

# Report for Nantwich Town Council Finance Committee

Item 5

Date of Meeting: 28<sup>th</sup> January 2021

## Budget/Precept – Consideration of Resident correspondence

### 1. Purpose of Report

To consider concerns received and raised during the last meeting of the town council on 14<sup>th</sup> January 2021.

### 2. Background

During the last meeting of the town council two members of the public presented written statements raising concerns on the process taken by the town council in preparing its budget and the resulting level of precept. In raising their concerns comparisons were made by the residents with other neighbouring Cheshire East Town Council budgets and precept levels. In addition, concerns were raised about the financial management of the Civic Hall, asking that this is addressed before further consideration is given to taking on additional services from Cheshire East.

### 3. Considerations

The Clerk has researched the six Town Councils detailed by one of the residents; Congleton, Knutsford, Sandbach, Alsager, Crewe and Macclesfield, paying particular attention to budget and precept levels, services provided, number of staff employed, Town Hall/Civic Hall costs.

#### 3.1 Congleton Town Council

The only information available is up to 2020/21, with the current precept of £923,674. There is other income listed from devolved services; from Cheshire East Council for Streetscape services of £366,702, and external streetscape service income of £15k, Town Hall expected income of £125,000. The total budget for 2020/21 was £1.4m. The council tax base for Congleton during 2020/21 was 10,342.75 almost double to that of Nantwich's tax base of 5,486.86.

There are 13 staff employed in the Town Hall, and 14 staff employed for streetscape services.

The services identified on the website were: Town Hall, Streetscape, paddling pool

Town Hall financial management history:

2018/19 – Income = £111,279, expenditure = £209,277 (loss of £82K)

2019/20 – Income (as at 18.12.19) = £75,743, expenditure = £109,452 (loss of £33,709)

2020/21 Budgeted Income = £126,300, expenditure = £192,379 (budgeted loss of £66,079). The above figures include staffing costs of circa £70,000 each year. Each year Congleton Town Council has budgeted for a financial loss at the Town Hall, and the outcome each year has seen a loss, not just during the pandemic.

### **3.2 Knutsford Town Council**

The precept at Knutsford over last 4 years is detailed on the website:

2018/19 = £326,835,  
2019/20 = £371,070,  
2020/21 = £511,118 (37% increase),  
2021/22 = £455,298 (10.9% reduction).

Additional income has been budgeted for in 2021/22 of £185K, including £45,000 from Events which is the same as 2019 despite the pandemic expected to continue to impact events during 2021, Christmas market income of £21,000, Market income of £40,000 and cemetery income £41,000.

The council tax base for Knutsford in 2020/21 was 5806.79 in 2020/21, again higher than Nantwich.

There are eight staff employed by the Town Council with services details on the website as: Market hall, cemetery, allotments, public conveniences, Town Ranger, street furniture, commercial property.

Whilst there is no Town Hall or Civic Hall, there are building assets listed as council offices, 60 King St, other buildings etc. There is no income generation from the council offices which accommodates the town council administration. The associated expenditure listed for accommodating the town council administration in the council offices:

2018/19 – expenditure = £21,700  
2019/20 – expenditure = £20,231  
2020/21 – expenditure = £18,275 (projected)  
2021/22 – expenditure = £26,420 (budgeted)

### **3.3 Sandbach Town Council**

The only information available is up to 2020/21, with a current precept of £687,192. There is other income expected from the Town Hall of £127,000, outdoor market income of £45,000 and the indoor market income of £35,000.

A recent report on the website stated a worst case scenario of income loss due to COVID of £161,000, which will reduce the healthy general reserves of £301,000 to £117,000. There is no information on the website for addressing the general reserves for new budget year of 2021. The tax base for Sandbach for 2020/21 was 8,093.32 significantly higher than Nantwich.

There are eight members of staff employed by the town council with services detailed on the website as: Sandbach markets, small car park, Town Hall and public conveniences.

Town Hall financial management history:

2018/19 Income = £122k, expenditure = £209k (loss of £87K)

2019/20 income = £127,500, expenditure = £246,996 (loss of £119,496)

2020/21 (budgeted) income = £127,600, expenditure = £290,889 (loss of £163,289)

Each year Sandbach Town Council has budgeted for a financial loss at the Town Hall, and the outcome each year has seen a loss, not just during the pandemic.

