



FINANCE COMMITTEE

11th October 2021

Budget Items to Consider / Note

This report is to be considered in line with the attached draft budget (appendix 1) which has been updated by the Clerk following the last Finance Committee meeting on 23rd September.

The draft budget does not include a precept figure to allow members to understand the minimum precept required to meet service delivery. The shortfall shown on the last page of the draft budget report shows a figure of £789,059 following amendments, down from £832,884. In addition, to aid members a summary spreadsheet has been prepared (appendix 2), together with a spreadsheet showing potential income from precept depending on the percentage increase (appendix 3).

1. Planned Maintenance Programme

The Finance Committee considered the first draft of the Planned Maintenance Programme for 2022 during the meeting on 23rd September. Following guidance from members the Clerk has amended the draft planned maintenance programme, re-prioritising and moving some budget allocations to future years. The attached programme shows the track changes for members to reconsider.

The amendments have had an impact on the following:

Items for ear-marked reserves within the programme

(To build up provision over a few financial years until sufficient is held to carry out the work)

Market Hall – Repointing of wall	£5,000
External Notice Board replacements	£5,000

Energy Efficiency Improvements (carbon footprint)	£10,000
IT hardware replacement	£4,000
Total	£24,000 (down from £34,000)

One off capital/maintenance costs for 2022/23

Market Hall Window sill lintel repair	£2,500
Brookfield Allotments drainage	£60,000
Welshman's Allotment drainage	£60,000
Snowhill toilets investment	£75,000
Maintenance van (mule)	£20,000
Total	£217,500 (down from £294,500)

The impact of the amendments to the planned maintenance programme will result in a saving of £10,000 for earmarked reserves, and £77,000 from the one-off capital/maintenance costs for 2022/23.

2. Corporate Strategic Plan

The Policy Committee will consider the Corporate Plan on 21 October 2021. However, the Finance Committee considered the Clerks proposals and agreed to remove additional funding of £2,000 to extend floral displays.

Street furniture cyclical painting/maintenance	£1,000
Total	£1,000

There are other items contained within the Corporate Plan which have already been listed above within ear-marked reserves.

3. Reserves

Local councils need to hold an amount in general reserves to meet unexpected expenditure, otherwise they could run out of money before the end of the financial year. A council 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 June of this year council reviewed and approved amendments to its Investment Strategy which includes amending the policy on holding a sum approximately equal to 4-6 months of its Net Revenue Expenditure as the General (non-earmarked) Reserve, in accordance with good practice. This policy will require a year end figure of non-earmarked revenue reserves of between £400,000 and £600,000. Based on probably spend (appendix 2) it is estimated that the year-end for 31 March 2022 will hopefully meet this policy requirement, with an estimated year-end balance of £440,586 but Council must be aware that this is based on assumptions at this stage.

Revenue (earmarked) Reserves (existing October 2021)

Reserve	£
Elections	10,000
Allotment Tree felling	20,000
Civic Hall	7,500
Nantwich Partnership	10,000
CCTV	7,500
Allotment fencing	5,000
Total	60,000

In addition to the above existing reserves, the draft budget includes an allocation to revenue reserves for IT hardware for the introduction of hybrid meetings of £2,500 and £30,000 for planned maintenance items at the Market Hall (floor painting, gable wall repair, heater, auto-doors, gazebos).

Capital Reserves

There is currently £523,690 held in Capital reserves.

It is recommended that with the capital costs identified within the Planned maintenance programme of £217,500 (detailed above) that council should either consider adding to the capital reserves or budget for individual items listed above within the draft budget to retain the capital funds.

4. Income

In previous years the Town Council has received approximately 50% of its income through the precept and 50% from the services provided, including the Civic Hall and Market. Due to the pandemic the Town Council had to take a different approach during 2021/22 and rely more heavily on the income from the precept as it was difficult to predict expected income for 2021/22, particularly for Civic Hall shows and licenced drinks income. As the Country moves forward with the pandemic still at the forefront it is anticipated that Government do not plan to introduce further lockdowns. For this reason the Clerk has estimated an average income based on previous years prior to the pandemic. However, it would be prudent for the Town Council to remain cautious with expected income for 2022/23 when approving the budget.

Precept – The existing precept (for 2021/22) is £932,373 based on a tax base of 5,334.25 dwellings at £174.79 per average band 'D' dwelling.

The tax base for next year, 2022/23 is not yet known as Cheshire East Council has not yet provided this information. Based on the existing tax base the following table provides indicative precept levels:

Increases or decreases in the precept would result in the following:

Percentage Increase/Decrease	Increase/decrease per dwelling per year	Increase/decrease per week	Overall Increase/Decrease in the Precept from 22/23 level
-15%	-£26.22	-£0.50p	-£139,8455
-10%	-£17.48	-£0.34p	-£93,237
-5%	-£8.74	-£0.17p	-£46,618
1%	£1.75	£0.03p	£9,324
2%	£3.50	£0.07p	£18,648
3%	£5.24	£0.10p	£27,972

The above figures have been produced for comparative purposes only, any other proposed percentage increase or decrease can be considered including ½ % points as shown at appendix 3.

5. Considerations

To aid with members determination as well as the existing draft budget (appendix 1) and the summary draft budget (appendix 2) the Clerk has drafted a second summary draft budget (appendix 4) to include the additional costs detailed in this report for the planned maintenance programme and corporate plan to have an appreciation of how it could impact on the general reserves and precept demand.

Appendix 4 shows that after prioritising capital/maintenance projects and still protecting all of the Capital receipts reserve the impact will still result in a negative general reserves figure of approximately £633,798 at the end of 2022/23. To meet policy requirements on the general reserves figure required of at least £400,000 it would require a precept demand in the region of £1,074,384 (£633,798 + £400K).

It is evident from this that even after prioritising spend for 2022/23 Council will need to consider the use of capital revenue reserves to off-set any agreed capital spend during 2022/23, which will allow Council to consider a lower precept

During the meeting the Clerk will have available on powerpoint the excel spreadsheet (appendix 2 & 4) to enable her to alter figures live during discussions to aid with members decisions and the impact those decisions may have on the general reserves and precept.