

NANTWICH TOWN COUNCIL
CAPITAL & REVENUE BUDGET 2023/24



NANTWICH TOWN COUNCIL
BUDGET
2023 – 2024

Samantha Roberts
Town Clerk & Responsible Finance Officer

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2023/24 BUDGET PROCESS AND CAPITAL AND REVENUE PROGRAM

The processes introduced for budget setting included:

- Member budget workshops conducted through July and August 2022 (six in total);
- The introduction of forward planning budgets and evolving budget processes;
- Consultation with all residents on the draft budget, with each household receiving a consultation leaflet through the door.

The 2023/24 budget has been subject to consultation and scrutiny by the Finance Committee at its meetings on 29th September 2022 and 1st November 2022 with recommendations to Full Council on 15th December 2022.

During 2022 the Town Council also reviewed its planned maintenance programme for both future capital and revenue expenditure. The planned maintenance programme is a 5-year plan to aid in the budget planning process.

Extract from minutes (Finance Committee 29th September 2022):

The Town Clerk asked members to consider the previously circulated draft budget which had been prepared by the Clerk and members through budget workshops. The Clerk went on to advise members that in their decision making they would also need to consider the planned maintenance programme.

Members discussed the draft budget and the Clerk commented that the current proposals would mean an increase in precept therefore she had reviewed items from the Planned Maintenance Programme and identified items that could be put back allowing for savings of £84,000 from ear-marked reserves and £88,000 from the budget.

Resolved: *It was resolved that members and the Clerk would individually review the budget line by line to see where further savings could be made and discuss at the next Finance Meeting.*

Extract from minutes (Finance Committee 1st November 2022):

The Town Clerk asked members to consider the previously circulated draft budget which had been prepared by the Clerk and adjusted as requested by members to save money where possible.

Members discussed the draft budget with the Clerk advising that she had received guidance from Cheshire East Council and the tax base was better than they expected. Councillor Statham proposed that the Council should offer a 5% reduction in the precept. Members agreed that the Council were investing in the town, whilst taking into consideration the cost-of-living crisis.

The Clerk explained that she would produce a leaflet for residents to consult on the budget.

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Resolved: *It was resolved:*

a) A 5% reduction on the precept would go out to consultation to residents.
Extract from minutes (Full Council 15th December 2022):

Members reviewed the previously circulated reports in relation to the 2023/24 budget. The Town Clerk highlighted that she had been working alongside the Finance Committee and reported that they had agreed unanimously that the precept could be decreased by 5%.

Councillor Moran supported the recommendations commenting that a decrease for residents would be welcome in the current economic climate.

Resolved: *It was resolved to:*

- a) Approve the budget for the coming year, noting that regular reviews will be undertaken.*
- b) Approve the Planned Maintenance Programme.*
- c) Note the current capital reserves held and approve the proposed spend from Capital during 2023/24.*
- d) Approve the revenue reserve (ear-marked) proposals for 2023/24.*
- e) Approve a precept reduction of 5% which equates to £912,336 or £145.29 from each Band D household (equivalent to £12.10 per month) for the year 2023/24.*
- f) Approve the income proposals and rent charges for 2023/24.*

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 2023/24 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

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the needs of the community in terms of local service delivery.

Cheshire East Council has fixed its Tax base for the financial year 2023/24 by Resolution of the Council on 14th December 2022 which has been confirmed as 6,341.23 compared to a current amount of 5,335.82, an increase as a result of the Community Governance Review boundary changes. As an indication of the impact, if the current Band D Council Tax (of £152.94) remained the same, this would increase the precept from £816,067 to £969,827, a significant gain of £153,760.

NANTWICH CAPITAL AND REVENUE PROGRAM

During 2022 the Town Council reviewed its planned maintenance 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 29 September 2022

Members considered the planned maintenance programme for 2022/23.

Resolved: *It was resolved:*

- a) Members recommend that the Draft Planned Maintenance Programme should be adopted with some agreed amendments.*

Extract from Finance Committee minutes 1 November 2022

Members considered the planned maintenance programme for 2023/24. The Clerk advised members that she had circulated a plan with more detailed information to allow them to understand the works better, and she also advised that she had made adjustments following the past meeting which had led to savings on the budget.

