

**NANTWICH TOWN COUNCIL**  
**CAPITAL & REVENUE BUDGET 2021/22**



**NANTWICH TOWN COUNCIL**  
**BUDGET**  
**2021 – 2022**

Samantha Roberts  
Town Clerk & Responsible Finance Officer

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**CAPITAL & REVENUE BUDGET 2021/22**

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**2021/22 BUDGET PROCESS TO DATE**

The 2021/22 budget has been subject to consultation and scrutiny by the Finance Committee at its meeting on 29<sup>th</sup> October 2020 with recommendations to Full Council on 10<sup>th</sup> December 2020.

**Extract from minutes (Finance Committee 29 October 2020):**

Members considered the previously circulated budget proposals prepared by the Clerk. The Clerk informed members that since the preparation of the draft budget the town council had received its first interim internal audit. During the audit the Clerk had been advised by the Auditor that it would be prudent for the town council to consider alternative budget proposals taking into consideration a “worst case scenario” situation for 2021/22 should the pandemic continue. The Clerk advised that worst case scenario would mean a similar position to 2020/21 but without any government finance support such as the job retention scheme grant. The Clerk presented members with an alternative budget showing figures for a worst case scenario.

The Clerk also advised that council would also need to consider the implications of the Civic Hall extension and the impact this project will have on the reclaiming of VAT. The Clerk reminded members that as most of the project relates to creating hireable facilities, this means that most of the project VAT (along with any other VAT on exempt activities for the year) will be unrecoverable. The budget will need to take into consideration a negative impact on the inability to claim VAT for the extension and for exempt activities for the year. The Clerk also advised members of the importance of building a general reserves which this year has been hit by the loss of income due to the pandemic.

Councillor Moran commented that by putting the precept up to £959K, equating to £1 per week per household, which is less than a cup of coffee it would ensure that the budget is met, adding that the council needs to build the general reserves in case there is a need to fall back on it in the future.

Councillor Statham added that it will be a grim situation over the coming weeks and months and the budget needs to be considered in detail. He suggested that the approach taken with expected reduced income also needs to be done with a potential for reduced expenditure if the pandemic continues. He suggested that a large percentage increase would be difficult to accept in the news.

The Clerk advised members that the alternative budget presented does show a reduction in expenditure as well as a further reduction in income should the pandemic still impact on services throughout 2021/22.

Councillor Moran added that it is important to have a resilient budget for when the country does come out of the pandemic.

Councillor Groves supported all the comments made by members, adding that the council should also consider the impact of Brexit and a potential no deal. He also suggested that it is important how you communicate any precept increases with residents, if an explanation was given to residents carefully detailing the reasons then it may be more accepting.

The Chair supported the suggestion of careful communication with residents by Councillor Groves, as did Councillor Bostock who also added that he believes residents would look at the monetary value of any precept increase rather than the percentage value. Councillor Bostock also advised that the draft Corporate Strategic Plan had been well received by the community.

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Councillor Staley added that he believed the community would be accepting of an additional £1 per week on the precept, particularly given the situation so long as it was explained properly.

Councillor Statham asked how much the £959K precept or £1 per week per household equate to in percentages, and suggested that more time should be given to considering the budget. The Clerk advised that it would equate to 42.5%.

Councillor Moran proposed to recommend to full council the original draft budget as presented by the Clerk with a precept increase of £1 per week for a typical band D property (42.5%).

Councillor Statham requested a named vote.

Those in favour of the proposal by Councillor Moran – Councillors Stuart Bostock, Phil Staley, David Marren (Chair) and David Greaves.

Those against the proposal by Councillor Moran – Councillor Statham

There were no abstentions.

**Resolved:** It was resolved to recommend to full council the original budget as presented by the Clerk with a precept increase of £1 per week per band D property (42.5%).

