



# FINANCE COMMITTEE

25<sup>th</sup> November 2021

## Budget Items to Consider / Note

This report is to be considered in line with the attached draft budget (appendix 1) which has been prepared by the Clerk. The draft budget now includes a precept figure as proposed at the last Finance Committee meeting to allow members to understand the estimated year end general reserves figure. The general reserves figure shown on the last page of the summary draft budget report (appendix 2) shows an estimated figure of £428,886 as of 31 March 2022 and an estimated year end general reserves figure of £469,465 as of 31 March 2023.

The draft budget prepared at the last Finance Committee meeting on 11 October containing the proposed -10% precept figures was consulted on with all residents. A leaflet containing all the proposals was delivered to every household along with the current Talk of the Town during October, (example attached). The proposals were also placed on the Town Council website inviting comments. To date, there have been no comments received on the draft budget proposals.

### **1. Planned Maintenance Programme**

The Finance Committee considered the first draft of the Planned Maintenance Programme during its meeting on 23<sup>rd</sup> September. Following guidance from members the Clerk has amended the draft planned maintenance programme, re-prioritising and moving some budget allocations to future years.

During the next meeting of the Finance Committee when the budget was considered again on 11<sup>th</sup> October members agreed to amend the budget further to include:

- Incorporate the cost of new notice boards within the marketing budget for 2022, saving £5,000;
- Reduce the commitment into ear marked reserves for addressing the carbon footprint from £10,000 to £5,000;
- Reduce funding for Brookfield Allotment drainage issues to £10,000 to cover legal advice;
- Reduce funding for Welshman's Lane Allotments drainage issues to £30,000 with a view to seek support from the local developers;

In addition, members agreed to reduce the existing ear marked reserves for allotment tree felling from £20,000 to £10,000. Members agreed to recommend the above amendments to Council which would result in additional ear marked reserves for 2022 as follows:

- Market Hall – repointing of wall £5,000
- Energy Efficiency improvements £5,000
- IT hardware £4,000

The above amendments result in 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                | £0              |
| Energy Efficiency Improvements (carbon footprint) | £5,000          |
| IT hardware replacement                           | £4,000          |
| <b>Total</b>                                      | <b>£14,000*</b> |

\*Down from £24,000 in October and down from £34,000 in September.

### **One off capital/maintenance costs for 2022/23**

|                                      |                           |
|--------------------------------------|---------------------------|
| Market Hall Windowsill lintel repair | £2,500                    |
| Brookfield Allotments drainage       | £10,000                   |
| Welshman's Allotment drainage        | £30,000                   |
| Snowhill toilets investment          | £75,000                   |
| Maintenance van (mule)               | now purchased during 2021 |
| <b>Total</b>                         | <b>£117,500*</b>          |

\*Down from £217,500 in October and £294,500 in September.

## **2. Corporate Strategic Plan**

The Policy Committee considered the Corporate Plan on 21 October 2021, however, all discussion on the plan did not impact on the budget for 2022/23 any further than what has already been identified.

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

There are other items contained within the Corporate Plan which have already been detailed 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 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 Nov 2021)**

| <b>Reserve</b>                                       | <b>£</b> |
|--|----------|
| Elections  | 10,000   |
| Allotment Tree felling ( <b>to be amended down</b> ) | 20,000   |
| Civic Hall   | 7,500    |
| Nantwich Partnership                                 | 10,000   |

|                   |       |
|-------------------|-------|
| CCTV              | 7,500 |
| Allotment Fencing | 5,000 |

Members agreed to reduce the existing ear marked reserves (detailed above) for allotment tree felling from £20,000 to £10,000. 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 £512,645 held in Capital reserves following the recent purchase of the Town Ranger maintenance vehicle (mule) of £11,045.

The capital costs identified within the Planned maintenance programme has now reduced based on members amendments down from £294,500 to £117,500 (detailed above).

### **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 Clerk has now received confirmation that the tax base for 2022/23 will be 5335.82, only a very slight increase on the current year, so the estimates considered in October will not be affected in monetary terms.

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                    | -£139,855   |
| -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 increases can be considered including ½ % points as shown at appendix 3. However, the draft precept proposed by Finance Committee in October of -10% has been used.