### **3.4 Alsager Town Council**

Information on the 2021/22 is available on the website with a confirmed precept of £391,742 and total budget of £542k. Alsager Town Council has reported the use of earmarked reserves to offset against precept requirement. Holding significant earmarked reserves allowed the council to transfer £149,000 from earmarked reserves, to prevent an increase in their precept level. The tax base for Alsager in 2020/21 was 4,856.68 which is lower than Nantwich, but the overall budget of Nantwich more than twice that of Alsager.

There are five members of staff employed by the town council with services listed on their website as: Allotments, public conveniences and outdoor Wednesday market.

Civic Hall financial history (only current years available on website):

2020/21 Budgeted income = £211,717, budgeted expenditure = £260,201 (loss of £48,484)

2021/22 Budgeted income = £196,166, budgeted expenditure = £262,268 (loss of £66,102)

Despite the likely continued impact of COVID in 2021 Alsager have forecast substantial income generation from the Civic Hall .

### **3.5 Crewe Town Council**

Information on the annual precept for 2021/22 is available and has been set as £1,152,637 with only an additional £5,500 income identified from bank interest. The tax base for Crewe in 2020/21 was 14,041.08, 2 ½ times that of Nantwich Town Council's tax base.

There are nine staff employed by the town council with services listed on the website as: Allotments, CCTV, Christmas lights, Rangers/Streetscene officer, events, floral displays.

There is no reference to any associated building costs within the published budget.

### **3.6 Macclesfield Town Council**

The only information available on the website is up to 2020/21, with a budget of £1,016,883. The precept in 2019/20 was £749,548 with the only other income identified in 2019/20 of £10,949 from interest and room bookings. It is assumed that

the full £1,016,883 is the full precept request for 2020/21 based on the insignificant other income sources of previous years.

The tax base for Macclesfield for 2020/21 was 18,646.96 almost 3 ½ times higher than Nantwich.

The general reserves at the start of April 2020 were a healthy £522,229.

There are seven members of staff employed by the town council with services listed on their website as: allotments, CCTV, Christmas lights, Floral displays, events, street furniture, play area funding, police funding, Town Ranger.

There is no detail provided on website for Town Hall or Civic Hall income and expenditure.

### **3.7 Nantwich Town Council**

The approved budget for Nantwich for 2021/22 is £1.2m with a precept of £932,373. Other income identified (reduced compared to previous years due to the pandemic) £290,750 from the Civic Hall, Market Hall, allotments, room bookings. The tax base for 2020/21 was 5,486.86, but has been reduced for 2021/22 to 5,334.23. Council will recall that at the beginning of April 2020 the general reserves were in a negative position which was a concern of the auditor. To address this council had to re-evaluation earmarked reserves by reducing them, and a paper exercise on historic capital expenditure spent from revenue funds was carried out to allow for a transfer of capital funds to general reserves to reverse the negative figure.

There are 14 staff and 10 casual staff employed by the town council with services including: Civic Hall, Tourist Information, Indoor and outdoor markets (including artisan/farmers markets), public conveniences, allotments, community centre (Brookfield Hall), floral displays, CCTV, events (indoor and outdoor), street furniture, with plans to introduce a Town Ranger service.

Civic Hall financial management history:

2018/19 Income = £373,967, expenditure = £399,248 (loss of £25,281)

2019/20 Income = £374,175, expenditure = £434,977 (loss of £60,802)

2020/21 Budgeted income = £290,050, expenditure = £377,593 (loss of £87,543)

The above figures include staffing costs of circa £120,000 each year.

### **3.8 Summary**

In conducting the exercise there were a number of areas that stood out when comparing each of the town councils;

**Council Tax Base** – Five of the six comparable town councils had a tax base higher than Nantwich, in some cases significantly higher. The impact of the tax base on the precept is very important, as the higher the tax base the lower the individual householder must pay in their precept. This has been recognised by Nantwich Town Council in its responses to the Cheshire East Boundary review. If the boundaries were to be amended in favour of Nantwich Town Council it could potentially include a

number of large recent housing developments just outside Nantwich and would bring down the level of precept for householders.