Extract from minutes (Full Council 10 December 2020):

Members considered the previous circulated report detailing the draft proposals for the 2021/22 budget and precept recommendations of the Finance Committee. The Clerk read to the report advising members that the Finance Committee had considered two draft budgets based on resuming normal business mid-way through 2021/22, and a budget based on worst case scenario (the same as 2020). The budget based on a worst-case scenario had seen a significant reduction to expenditure during 2021, but also a reduction on income, which would have a positive impact on the general reserves' balances.

The Clerk also advised members that the draft budget does not take into consideration a VAT charge awaited from HMRC which could be significant, and it does not include additional capital funds needed for the planned maintenance programme. She reminded members of the importance of retaining an acceptable level of general reserves following advice by the internal auditor and external auditor.

Councillor Statham expressed concern relating to the cost control and believed enough work had not been carried out to reduce costs and as a result he could not support the budget proposals. He added that he believed that he had found an additional £100,000 of potential savings on expenditure.

Councillor Moran suggested that any member who could not support the draft budget would have to come up with an alternative. He reminded members of the facts that impact on the budget, a reduced Council Tax base having a £26,000 negative impact, an unknown VAT bill, and the need to retain General Reserves equal to 3-6

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months of expenditure as advised by auditors. He added that these are extraordinary times, with no real income at the Civic Hall since February.

In response Councillor Statham stated that it was up to members to scrutinise the budget and suggested that members to review the draft proposals again before making a decision. Councillor Bostock asked when the precept level needs to be reported to Cheshire East. The Clerk advised that Cheshire East require the confirmed precept by 15 January 2021.

Councillor Marren suggested that further savings could potentially be made, however this would only help with the requirement to hold 3-6 months general reserves, as the current budget proposals do not meet this requirement. For this reason, he would be recommending the acceptance of the proposed budget and precept.

Resolved: It was resolved to:

- a) Approve the budget for the coming year, noting that regular reviews will be undertaken; and
- b) Note the current capital reserves held and approve the proposed spend from Capital during 2021/22;
- c) Approve the revenue reserve proposals for 2021/22;
- d) Approve a precept of £932,373.00 which equates to an amount of £174.79 from each Band D household (equivalent to £14.56 per month or £3.36 per week).

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**OVERVIEW**

The Local Government Act 1992, Section 49A requires a Local Precept Authority (Nantwich Town Council) to prepare a budget to calculate its Precept requirements.

The Budget must give details of planned expenditure for the following year ensuring that financial resources are aligned to the priorities of the Council and local community.

The Town Council is keen to preserve services for Nantwich residents. The aim is always to try to achieve more with less and provide value for money for the council taxpayer is the overriding aim.

During 2021/22 we will ensure the Council's financial resources are aligned to its priorities and by monitoring performance we will ensure that our resources are used effectively, in accordance with Corporate Plan, and that our business planning and financial decision making are made in the context of performance and meeting the needs of the community in terms of local service delivery.

Cheshire East Council has fixed its Tax base for the financial year 2021/22 by Resolution of the Council on 16<sup>th</sup> December 2020 which has been confirmed as 5,334.23 compared to a current amount of 5,486.86. As an indication of the impact, if the current Band D Council Tax (of £122.66) remained the same, this would reduce the precept from £673,005 to £654,297, a loss of £18,708.

**NANTWICH CAPITAL AND REVENUE PROGRAM**

During 2020 the Town Council developed a planned maintenance

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programme to include both future capital and revenue expenditure. The planned maintenance programme is a 5-year plan to aid in the future budget planning process.

Extract from Finance Committee minutes 24 September 2020

Members considered the draft Planned Maintenance Programme prepared by officers. The Clerk provided members with information on the spreadsheet to help with the understanding of proposals. Members considered each entry on the spreadsheet, making observations on items that should be either capital or revenue costs with a few amendments being suggested. In discussion members also asked that the installation of solar panels at the Civic could be included in the programme. Members also agreed that they would not want to provide a police car, and reduced the provision of a town council van from two to one for the time being. Councillor Moran asked that the Clerk update the spreadsheet and provide a breakdown of total capital costs and total revenue costs for future consideration when developing the budget.