Resolved: *It was resolved:*

- a) Members recommend that the Draft Planned Maintenance Programme should be adopted*

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

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CENTRAL GOVERNMENT

Council tax referendums

Provisional local government finance settlement: England, 2022 to 2023

The Department for Levelling Up, Housing and Communities published the Provisional Local Government Finance Settlement 2023/24 on 19 December 2022. This confirms that the government does not propose to extend to local councils the requirement to hold a referendum on increases to their precepts, which are their small share of council tax.

The relevant sections from the consultation are below:

3.2 Council tax referendum principles

3.2.1 The government proposes the following package of referendum principles for 2023/24, which will be subject to the approval of the House of Commons alongside the final local government finance settlement:

- Protecting local taxpayers from excessive increases in council tax by setting the referendum threshold at 3% per year from April 2023 for shire counties, unitary authorities, London boroughs, and the Greater London Authority without a local referendum. Councils can set higher increases if they wish via consent of a local referendum.
- In addition, local authorities with social care responsibilities will be able to set an adult social care precept of up to 2% per year without a referendum.
- A bespoke council tax referendum principle of up to 3% or £5, whichever is higher, for shire districts.
- A bespoke additional council tax flexibility of up to £20 on Band D bills for the Greater London Authority, as requested by the Mayor of London.
- Setting no council tax referendum principles for mayoral combined authorities (MCAs).
- Setting no council tax referendum principles for town and parish councils.
- A £5 referendum principle on Band D bills for all fire and rescue authorities. A £15 referendum principle on Band D bills for police authorities and police and crime commissioners.

CHESHIRE EAST COUNCIL PRE-BUDGET CONSULTATION 2023/24

Cheshire East Council has issued its Pre-Budget Consultation report for 2023/24. The Town has considered the consultation document with two representatives of the Town Council attending a consultation event.

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The Town Council budget for 2023/24 as contained within this report does not include any income streams or additional expenditure connected to the Cheshire East pre-budget consultation.

BUDGET TIMETABLE

The budget setting timetable for **2024/25** is as follows:

January – June 2023	Finance Committee to begin future forward planning budget process for the next 3-5 years.
June/July 2023	New Member corporate planning workshop(s). Following the local elections on 4 May 2023 new elected members will receive induction training and will review the existing Corporate Plan 2019-23.
July – August 2023	Member budget workshops to consider first proposals for individual budget headings for next financial year.
September/October 2023	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.
September/October 2023	Finance Committee to consider draft budget proposals and draft planned maintenance programme including revenue and capital commitments.
October 2023	Finance Committee to consider large grant applications that may impact on budget
October 2023	Staffing Committee to consider annual staff appraisals and review to feed salaries for 2024/25 into budget.
October 2023	Consultation on draft budget with residents, with draft budget also available on the Council's website as a public document and available for inspection at the Council Offices.
November 2023	Finance Committee to consider draft budget proposals and make recommendations to Full Council
December 2023	Full Council to consider recommendations of Finance Committee.
December 2023	Full Council to finalise budget for 2024/25 and set the precept for 2024/25
January 2024	Town Council to inform Cheshire East Council of the Precept for 2024/25.

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COUNCIL TAX BASE DETAILS

The Council Tax base quantifies the equivalent number of properties from which Cheshire East Council, on our behalf, can 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 multiplied by the tax base equals the expected income from local taxation.

The tax base is affected 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 2023/24 and has advised Nantwich Town Council that it will be 6,341.23 for 2023/24.

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

2022/23 Tax Base 5,335.82

2023/24 Tax Base 6,341.23 (following the Community Governance Review)

<u>Band D Equivalent</u>	<u>Per Annum</u>	<u>Per Week</u>
2018/19	£108.64	£2.08
2019/20	£114.10	£2.19
2020/21	£122.66	£2.36
2021/22	£174.79	£3.36
2022/23	£152.94	£2.94
2023/24	£145.29	£2.79

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COMMUNITY GOVERNANCE REVIEW

A 12-week consultation on proposals for the governance arrangements for town and parish councils in the borough was conducted between 6 September and 28 November 2021.

This was part of a borough-wide review, as Cheshire East is responsible for the governance and electoral arrangements for the borough's 186 town and parish council wards in 135 town and parish councils.

The review looks at a range of issues, including town and parish boundaries, numbers of town and parish councillors, grouping of parishes and warding. The consultation provided people with an opportunity to comment and make the case for alternative proposals to those recommended.