**General Reserves/Earmarked Reserves** – Whilst there was not information available on all comparable town councils on the use and level of general and earmarked reserves, where this information was available it showed how other councils have made use of healthy general reserves or re-aligned earmarked reserves to offset having to increase the precept in 2021 due to the pandemic. Council will recall that at the beginning of April 2020 the general reserves were in a negative position which was a concern of the auditor. To address this council had to re-evaluation earmarked reserves by reducing them, and a paper exercise on historic capital expenditure spent from revenue funds was carried out to allow for a transfer of capital funds to general reserves to reverse the negative figure. For this reason Nantwich Town Council were not in a position when setting the 2021 budget to take advantage of health general reserves and earmarked reserves.

**Town Hall/Civic Hall costs** – From those comparable councils that provided income and expenditure for their town hall or civic hall, all councils showed a yearly loss including Nantwich. This is not a criticism on other councils as it is very common throughout the UK where towns have a Town or Civic Hall. The term Civic is defined in the Collins dictionary as “to describe people or things that have an official status in a town or city.” And “to describe the duties or feelings that people have because they belong to a particular community.”

The Civic Hall at Nantwich also accommodates the town council administration, and when comparing Knutsford Town Council which does not have a Civic or Town Hall, but administration offices, it costs Knutsford between £20K-£26k per year to accommodate the town councils administration.

**Services/staff** - In comparing all the town councils it appears from the information provided on the various websites that Nantwich delivers more direct services than many of the other councils despite being the second smallest town in relation to the council tax base. Other than Congleton, Nantwich also has the most members of staff to be able the deliver services.

**Precept** – One of the areas of concern raised was the percentage increase of Nantwich Town Councils precept in 2021 at 42.5%. Comparisons were made with the other six councils. Whilst some reasons for the precept rise are explained in the above paragraphs, particular comments were made about Knutsford Town Council reducing its precept in 2021 by 10.9%. Knutsford may have reduced its precept for 2021/22 by 10.9%, but it is as a result of a significant increase during 2020/21 of 37%. The increase in 2020 was due to a considerable loss of income from its commercial property and an issue with the business which tenanted the property. Knutsford Town Council had issued a press release last year on the issue advising that it hoped to reduce the precept this year. A similar press release has been made by Nantwich Town Council providing an explanation to the impact of COVID on its finances and the hope to reduce the precept in 2022.

**Income budgets** – Despite the continued impact of the pandemic and the information being relayed in the news that normal activity is unlikely to resume until later in 2021 some of the comparable town councils have forecast almost normal income levels from events and activities in 2021. Nantwich has been very cautious in forecasting its

income levels resulting in the need to rely on precept income more than in previous years. It is very difficult to predict exactly how the year will turn out, and it is no criticism of other councils how they have prepared their budgets.

### **3.9 Conclusion**

It is very difficult to compare town councils given the extreme differences in the size of councils, but the exercise was useful and despite the issues discussed above there are lessons that can be learned.

1. The Town Council should continue to respond to all future consultations relating to the boundary review in an attempt to increase the council tax base;
2. The Town Council should seek to engage with Cheshire East to address the issues of double taxation following the transfer of assets or services from Cheshire East to Town or Parish level;
3. The Town Council should consider how income can be increased further through activities at the Civic Hall. Officers already have ideas; including increasing the food/catering offer from the kitchen and cafe and improving IT provision to allow for conference facilities but due to the pandemic have been unable to seek support and finances to introduce them.
4. The Town Council should consider consulting with residents on draft budget proposals during October/November each year before a final decision is made, improving communication and transparency further.
5. The Town Council should publish an annual report detailing the activities of the town council in the preceding year helping residents to understand the services the council delivers.

### **4. Recommendations**

- 4.1 That members consider the comparisons made and the issues identified;
- 4.2 That members agree the recommendations detailed in paragraph 3.9 above, and consider any further recommendations they believe would aid future budget setting processes, with all recommendations to full council.

### **5. Financial Implications**

There will be no financial implications as a direct result of this report, but improvements in Civic Hall service provision could have potential to increase income generation.

### **6. Equalities Impact**

There are no equalities implications as a result of this report.

### **7. Personnel Implications**

There are no personnel implications as a result of this report.

### **8. Environmental implications**

There are no environmental implications as a result of this report.

### **9. Consultation**

The report makes recommendations for improved communication and consultation with residents when preparing the draft budget.

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