**Resolved:** That the draft planned maintenance programme be amended as proposed and used to in developing the budget for 2021/22

The attached planned maintenance programme provides details of likely expenditure should the Town Council proceed with the plan.

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**CENTRAL GOVERNMENT**

**Council tax referendums**

**Provisional local government finance settlement: England, 2021 to 2022**

The Government published initial proposals for referendum thresholds for parish and town councils in 2017-18 in a technical consultation in September 2016, in advance of the 2017-18 local government finance settlement. The consultation proposed to extend the council tax referendum regime applying to county, district and unitary authorities to certain parish and town councils. Parish and town councils with a Band D precept above £75.46, and that had a total precept for 2016-17 of at least £500,000, would have required a referendum if their council tax precept was to be increased by 2% or more and more than £5.00 on a Band D property.

The proposals were attacked by the parish and town council sector. In the provisional local government finance settlement, published in December 2016, these proposals were 'deferred'. The Government subsequently committed not to revisit the issue until the 2021-22 financial year.

The key messages contained within the provisional local government finance Settlement in England for 2021 and 2022 are as follows:

*Council Tax Referendum Principles*

The following council tax referendum principles were announced:

- a core principle of up to 2 per cent applying to shire county councils, unitary authorities, London borough councils, the City of London, the Isles of Scilly, the GLA general precept and fire and rescue authorities.
- a continuation of the Adult Social Care precept, with an additional 3 per cent flexibility available for social care authorities on top of the core principle. This can be spread over two years.
- 2 per cent or £5, whichever is higher, for shire district councils.
- £15 for Police and Crime Commissioners.
- no referendum principle for Mayoral Combined Authorities or town and parish councils.

**CHESHIRE EAST COUNCIL PRE-BUDGET CONSULTATION 2020/21**

Cheshire East Council has issued its Pre-Budget Consultation report for 2021/22. The consultation document has been considered by the Town Council. The Town Council budget for 2021/22 as contained within this report does not include any income streams or additional expenditure connected to the Cheshire East pre-budget consultation.

**BUDGET TIMETABLE**

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Following the appointment of a New Town Clerk the aim is to consider the introduction of a timetable to ensure an effective budget setting process for 2022/23.

The following timetable has been approved:-

July 2021	Policy Committee to consider budget directly linked to Corporate Plan
September 2021	Town Council approve the recommendations from Policy Committee and pass budget priorities to relevant committees.
September/October 2021	Consultation with staff/officers and preparation of draft budgets in accordance with budget priorities. To include review of planned maintenance programmes of all assets with relevant officers.
October 2021	Finance Committee to consider large grant applications that may impact on budget
October 2021	Staffing Committee to consider annual staff appraisals and review to feed salaries for 2021/22 into budget.
November 2021	Finance Committee to consider draft budget proposals and make recommendations to Full Council
December 2021	Full Council to consider recommendations of Finance Committee .
December 2021	Any amendments to the draft budget will be made with the revised version available on the Council's website as a public document and available for inspection at the Council Offices.
January 2022	Full Council to finalise budget for 2022/23 and set the precept for 2021/22
January 2022	Town Council to inform Cheshire East Council of the Precept for 2022/23.

**COUNCIL TAX BASE DETAILS**

The Council Tax base quantifies the equivalent number of properties from which Cheshire East Council, on our behalf, is able to collect Council Tax. The Tax Base is presented as an equivalent number of domestic properties in Council Tax Band D after adjusting for relevant discounts and exceptions. The level of Council Tax

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multiplied by the tax base equals the expected income from local taxation.

The tax base is affected mainly by:

- New residential development in the area;
- Fluctuations in the number of discounts awarded;
- Discounts for empty properties.

Cheshire East Council has fixed its Tax base for the financial year 2021/22 and has advised Nantwich Town Council that it will be 5,334.23 for 2021/22.

