintenance	Decreased due to new code for Capital Expense.
Passmore Edwards Fire Equipment	Increased to reflect projected year end spend.
Passmore Edwards Window Cleaning and Maintenance	Decreased to reflect cost of current contract.
Passmore Edwards Cleaning Contract	Increased to reflect increases in contract and living wage increases.
Passmore Edwards Building Cleaning Materials	Decreased to reflect current cost.
Passmore Edwards Building Surveys and Inspections	Increased to reflect projected year end spend.
Passmore Edwards Waste Removal	Decreased to reflect expected costs.
Capital-Building & Equipment Replacement/Works Budget	New cost centre to reflect need for capital funds for improvements and replacement capital items.

The Library Service

The Council aspires to improve the Library Service and to be more inclusive and responsive to the needs of our communities. An increased budget for Community activities has been created for this purpose.

Music Licence	Increased to allow for inflation.
Community Activities	Increased to allow for more activities to be run going forward.

Corporate Management

Proposed changes to the allocation of resources in the Corporate Management budget have been kept a minimum and to reflect changed organisational needs and processes.

Councillor ICT	Increased to allow for extra cost for licences.
Members Training	Increased last year for extra training planned, reduced to normal amount going forward.
Civic Events	Increased in-line with Council decision to have Trevithick Day Civic Event.
Audit	Increased to reflect predicted end of year spend.
Legal Costs	Increased to reflect end of year spend and ongoing devolution negotiations.
Capital-ICT Replacement	New Capital budget for replacement ICT provision for Members.

Community Development

New Accommodation Fund	This has been increased due to the need to plan for future Council accommodation.
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Staffing Committee

Proposed changes to the Staffing budget reflect the increases to NJC scales and on costs.

In the budget process last year this committee agreed to an increase in the staff budget for an additional member of staff for the amenities team to make provision in-case any further green spaces were taken on in that financial year, this has been kept in the draft figures for the 2020/21 budget.

Salaries	Increased to reflect potential the NJC Agreement and performance increments
Employers NIC Contributions	Increased to reflect salary costs
Council's superannuation contributions	Increased to reflect salary costs
Staff Health & Safety	Adjustments made to levels of budget based on predicted expenditure.
Staff Contingency	Increased under Finance & Administration and Library Service due to predicted end of year spend and growth of service.
Staff Parking	Decreased based on current expenditure.
Uniforms and Corporate ID	Adjustments made to levels of budget based on predicted expenditure.

Recommendations from the Staffing Committee approved:

- S.452.3 RESOLVED: to increase the Library Employees' Salaries from £62K to £64K for 2020/2021, also increased by £2,000 for 2121/22, 2022/23
- S.452.4 RESOLVED: to increase the Employees NICs Budget to £6,200 for 2020/2021, also by £200 for 2021, 2022/23
- S.452.5 RESOLVED: to increase the Superannuation Budget from £13,000 to £14,000, in line with increases, for 2020/2021, and increased by £1,000 for 2021/22, 2022/23

Amenities

Amenities/ Amenities Operations

There have been some adjustments made to the Amenities/Amenities Operations budget for 2020/21 to reflect projected year end expenditure, along with the changes to allow for capital budget codes.

Under the Amenities budget in previous years the Trevithick Day Grant has always had its own budget line, but this is in contradiction with our grants policy which states "Organisations should not make a presumption that funding will continue on a year to year basis".

This change will not reduce the Grants and Donations allocation for the year it will just mean that the normal amount allocated in the budget for the Trevithick Day Grant will now show in Community Events Grants. Decisions on grant awards will as always be decided by Committees.

Procurement	Increase in budget allocation to allow for specialist procurement services for new projects.
Vehicle fuel	Increased to reflect predicted end of year spend, increased number of vehicles and increased acres of green space.
Equipment maintenance	Decreased due to new budget code for equipment purchase.
Business Rates Unit 5	Increase based on last the 2019/2020 charge an in anticipation of an increase for 2020/2021.
Utilities Unit 5	Increased to reflect predicted year end spend.
Amenities ICT	New code for Office 365, and 3G access at Unit 5 for the Amenities Team
Capital-Vehicle replacement/purchase	New code to allow for capital purchases.
Capital-Machinery replacement/purchase	Increased to allow for capital purchases.
Street Furniture maintenance	Decreased due to new budget code for capital expenditure.
Public protection including CCTV	Decreased slightly due to new budget code for capital expenditure.
Telephones	Increased slightly due to growth of team and need to have communication.
Square utilities	Increased to reflect change to the unmetered electricity supply.
Specialist Hire	Previous budget allocation was insufficient to cover the cost of large equipment hire.
Marketing and Promotions	Allocation reduced and reallocated across more areas of the Council, i.e. Library Service and Community Engagement.

