

Report to: Council

Report Ref: C1925
Meeting Date: 6th January 2020
Agenda Item: 11
Prepared By: Town Clerk



Subject: 2020/21 Budget and Precept

1.0 BACKGROUND

1.1 BUDGET PROCESS

Each budget holding committee prepared a draft budget between September and October 2019 which was then submitted to the Finance Committee. The Finance Committee reviewed the amalgamated budgets and agreed a recommended budget. Since this meeting the projected income/expenditure has been updated to reflect staffing changes and the delayed transfer of the Council Offices. The budget also includes a variation to the Assets and Operations Committee budget to reinstate a Cemetery Improvements budget line of £2,300 utilising the reduced projected expenditure for the Council Offices in the 2019/20 financial year to cover the cost in the 2020/21 financial year without requiring additional precept.

The budget as agreed by the Finance Committee set a precept of £526,098. The budget as presented requires a precept of £523,368, a reduction of £2,730.

1.2 60 KING STREET

The 2020/21 budget is greatly affected by the termination of the tenancy at 60 King Street and the tenant, La Belle Epoque Limited, entering administration. It is expected that the council will not recover any money owed to it. The council has incurred cost during the current financial year against what was a net zero budget (the rent was expected to cover costs) and the council had overspent in the 2018/19 financial year as it was required to undertake additional works to the building in accordance with the lease; this resulted in costs being drawn from general reserves at year end with the expectation they would be replenished from the rent income during the current year with a smaller programme of work taking place. The total impact of this is £115,348:

- a) £25,065 is expected to be written off from the 2018/19 financial year
- b) £44,097 of expenditure is projected for the currently financial year when a net £0 was budgeted for
- c) £46,186 was drawn from general reserves to cover the deficit in the works reserve at year end

The council is on track to secure a new tenant for the property in 2020, it is anticipated an initial rent free period will be required and that the council will begin receiving an income in the 2021/22 financial year with substantially reduced costs compared to the former lease.



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2.0 RESERVES

It is good practice to hold between 25% and 100% of budgeted revenue expenditure as a general reserve. For the proposed budget this corresponds to between £150k and £600k. The current general reserve is £105k.

The Finance Committee reviewed the proposed reserve levels and set the recommended reserves as per the table below. Notably the committee resolved to utilise the Market reserve to reduce the 2020/21 precept and agreed not to reinstate the elections reserve to its full value on the probability of there not being two by-elections in the 2020/21 financial year.

| Reserve | 2019/20 | 2020/21 |
|-------------------------------|----------------|----------------|
| General Reserve | 105,510 | 105,000 |
| E/M Works ¹ | 52,000 | - |
| E/M Market ² | 44,934 | - |
| E/M Allotments ³ | 3,718 | 4,778 |
| E/M Elections ⁴ | 6,210 | 7,500 |
| E/M Play Areas ⁵ | - | 1,000 |
| Capital Receipts ⁶ | 382,226 | 296,236 |
| Total | 594,598 | 413,514 |

3.0 BUDGET OVERVIEW BY COMMITTEE OVERVIEW

| | 2019/20 Budget | | | Projection <i>Net E</i> | 2020/21 Budget | | | |
|--------------------|----------------|----------|--------------|----------------------------|----------------|----------|--------------|---------------|
| | <i>I</i> | <i>E</i> | <i>Net E</i> | | <i>I</i> | <i>E</i> | <i>Net E</i> | <i>Change</i> |
| Finance | 4,000 | 58,389 | 54,389 | 56,168 | 6,305 | 59,470 | 53,165 | -1,224 |
| Assets | 125,130 | 218,802 | 93,672 | 287,362 | 80,035 | 144,645 | 64,610 | -29,062 |
| Environment | 3,500 | 26,775 | 23,275 | 23,798 | 4,000 | 34,000 | 30,000 | 6,725 |
| Events | 43,100 | 80,300 | 37,200 | 35,384 | 45,950 | 90,860 | 44,910 | 7,710 |
| Personnel | - | 182,990 | 182,990 | 188,795 | - | 237,730 | 237,730 | 54,740 |
| Planning | - | - | - | - | - | 12,375 | 12,375 | 12,375 |

¹ The E/M works budget is reduced to zero, its current balance being the £52,000 contribution from Cheshire East Council towards the refurbishment of the cemetery chapel.

² The Market reserve is being used to reduce the precept for 2020/21 and will be reinstated as part of the 2021/22 budget.

³ The Allotments reserve will increase with any budget underspend at year end.

⁴ The elections reserve is being reinstated to the value of an Over Ward by-election. It will be fully reinstated to two by-elections (£14k) as part of the 2020/21 budget.

⁵ Created to contribute towards play area equipment replacements in the future, to be developed gradually over a number of years and to be used as match funding against grants and developer contributions e.g. for the Moor, Longridge and Southfield play areas.

⁶ The Capital Receipts reserve was generated from the proceeds of the sale of the Cemetery Lodge. Capital Receipts can only be used on capital expenditure. This reserve is reducing by £85,990 representing £10,311 towards the purchase of the council van and £75,679 towards the works to the cemetery chapel.



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4.0 PRECEPT CALCULATION

| | | |
|-----------------------------------|----------------|--------------------------|
| Projected Bank Balance 31/03/2020 | 332,936 | (a) |
| 2020 Reserves | 413,514 | (b) |
| Surplus (a-b) | -80,578 | (c) |
| Budget Expenditure 2020/21 | 597,080 | (d) |
| Budget Income 2020/21 | 154,290 | (e) |
| Net Budget Expenditure | 442,790 | (f) |
| Precept Required (f-c) | 523,368 | |
| Band D | 90.13 | (£26.18 increase) |

If Council approves the progression of works to the Public Toilets to create commercially lettable spaces, the precept can be reduced to £511,118 (£88.02)

5.0 RECOMMENDATION

It is recommended that Council approves the budget and reserves as presented and, having considered the restarting of the project to create commercial letting spaces within the public toilets, sets the precept at £523,368 or £511,118.



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