The review was completed in April 2022 when on 27 April 2022 Cheshire East Council resolved to agree the recommendations relating to the governance arrangements of all the Borough's town and parish councils. For Nantwich Town Council it resulted in the following amendments to its boundary:

1. Transfer Malbank Waters estate from Edleston to Nantwich. Transfer area of Henhull east of Welshmen's Lane (largely comprising site LPS 46 - Kingsley Fields - but also some other recent development and the Nantwich Town Football Club grounds) to Nantwich. The purpose of these transfers is to bring into Nantwich those new developments that are adjacent and which will rely on Nantwich for services and amenities.
2. No change to the boundary with Stapeley, given that it has a strong separate identity, as shown for example in the Parish Council's pre-consultation submission evidence. (The transfer to Nantwich of the adjacent urban part of Stapeley was presented in the Draft Recommendations as an option that had been considered, but which was not being recommended.)
3. Division of the current North & West ward into two, using the River Weaver as the new boundary. New warding will therefore consist of the following three wards,
 - [1] "North", consisting of the part of the existing North & West ward that lies east of the River Weaver.
 - [2] "South", consisting of the same area as the existing South ward.
 - [3] "West", consisting of the part of the existing North & West ward that lies west of the River Weaver, plus the areas being transferred from the parishes of Edleston, Henhull and Worleston.

The above amendments to the boundary have resulted in an increase in the town council's tax base as advised earlier in this report.

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

Internal pressure

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

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

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.

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 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 March 2022, the Town Council reviewed its Investment Strategy and Reserves Policy and resolved:

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

- A sum equal to 4-6 months of its 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 £124,000. It would therefore be prudent to ensure a balance of between £496,000 and £744,000 in general reserves as of 31 March 2023.

During the meeting of the Full Council on 15th 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 (15th December 2022):

3.2 General Reserves

The important figure you need to consider are the general reserve figures highlighted in yellow on appendix 2 for year ending March 2023 and March 2024. Based on the new tax base with a 5% reduction in the precept per band D property there will be an estimated £425,780 in general reserves at the end of the next financial year (March 2023). This reflects the Town Council's approved policy on Investment and Reserves which states general reserves equivalent to 4-6 months revenue expenditure. It is in line with the advice of the internal auditor, and more importantly it is in line with 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 of 31st March 2023

General Reserves	£525,461
Capital Reserves (receipts)	£449,622

Earmarked Reserves

	£
Election	10,000
Nantwich Partnership	6,849
Allotment Fencing	7,777
IT Hardware	927
Connected Communities	1,000

Total	26,553
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CAPITAL RECEIPTS

A capital receipt is 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 and a Local Authority Property Fund. In addition, the Town Council holds funds with the Skipton Building Society. The total invested is £564,805 as at 31 December 2022, which includes £115,143 held within the asset register.

VAT

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 to which they are not entitled. Nantwich Town Council undertakes 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 FY2022/23 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 FY2023/24 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 FY2023/24 to be less than £7,500, 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 FY2022/23. 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.

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TOWN COUNCIL SERVICE BUDGET (Approved 15 December 2022)