2017/18 Tax Base 5,290.39

2018/19 Tax Base 5,292.23

2019/20 Tax Base 5,457.64

2020/21 Tax Base 5,486.86

2021/22 Tax Base 5,334.23

<b><u>Band D Equivalent</u></b>	<b><u>Per Annum</u></b>	<b><u>Per Week</u></b>
2017/18	£104.60	£2.01
2018/19	£108.64	£2.08
2019/20	£114.10	£2.19
2020/21	£122.66	£2.36
2021/22	£174.79	£3.36

**COMMUNITY GOVERNANCE REVIEW**

Cheshire East Council have commenced a community governance review which considers town boundaries, the number of councillors and warding. The review will be completed by summer 2022 and may have an impact on the council tax base for Nantwich Town Council if town boundaries are amended.

**FINANCIAL STABILITY**

This establishes how the amount available to spend on council services is determined and how local and national influences impact on funding.

External economic pressures which impact on the budget include:

- Pay expenditure

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- Pension provision
- Inflation
- National economic situation
- Unemployment levels

Internal pressure

- Income generation
- Business development
- Continuous review of income and expenditure

The Town Council strategy is to maintain adequate reserves to protect against risk and support investment.

During 2020/21 an added pressure from the COVID-19 pandemic resulted in a significant impact on the income generated by the Town Council through the Civic Hall and Market Hall.

**PANDEMIC IMPACT ON INCOME**

Historically the Town Council has relied on approximately 50% of its income through services delivered at the Civic Hall and Market Hall. The Town Council has been able to off-set this income against the demand on the precept levels. For example, in 2019/20 the total income received was £1,353,186, of which £622,717 was through the precept and £730,479 was income generated through the Civic Hall, Market Hall and other smaller service provisions.

Unfortunately, during 2020 the income levels generated through service provision have reduced significantly. As of 4 January 2021, the income generated stood at £897,189 of which £673,005 was through the precept and £224,184 from other service provision sources, including the Governments Job Retention Scheme grant of £75,000 and a business support grant of £25,000.

It is unlikely that normal service provision will resume with income stream levels returning to normal during the first half of 2021, and the Town Council had to consider this during its budget setting.

**RESERVES REVIEW**

A well-run authority with a prudent approach to setting its budget, will each year consider its level of general reserves. These general balances will also need to be supported by earmarked reserves for specific needs and commitments.

In coming to a view of the adequacy of the Town Council's reserves, account needs to be taken of the risks facing the Council in terms of any significant unforeseen spending commitments, in the current year this would be the pandemic.

Local councils need to hold an amount in reserves to meet unexpected expenditure, otherwise they could run out of money before the end of the financial year. A council

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should typically hold between 3- and 12-months expenditure as a general reserve. If the general reserve is too low then it may not be enough to cover unexpected expenditure or emergencies, whilst if the general reserve is too high then local electors have paid a tax which is not being used for the benefit of the local community.

In February 2020 the Town Council approved its Investment Strategy and Reserves Policy and resolved:

The Town Council will only maintain reserves for the following reasons:

- A sum approximately equal to 3-6 months of its Net Revenue Expenditure will be maintained as the General (non-earmarked) Reserve, in accordance with good practice.
- A Capital Reserve held from the sale of land will be used to meet any needs identified in its Capital Medium Term Financial Forecasts or for unexpected capital expenditure or emergencies.
- Other Reserves which are earmarked for special purposes or future development, or to meet commitments, will be maintained as necessary.

The average monthly expenditure of the town council is £80,000. It would therefore be prudent to ensure approximately a balance of between £240,000 and £480,00 in general reserves as of 31 March 2022.

During the meeting of the Full Council on 10<sup>th</sup> December members considered a report on the level of reserves and its impact on the budget as part of the budget setting process.

Extract from report:

**3.2 General Reserves**

The important figure you need to consider is the general reserve figure highlighted in yellow on appendix 2. Based on the new tax base at £1.00 per week precept increase per band D property there would only be an estimated £97,708.00 in general reserves at the end of the next financial year (March 2022). This goes against the town council's approved policy on Investment and Reserves which states general reserves equivalent to 3-6 months nett revenue expenditure. It goes against the advice of the internal auditor, and more importantly it goes against proper practices. Local councils are required to comply with "proper practices", which have statutory force and are set out in "Governance and Accountability for Smaller Authorities in England".

