

REPORT TO FINANCE COMMITTEE COUNCIL BUDGET 2021/22

Report Reference F-20-01
Meeting Date 17th November 2020
Agenda Item 4
Prepared by Town Clerk



1.0 INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION

This report accompanies the draft 2021/22 council budget and provides a committee level commentary and precept calculation. The attached budget contains the council's projected expenditure and 2021 budget figures agreed by each committee.

The Town Clerk has continually updated budget projections since draft budgets have been agreed. The projections are correct as of 10th November.

Since committees have agreed the budget projections and 2021 requirements, three amendments have been made by the Town Clerk:

- a) The addition of a budget for the Nether Ward by-election which will be held in May 2021- this is estimated at £6,500.
- b) The addition of donations towards the Citizens Advice service from surrounding parishes - £2,430 has now been confirmed for 2021/22
- c) The addition of the large grants approved by the committee totalling £17,957

The Planning and Licensing Committee is not a budget holding committee however, the council approved a budget for the Conservation Area reviews for the current financial year. It is anticipated that one review will be concluded this year with the remainder undertaken in the next financial year – the draft budget accounts for this with projections for this year and the balance being budgeted for next year. Should the programme change prior to the new financial year, it will be altered accordingly and have no effect on the precept.

The draft tax baseⁱ for 2021/22 is 5,793.51, a reduction of 13.28. This figure will be confirmed by Cheshire East Council in December and is subject to variation.

1.2 COMMITTEE OVERVIEW

The table details the total of the carry forwards which are included in the total budget expenditure for each committee and the difference between the total current and proposed budgets. The difference less carry forwards is provided which indicates the actual change in committee budgets.

Committee	Carry Forwards	NE 2020	NE 2021	Difference	Less CF
Finance	-	53,165	81,605	+28,440	
Assets	6,270	58,630	30,328	-28,302	-22,032
Environment	1,315	31,315	28,510	-2,805	-1,490
Events	-	44,910	52,635	+7,725	
Personnel	-	237,730	267,900	+30,170	
Planning	-	12,375	8,325	-4,050	

1.3 PRECEPT CALCULATION

On the budget and reserves as presented to the committee, the precept is calculated as follows:

Projected Bank Balance 31/03/2021	361,260	(a)
2021/22 Reserves	344,655	(b)
Surplus / Deficit	16,605	(c) (a-b)
Budget Income 2021/22	185,653	(d)
Budget Expenditure 2021/22	654,956	(e)
Net Budget Expenditure 2021/22	469,303	(f) (e-d)
Precept Required	452,698	(f-c)

This represents a reduction of £58,420 (11.43%) and results in the annual council tax for a Band D household being £78.14, a reduction of £9.88 (11.23%).

2.0 RESERVES

2.1 RESERVES OVERVIEW

A draft Reserves Policy has been prepared to formalise the council's approach to its reserves and is presented for consideration during this meeting. The recommended general reserves for the council's net revenue expenditure is £115k, it is therefore recommended that an additional £10,000 is committed to the general reserve.

In setting the 2020/21 budget, the council utilised the balance of the EM Market Hall Reserve (£44,934) to reduce the precept with the intention of replenishing the reserve this year. At the same time, the council has a commitment to delivering a significant reduction to the precept. The council hoped that its 2021/22 budget would include income for 60 King Street, but due to the process being ongoing it is not envisaged to draw income until 2022/23; this affects the council's ability to restore reserves whilst simultaneously lowering the precept. It is recommended that the EM Market Hall reserve be replenished gradually over the next few years to enable the council to deliver on its commitment to lower the precept with £10,000 being committed to the reserve this year.

The EM Works reserve will be exhausted (as planned) on the Cemetery Chapel works and the Capital Receipts Reserve will be utilised for these works and the public toilet conversion works.

The current year CIL receipts will be committed to an earmarked reserve and the EM Play Areas reserve increased by £1,000. Any surplus against budget for the Market Hall and Allotments will be

committed to the respective EM reserves.

The council had projected to incur the cost of a Nether Ward by-election in the 2019/20 financial year, as this was not forthcoming the projected expenditure was added to the EM Elections reserve at year end. The budget as drafted retains the reserve at this level as well as providing for the expenditure in 2021/22.