Nantwich Town Council				
Accounts 2023/24 Summary				
<u>TOTAL ANTICIPATED EXPENDITURE</u>				<u>Estimate</u>
	<u>Budget</u>	<u>Expenditure</u>	<u>Probable</u>	<u>For</u>
	<u>2022-23</u>	<u>To Date</u>	<u>2022-23</u>	<u>2023-24</u>
Administration	£129,795.00	£55,124.00	£138,743.00	£140,760.00
All Departments	£95,345.00	£58,335.00	£98,557.00	£97,010.00
Admin Subscriptions	£2,402.00	£1,470.00	£2,359.00	£2,705.00
TCM	£74,012.00	£18,765.00	£57,089.00	£94,713.00
Grants	£7,700.00	£8,236.00	£12,635.00	£14,700.00
Contributions	£61,950.00	£56,325.00	£73,215.00	£71,300.00
Brookfield Hall	£7,550.00	£5,426.00	£8,191.00	£10,100.00
Environmental	£32,400.00	£76.00	£29,058.00	£41,000.00
Civic & Elections	£14,100.00	£4,678.00	£10,219.00	£17,300.00
Events	£69,076.00	£18,390.00	£65,651.00	£79,070.00
Civic Hall	£472,170.00	£200,728.00	£498,596.00	£504,390.00
Special Capital Projects	£0.00	£6,960.00	£6,960.00	£0.00
Market	£206,119.00	£77,986.00	£181,288.00	£217,440.00
Public Toilets	£40,200.00	£13,174.00	£38,214.00	£60,867.00
Allotments	£25,700.00	£12,451.00	£73,099.00	£25,846.00
Planters/Tubs	£16,000.00	£472.00	£16,494.00	£30,000.00
Tourism	£81,245.00	£39,344.00	£96,283.00	£94,657.00
Barony Park Bloc	£1,000.00	£424.00	£853.00	£1,220.00
Market Store	£1,120.00	£848.00	£939.00	£1,200.00
Income grant refund	£0.00	£0.00	£8,000.00	£0.00
Earmarked Reserves	£46,500.00			£61,053.00
Third party events		£72,925.00	£72,925.00	
	£1,384,384.00	£652,137.00	£1,489,368.00	£1,565,331.00
<u>TOTAL ANTICIPATED RECEIPTS</u>				
All departments		£0.00	£0.00	£0.00
Grants	£1,000.00	£0.00	£7,000.00	£1,000.00
TCM	£3,500.00	£1,100.00	£4,578.00	£4,000.00
Brookfield Hall	£13,900.00	£4,525.00	£7,973.00	£13,750.00
Contributions		£0.00	£0.00	
Environmental	£0.00	£0.00	£0.00	£0.00
Civic	£700.00	£2,872.00	£5,567.00	£700.00
Events		£1,200.00	£1,200.00	£3,200.00
Council Income	£6,600.00	£25,212.00	£26,378.00	£12,900.00
Civic Hall	£351,925.00	£156,570.00	£404,827.00	£359,250.00
Market	£161,560.00	£69,647.00	£149,111.00	£150,963.00
Toilets				£0.00
Allotments	£10,395.00	£10,656.00	£11,224.00	£11,500.00
Tourism	£1,000.00	£1,263.00	£2,782.00	£1,000.00
3rd Party		£0.00	£78,732.00	£0.00
Precept	£816,067.00	£408,034.00	£816,067.00	£921,336.00
	£1,366,647.00	£681,079.00	£1,515,439.00	£1,479,599.00
NET SURPLUS / (DEFICIT)	-£17,737.00	£28,942.00	£26,071.00	-£85,732.00
BALANCES HELD - 1st APRIL 2022		£435,464.00 *	£435,464.00 *	
BALANCES LESS DEFICIT C/F 31st MARCH 2023		£464,406.00 *	£461,535.00 *	
EST. BALANCES HELD - 1st APRIL 2023				£461,535.00 *
BALANCES LESS DEFICIT C/F 31st MARCH 2024				£375,803.00 *

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APPROVED EARMARKED RESERVES for 1 April 2023

	£
Election	10,000
Nantwich Partnership	6,849
Allotment Fencing	12,777
IT Hardware	4,927
Connected Communities	1,000
Civic Hall Windows	5,000
Solar Panels	8,000
Civic Hall Sound System	7,500
External Notice Boards	5,000
TOTAL	£61,053

BUDGET INCREASE SUMMARISED

Net budgeted expenditure in 2023/24 of £1,504,301.00 is £152,417 higher than the net budgeted expenditure for 2022/23 of £1,351,884.

Anticipated other income is being used to finance expenditure to the value of £558,263 which leaves £946,038 to be financed. To reduce the demand on the precept funds, general reserves will be used where possible whilst still aiming to protect the general reserves with between 4-6 months expenditure. Following an improved position for 2022/23 and as a result of the Community Governance Review the Town Council were able to reduce the precept demand for 2023/24. Therefore, £921,336 will be financed by the Precept for 2023/24.

Cheshire East Council has fixed its Tax base for the financial year 2023/24 by Resolution of the Council on 14th December 2022 which has been confirmed as 6,341.23.

The increase in the Council Tax Base following the boundary changes will have an effect in monetary and percentage terms for each Band D equivalent property.

£921,336 financed by the Precept request for 2023/24 represents £145.29 per annum per Band D equivalent household. This is a decrease of 5% per annum from 2022/23.

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This can be summarised as follows, using the confirmed Council Tax Base of 6,341.23 for 2023/24:

Precept	£ increase	% decrease	£ per Band D
2022/23	£816,067		£152.94
2023/24	£921,336		£145.29
	£105,269	5%	£7.65

APPENDICES

Appendix 1	Planned Maintenance Programme
Appendix 2	Approved Detailed Budget 2023/24