**Reserves held as at 10<sup>th</sup> December 2020**

General Reserves	£395,824
Capital Reserves (receipts)	£571,910

Earmarked Reserves

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Elections	£10,000
Allotment Tree felling	£20,000
Nantwich Partnership	<u>£10,000</u>
	<b><u>£40,000</u></b>

**CAPITAL RECEIPTS**

A capital receipt is generally a receipt arising from the disposal of an interest in a capital asset. A receipt of under £10,000 is not usually treated as a capital receipt, but as income. Local councils may only use capital receipts to meet capital expenditure, or to repay debts or other liabilities.

A local council has the power to invest surplus funds for “any purpose relevant to its functions or for the purpose of prudent financial management”. MHCLG issues guidance for councils which can be considered and adopted where investments may exceed £10,000 at any time during a financial year, and this guidance must be followed where investments exceed £500,000.

Nantwich currently hold Capital Receipts from the historic sale of land which is invested through CCLA Investment Management. Managing investments for charities, religious organisations and the public sector. There are two investment funds held, a Public Sector Deposit fund holding £314,644 and a Local Authority Property Fund holding £100,000. In addition, the Town Council holds £96,075 with the Skipton Building Society. The total capital receipts invested is £510,719.

**VAT**

In November 2019 during the internal audit by the Town Council’s new auditors a recommendation was made by the internal auditor:

*“The council need to urgently secure the services of a VAT consultant that has experience in local authority VAT issues to calculate whether there is any potential exposure to VAT liabilities, including any mitigation actions that can be taken, if VAT on exempt activities is calculated as exceeding the £7500 partial exemption threshold.*

*The partial exemption calculations should also be carried out for previous periods in accordance with VAT time limit requirements.*

*The council should secure an understanding of VAT notice 749 and the partial exemption rules.”*

*“Prior to a decision to undertake any significant works to council buildings the council should secure the services of a VAT adviser to provide guidance on the VAT impact of the various options available including the Option to Tax currently exempt activity.”*

The council is registered for VAT.

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Both Nantwich Civic Hall and Market make a mixture of taxable and VAT-exempt supplies. VAT on expenditure relating to the council's VAT-exempt sales cannot normally be reclaimed, unless the amount of VAT falls below the de-minimis threshold (£7,500 per annum). Organisations that make a mixture of taxable and exempt supplies need to undertake a partial exemption calculation each year, to ensure that they do not reclaim VAT they are not entitled to. Nantwich Town Council will now undertake this calculation on a regular basis. Large items of expenditure may result in the council not being able to reclaim any of the VAT attributable to its exempt activities (if the resulting impact is that VAT attributable to exempt activities exceeds £7,500 per annum).

It is not expected that the value of irrecoverable VAT in FY2020/21 will breach the de-minimis limit and the forecast for irrecoverable VAT in the year is zero. Calculations have been performed during the budget setting process for FY2021/22 to estimate the value of input VAT that would be attributed to exempt activities during the year to establish if the de-minimis limit of £7,500 would be breached. Calculations have estimated input VAT attributable to exempt activities during FY2021/22 to be less than £7,500, mainly as a result of the continued pandemic and as such, no budgetary provision has been made within the budget contained within this report for irrecoverable VAT. However, the Council should note the risk that un-budgeted expenditure on Nantwich Civic Hall or Market could lead to the £7,500 de-minimis limit being breached during FY2021/22. The resulting impact would be that none of the VAT attributed to exempt activities could be recovered from HMRC. This would need to be financed from general reserves.

A specialist consultant from the Parkinson Partnership LLP was appointed and an extensive audit of VAT activities (past and future) was carried out to ensure and mitigate against potential charges against irrecoverable VAT.

As a result of the audit the Town Council received a demand for back dated payment of VAT to the value of £24,208.55. This sum had to be repaid to HMRC immediately and resulted in a further impact on budget pressures and the general reserves levels.

