

REPORT TO FULL COUNCIL COUNCIL BUDGET 2023/24



Report Reference	C-22-28
Meeting Date	9 th January 2023
Agenda Item	13
Prepared by	Town Clerk

1.0 INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION

The council is required to set a budget for the 2023/24 financial year which commences on 1st April. The council is also required to determine the necessary reserve levels and then the required precept. This report accompanies the full draft budget and contains the recommendation of the Finance Committee which reviewed all committee budget submissions in late November. The Finance Committee made a series of budget amendments to reduce the precept requirement, these are detailed in section 1.2. The Town Clerk has updated budget projections as of 31st December and made budget amendments in two areas, which are also detailed in section 1.2.

The taxbase¹ for the 2023/24 financial year is 5870.87, a minor increase of 38.07. This amount accounts for changes of the preceding year and the revised parish boundaries which take effect 1st April. Notably this includes new development at Tabley Park but also factors in the demolition of properties at Warren Close and Winstanley House which has reduced the net increase.

1.2 RECOMMENDATION FROM FINANCE COMMITTEE

The Finance Committee considered the amalgamated committee budgets on 28th November. The committee scrutinised the budget in detail and made the following amendments to the budget submissions:

- Reduction in the general Council Grant Scheme budget by £2,500, which is commensurate with the increased grant to Knutsford Heritage Centre
- A reduction in the projected expenditure for the council grant scheme budget by £1,700
- Increasing the Council Offices gas budget by £1,600 due to the uncertainty of utility price increases
- Increase the exclusive right to burial income to £18,500
- Removal of the cemetery improvements budget (£2,500)
- Removal of the cemetery chapel professional fees budget, deferring the building survey by 12 months (£)
- Addition of a market license fee income of £400 for the anticipated Cheshire Fest market
- Reduction in the grounds and open spaces external contractors budget by £250
- Removal of the horticulture street furniture budget (£1,000)
- Removal of the highways budget for street sign replacements (£1,000)
- Removal of the budget for the lantern parade (£2,400)

¹ See Appendix

- Removal the budget for bunting installation/replacement (£3,000)

The arising recommended precept was £574,629.

In preparation for this meeting, the Town Clerk has updated budget projections and reviewed all budget lines further. A £1,000 budget line was added for the Al Fresco dining events; this had been a resolution of the Events and Town Centre Management Committee but missed in amending the draft budget prior to submission to the Finance Committee. The total budgets for business rates (cemetery, chapel and council offices) have been increased by £3,523 following the publication of the revised ratings list which takes effect 1st April. The revised precept requirement is £572,184.

1.3 SALE OF 60 KING STREET

The Assets and Operations Committee has recommended to Full Council that 60 King Street be sold. This would generate a capital receipt and remove operational expenditure. Capital receipts cannot be used for revenue expenditure and accordingly the council cannot use the receipt to directly reduce the precept requirement.

The removal of the operational expenditure and interest earned on the capital receipt could reduce the required precept by £25,000. This assumes the sale takes place in the first half of 2023. The revised precept would be £547,184.

1.4 COMMITTEE OVERVIEW

This table compares the agreed 2022/23 net expenditure for each committee with the proposed 2023/24 net expenditure for each committee. The agreed 2022/23 total varies to the current total (as per the budget) as the current total includes carry forward amounts (where expenditure was agreed in 2021/22, not undertaken and provision was carried forward into the current year, e.g. grant awards).

Committee	Agreed Net Expenditure 22/23	Proposed Net Expenditure 23/24	Difference
Finance	57,158	53,196	-3,562
Assets	32,793	48,310	15,517
Environment	20,660	17,450	-3,210
Events	50,000	51,315	1,315
Personnel	287,920	360,695	72,775
Planning	0	0	0
TOTAL	448,531	530,966	82,835

This second table provides an overview of the total and projected budgets for each committee, showing where year end variances are likely to be.