Trevithick Day Grant	Budget allocation now included in Community Events Grants (details below).
Community Events Grants	Increased as stated above to be in-line with grant policy.
Capital-CCTV replacement/purchase	New budget code for capital expenditure for CCTV.
Capital-Street Furniture replacement/purchase	New budget code for capital expenditure for CCTV.

Recommendations from the Strategic Budget Working Party/Amenities Committee:

- A.4129.2 RESOLVED: that a report from the Acting Deputy Town Clerk regarding the draft Amenities Revenue Budget 2020/2021 and three-year financial plan was received. An increase to £1,000 for each of the three years 2021 to 2023 for the Square Utilities budget was recommended to the Finance and General Purpose Committee
- A.4130.3 RESOLVED: that the recommendations to be put to the Finance and General Purpose Committee for approval were: to increase the Christmas in Camborne budget to £10,000, and the Community Events Grants budget to £20,000 for each of the three years 2021 to 2023; were approved

Devolved Services – Green spaces

Changes to these budgets have been made based on projected end of year spend and contract terms.

As mentioned previously in this report, during the budget process last year it was decided to increase all Green Spaces budgets by 10% to allow for devolution, this has not yet materialised but could shortly, most budgets have been kept at the level set.

Green Waste Disposal	Increased to reflect predicted year end spend.
Plants, Seeds Bulbs and Fertilizer	Decreased due to predicted year end spend and need.
Knotweed Treatment	Reduced as there is a promise of funds from Cornwall Council for new sites.
Gates, Paths and Fencing	Decreased due to new budget code for Seats and Bins.

Small works and improvements	Decreased due to new budget code being set up for Capital purchases.
Capital-Play Equipment, seats and bins	New budget code for capital expenditure on Green Spaces.

Planning and Development

There have been some minor changes to the Planning and Development budget for 2020/21 due to new projects planned and Working Parties such as Neighbourhood Plan and Climate Change.

Public Consultation & Engagement	Increased with a reallocation of budget from Marketing and Promotions and to allow for Public consultations on projects or plans
Neighbourhood Plan	Budget allocation for on-going expenditure for the Neighbourhood Plan
Recommendation from the Strategic Budget Working Party/Planning and Development Committee	

P.4231.2 RESOLVED: that the recommendation of the Strategic Budget Working Party that the Neighbourhood Plan budget be increased from £3K to £10K for each year from 2021 to 2023, was received and approved

Depreciation

Taking advice from our accountant this has been removed from the revenue budget this year and replaced with capital codes.

Fluidity

This has been removed taking advice from our accountant, as provision is made elsewhere.

The General Fund

There has been no allocation of funds in the draft revenue budget to increase the size of the General Fund as it will meet the required level of funding (following additional small amounts allocated at the end of year from small budget underspends) provided there is no significant change to the draft revenue budget.

Income

Camborne Town Council has no significant sources of any income and this is not expected to change in the future. Although there will be income derived from the library service (photocopying, fines and charges), it will not cover the additional costs. Local Council Tax Support Grant funding has not been included as an income stream as detailed previously in this report.

Conclusion

A draft budget has been prepared using core principles to limit an increase to the precept due to risks associated with devolution and external factors. During the past year the Council have taken on more green spaces and the library service become more active with groups and activities.

Meanwhile, negotiations on future phases of green space devolution continue. The draft revenue budget does include some allocation for costs that may arise for any new devolution projects. There are also many external factors outside the Council's control which could influence the precept, draft budget and three-year plan. It is a shifting landscape and all Councils will need solid foundations to respond to likely future challenges.

The budget represents an increase to the precept of 8.60%. The draft revenue budget has undergone a robust process of examination and scrutiny by the Strategic Budget Working Party and all the Council's Standing Committees to get to this stage.

Recommendations

- 1. That Full Council considers the contents of this report when setting the precept and approving the revenue budget for the Financial Year 2020/2021.**