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**TOWN COUNCIL SERVICE BUDGET (Approved 10 December 2020)**

<b>Nantwich Town Council</b>				
<b>Accounts 2021/22 Summary</b>				
<b>TOTAL ANTICIPATED EXPENDITURE</b>				
	<u>Estimate</u>	<u>Expenditure</u>	<u>Probable</u>	<u>Estimate</u>
	<u>2020-21</u>	<u>To Date</u>	<u>2020-21</u>	<u>For</u>
				<u>2021-22</u>
Administration	£115,164.00	£69,353.00	£119,000.00	£122,421.00
All Departments	£60,915.00	£32,161.00	£57,635.00	£104,980.00
Admin Subscriptions	£2,065.00	£1,487.00	£1,937.00	£1,952.00
TCM	£68,723.00	£11,566.00	£22,142.00	£70,700.00
Grants	£13,200.00	£700.00	£1,500.00	£7,700.00
Contributions	£73,450.00	£12,369.00	£19,200.00	£64,450.00
Brookfield Hall	£13,350.00	£4,211.00	£5,871.00	£8,650.00
Environmental	£35,800.00	£25,472.00	£26,199.00	£40,481.00
Civic & Elections	£22,100.00	£2,402.00	£5,647.00	£20,100.00
Events	£70,038.00	£17,693.00	£46,083.00	£63,777.00
Civic Hall	£377,593.00	£179,580.00	£292,627.00	£365,647.00
Special Capital Projects	£0.00	£0.00	£0.00	£0.00
Market	£154,655.00	£101,401.00	£164,602.00	£159,225.00
Public Toilets	£32,890.00	£31,759.00	£56,082.00	£47,852.00
Allotments	£24,488.00	£9,958.00	£15,071.00	£22,205.00
Planters/Tubs	£16,000.00	£0.00	£12,000.00	£16,000.00
Tourism	£79,689.00	£42,730.00	£73,010.00	£78,215.00
Barony Park Bloc	£1,100.00	£2,417.00	£2,417.00	£1,000.00
Market Store	£1,160.00	£109.00	£1,160.00	£1,160.00
Additional Earmarked Reserves	£71,000.00			£12,500.00
	<b>£1,233,380.00</b>	<b>£545,368.00</b>	<b>£922,183.00</b>	<b>£1,209,015.00</b>
<b>TOTAL ANTICIPATED RECEIPTS</b>				
All departments		£75,744.00		
Grants		£25,000.00		
TCM	£1,200.00	£147.00	£130.00	£1,200.00
Brookfield Hall	£14,650.00	£3,815.00	£7,390.00	£9,600.00
Contributions		£0.00	£0.00	
Environmental	£600.00	£0.00	£0.00	£0.00
Civic	£200.00	£0.00	£0.00	
Events		£0.00	£0.00	
Council Income	£10,600.00	£9,595.00	£14,515.00	£9,000.00
Civic Hall	£290,050.00	£8,486.00	£18,742.00	£101,500.00
Market	£159,600.00	£38,142.00	£71,000.00	£158,700.00
Toilets		£0.00	£0.00	
Allotments	£16,000.00	£11,051.00	£12,274.00	£8,750.00
Tourism	£5,750.00	£9.00	£502.00	£2,000.00
3rd Party		£444.00	£444.00	£0.00
Precept	£673,005.00	£673,005.00	£673,005.00	£932,373.00
	<b>£1,171,655.00</b>	<b>£845,438.00</b>	<b>£798,002.00</b>	<b>£1,223,123.00</b>
NET SURPLUS / (DEFICIT)	<b>-£61,725.00</b>	<b>£300,070.00</b>	<b>-£124,181.00</b>	<b>£14,108.00</b>
BALANCES HELD - 1st APRIL 2020		£207,781.00 *	£207,781.00 *	
<b>BALANCES LESS DEFICIT C/F 31st MARCH 2021</b>		<b>£507,851.00 *</b>	<b>£83,600.00 *</b>	
EST. BALANCES HELD - 1st APRIL 2021				£83,600.00 *
<b>BALANCES LESS DEFICIT C/F 31st MARCH 2022</b>				<b>£97,708.00 *</b>