2.2 SUGGESTED RESERVE LEVELS

Reserve	Current	Suggested	Difference
General	105,000	115,000	+10,000
EM Market Hall	1,425	17,744	+16,319
EM Allotments	4,237	4,237	-
EM Elections	14,000	14,000	-
EM Works	52,000	-	-52,000
EM Play Areas	1,000	2,000	+1,000
CIL Receipts		1,639	+1,639
Capital Receipts	371,915	190,035	-181,880
	549,577	344,655	-204,922

3.0 COMMITTEE BUDGET SUMMARY

3.1 FINANCE COMMITTEE

The committee is projected to be £5,322 under budget in the current financial year, principally due to awarding no grants in the first two funding rounds and lower civic expenditure due to the coronavirus.

The committee's 2021/22 budget is £28,440 higher than the current financial year. This is due to the planned Nether Ward by-election in May 2021, two additional large grants (Knutsford GROW and The Welcome), reduced bank interest (from lower interest rates and lower balances due to the use of reserves in the current year).

3.2 ASSETS AND OPERATIONS COMMITTEE

The committee is projected to be £22,449 over budget in the current financial year (excluding building works) The Council Offices budget is projected to be underspent due to the delayed transfer, and minor underspends in other cost centres. The Cemetery is expected to deliver an increased surplus. 60 King Street had no budget and has incurred costs during the current year, some of which were covered by unspent projections from the previous financial year (e.g. legal and estate agent fees). The delayed works to create lettable spaces in the public toilets has resulted in a loss of income in the current financial year.

Excluding carry forwards from the 2019/20 financial year (£6,270), the committee's budget for 2021/22 is £22,032 lower than the current financial year. This is due to anticipated income from the commercial spaces within the public toilets, increased income at the cemetery (from more accurate budgeting now the council has had a year of operation) and the movement of the Caretaker budget to the Personnel Committee.

3.3 ENVIRONMENT AND GENERAL PURPOSES COMMITTEE

The committee is projected to be £2,861 under budget in the current financial year. Excluding carry forwards from the 2019/20 financial year (£1,315), the committee's budget for 2021/22 is £1,490 lower than the current financial year, this is principally the removal of the budget for new past mayor's medallions which have been purchased in the current financial year.

3.4 EVENTS AND TOWN CENTRE MANAGEMENT COMMITTEE

The committee is projected to be £10,717 under budget in the current financial year due to the cancellation of the Music Festival and Christmas events.

The committee's 2021/22 budget is £7,725 higher than the current financial year. A number of new cost centres have been created in the committee's budget to make expenditure clearer moving forward, these include for the Crib Service and Lantern Parade and Bunny Hop.

The key changes (excluding movements across cost centres) in the committee's budget are:

- Increase in expenditure on the Christmas Illuminations to factor in inflationary increases in a new contract and a reduction in sponsorship.
- New budget lines for marketing initiatives to promote the town centre including three promotional events. These are intended as to support the town centre in the post-COVID recovery and the promotional events may become financially self-sustaining in the 2022 financial year.
- New budget line for the Knutsfordian III exhibition.
- New budget line for an Art Trail event.

The committee considered that additional expenditure to support the town centre was necessary due to the impact of COVID and has purposely ensured it is covered by the underspend in the current financial year.

3.5 PERSONNEL COMMITTEE

The committee is projected to be £4,011 under budget in the current financial year, principally due to carrying a vacancy for the Civic Events Officer for part of the year.

The committee's 2021/22 budget is £30,170 higher than the current financial year; this accounts for the movement of the Caretaker budget from the Assets and Operations Committee, annual staff salary progression and the approved increase in the number of hours for the Cemetery Groundskeeper and Caretaker.

4.0 COMMITTEE BUDGET ANALYSIS

The committee should consider the budget submissions from committees, the allocation of reserves and the resultant precept calculation.

The committee should approve a draft budget, reserves and precept requirement and produce a recommendation to Full Council for the January meeting.

The committee may include its decision a recommendation that a committee's budget be amended; the relevant committee would have opportunity to consider challenging this recommendation and make representations to the precept setting council meeting.

ⁱ The town council submits a precept demand to Cheshire East Council for a set amount which is paid in full to the town council in two instalments. Cheshire East Council divides the precept by the tax base to work out the amount to be paid by a Band D property and uses this figure to determine the amount paid by the other bands as a proportion of the Band D.