The above service budget was approved by Full Council on 10<sup>th</sup> December 2020. However, the Finance Committee also considered an alternative budget as detailed below:

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<b>Nantwich Town Council</b>				
<b>Accounts 2021/22 Summary assuming continued COVID impact on service delivery</b>				
<b><u>TOTAL ANTICIPATED EXPENDITURE</u></b>	<b><u>Estimate</u></b>	<b><u>Expenditure</u></b>	<b><u>Probable</u></b>	<b><u>Estimate</u></b>
	<b><u>2020-21</u></b>	<b><u>To Date</u></b>	<b><u>2020-21</u></b>	<b><u>For</u></b>
				<b><u>2021-22</u></b>
Administration	£115,164.00	£69,353.00	£119,000.00	£122,421.00
All Departments	£60,915.00	£32,161.00	£57,635.00	£68,480.00
Admin Subscriptions	£2,065.00	£1,487.00	£1,937.00	£1,952.00
TCM	£68,723.00	£11,566.00	£22,142.00	£22,155.00
Grants	£13,200.00	£700.00	£1,500.00	£1,500.00
Contributions	£73,450.00	£12,369.00	£19,200.00	£22,700.00
Brookfield Hall	£13,350.00	£4,211.00	£5,871.00	£8,650.00
Environmental	£35,800.00	£25,472.00	£26,199.00	£37,231.00
Civic & Elections	£22,100.00	£2,402.00	£5,647.00	£8,600.00
Events	£70,038.00	£17,693.00	£46,083.00	£42,277.00
Civic Hall	£377,593.00	£179,580.00	£292,627.00	£273,247.00
Special Capital Projects	£0.00	£0.00	£0.00	£0.00
Market	£154,655.00	£101,401.00	£164,602.00	£155,725.00
Public Toilets	£32,890.00	£31,759.00	£56,082.00	£45,352.00
Allotments	£24,488.00	£9,958.00	£15,071.00	£16,705.00
Planters/Tubs	£16,000.00	£0.00	£12,000.00	£16,000.00
Tourism	£79,689.00	£42,730.00	£73,010.00	£76,365.00
Barony Park Bloc	£1,100.00	£2,417.00	£2,417.00	£1,000.00
Market Store	£1,160.00	£109.00	£1,160.00	£1,160.00
Additional Earmarked Reserves	£71,000.00			£12,500.00
	<b>£1,233,380.00</b>	<b>£545,368.00</b>	<b>£922,183.00</b>	<b>£934,020.00</b>
<b><u>TOTAL ANTICIPATED RECEIPTS</u></b>				
All departments		£75,744.00		
Grants		£25,000.00		
TCM	£1,200.00	£147.00	£130.00	£0.00
Brookfield Hall	£14,650.00	£3,815.00	£7,390.00	£7,000.00
Contributions		£0.00	£0.00	
Environmental	£600.00	£0.00	£0.00	£0.00
Civic	£200.00	£0.00	£0.00	
Events		£0.00	£0.00	
Council Income	£10,600.00	£9,595.00	£14,515.00	£9,000.00
Civic Hall	£290,050.00	£8,486.00	£18,742.00	£11,000.00
Market	£159,600.00	£38,142.00	£71,000.00	£71,000.00
Toilets		£0.00	£0.00	
Allotments	£16,000.00	£11,051.00	£12,274.00	£8,750.00
Tourism	£5,750.00	£9.00	£502.00	£0.00
3rd Party		£444.00	£444.00	£0.00
Precept	£673,005.00	£673,005.00	£673,005.00	£932,373.00
	<b>£1,171,655.00</b>	<b>£845,438.00</b>	<b>£798,002.00</b>	<b>£1,039,123.00</b>
NET SURPLUS / (DEFICIT)	<b>-£61,725.00</b>	<b>£300,070.00</b>	<b>-£124,181.00</b>	<b>£105,103.00</b>
BALANCES HELD - 1st APRIL 2020		£207,781.00 *	£207,781.00 *	
<b>BALANCES LESS DEFICIT C/F 31st MARCH 2021</b>		<b>£507,851.00 *</b>	<b>£83,600.00 *</b>	
EST. BALANCES HELD - 1st APRIL 2021				£83,600.00 *
<b>BALANCES LESS DEFICIT C/F 31st MARCH 2022</b>				<b>£188,703.00 *</b>

The second budget proposal had been prepared by officers following advice from the Internal Auditors.

Extract from Internal Auditors report:

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*The council will soon be reviewing the budget and precept for 2021/22 and the decision making will be challenging due to the ongoing pandemic and the associated restrictions to the services that the council is able to keep open for the public.*

*It is important that council are able to review a series of budget options to ensure comprehensive management information is available for the precept decision. The budget options should incorporate sensitivity analysis, for instance, for a variable number of months the services are projected to be open for hire/events. These budget options should also build in the required reserve levels of the council as noted below.*

*The council has adopted a reserves policy that requires general reserves of between 3 and 6 months of the precept level. This policy would require a minimum general reserve of £240k at the year end. However, current projections for 2020/21 indicate the year end general reserve will be materially below this level due to the impact of the pandemic.*

The second budget proposed the removal of some expenditure during 2021/22 including:

- Staffing Review of £20,000
- Staff Training of £15,000
- The new Town Ranger Post of £22,735
- Newsletter of £5,000
- Community Grants/donations of £41,750
- Reduction in Christmas lighting of £15,000
- Removal of planned maintenance revenue costs (LED curtains, fire doors, heating, kitchen equipment) of £35,000
- Civic Hall shows of £30,000

With smaller savings from other areas of expenditure (details available on request) the total savings on expenditure amounted to £274,995.

However, this potential saving would only serve to protect the Town Council's general reserves. The estimated general reserve for 31 March 2022 was £97,708 before any expenditure savings, which is below the required 3-6 months general reserves figure of £240k to £480k.

During consideration of the draft budget on 10 December 2020, members also took into consideration the external auditors end of year report for 2019/20 in which the external auditor stated:

*“In the completion of the Annual Internal Audit Report, and Nantwich Town Council Internal Audit report 2019/20, the internal auditor has drawn attention to significant weaknesses in relation to: the budget setting and reserve levels process, VAT calculations. The smaller authority must ensure that action is taken to address these areas of weakness.”*

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**BUDGET INCREASE SUMMARISED**

Nett budgeted expenditure in 2021/22 of £1,209,015.00 is £24,365 lower than the net budgeted expenditure for 2020/21 of £1,233,380.00

Anticipated other income is being utilised to finance expenditure to the value of £290,750 which leaves £932,373 to be financed by the precept. In previous years to reduce the demand on the precept funds, general reserves were utilised but due to the pandemic and advice from internal and external auditors the general reserves

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need to be protected during 2021/22. Therefore, £932,373 will be financed by the Precept.

Cheshire East Council has fixed its Tax base for the financial year 2021/22 by Resolution of the Council on 16th December 2020 which has been confirmed as 5,334.23.

A decrease in the Council Tax Base means a higher increase in both monetary and percentage terms for each Band D equivalent property.

£932,373 financed by the Precept request for 2021/22 represents £174.79 per annum per Band D equivalent household. This is an increase of £52.13 and 42.5% per annum from 2021/22.

This can be summarised as follows, using the confirmed Council Tax Base of 5,334.23 for 2021/22:

<b>Precept</b>	<b>£</b>	<b>% Increase</b>	<b>£ per Band D</b>
2020/21	£673,005		£122.66
2021/22	£932,373		£174.79
<b>Increase</b>	<b>£259,368</b>	<b>42.5%</b>	<b>£52.13</b>

**APPENDICES**

Appendix 1	Planned Maintenance Programme
Appendix 2	Approved Detailed Budget 2021/22