Committee	Budget Income	Budget Expenditure	Projected Income	Projected Expenditure	Net Expenditure Difference
Finance	440,924	61,638	449,802	58,339	-12,177
Assets	130,850	170,143	118,070	174,622	17,259
Environment	13,980	40,435	6,466	32,492	-429

Events	54,105	113,505	54,847	110,658	-3,589
Personnel	0	290,170	120	312,144	21,854
Planning	0	8,183	0	24,375	16,192
TOTAL	639,859	684,074	629,305	712,630	39,110

1.5 PRECEPT CALUCLATION

With the budget and reserves as presented, the precept is calculated as follows:

Projected Bank Balance 31/03/2023	302,461	(a)
2023/24 Reserves	343,229	(b)
Balance	(40,768)	(c) (a-b)
Budget Income 2022/23	180,416	(d)
Budget Expenditure 2022/23	711,832	(e)
Net Budget Expenditure 2022/23	531,416	(f) (e-d)
Precept Required	572,184	(f-c)

This represents an increase of £134,240 (30.65%) and results in the annual council tax for a Band D household being £97.46, an increase of £22.38 (29.81%). This is an additional £1.86 per month (total £8.12 per month).

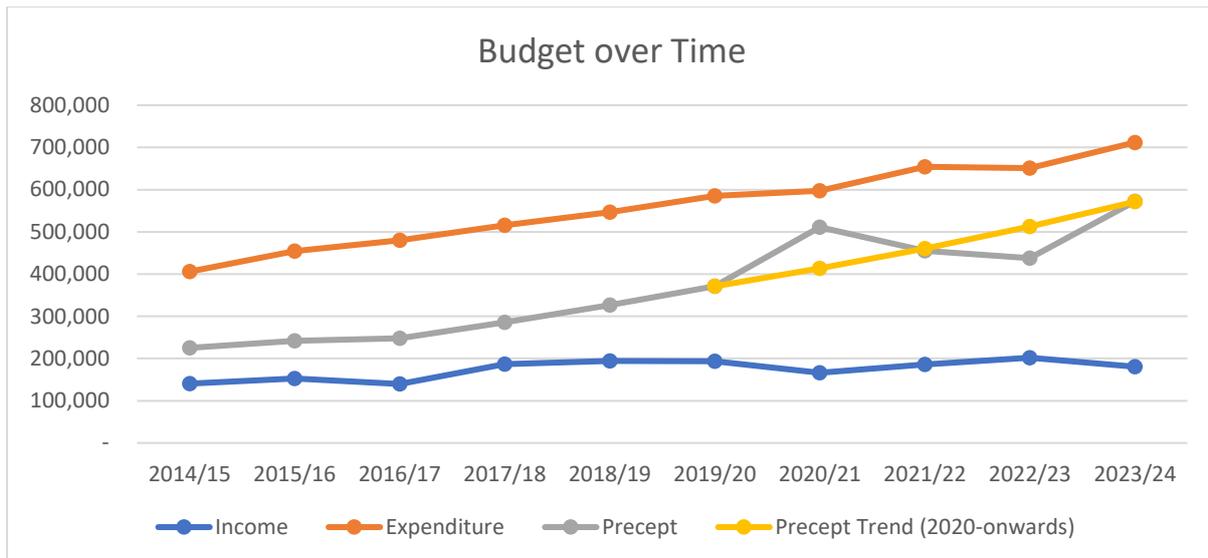
1.6 PRECEPT PROFILE

At the 2023/24 taxbase, £10,000 of expenditure corresponds to an annual Band D tax of £1.70, accordingly, to deliver:

- 0% increase to Band D, the precept would need to reduce by £131,647
- 5% increase to Band D, the precept would need to reduce by £109,360
- 10% increase to Band D, the precept would need to reduce by £87,280
- 15% increase to Band D, the precept would need to reduce by £65,280

The council has been quite attentive to ensuring value for money in its budget lines each year, accordingly the scope for a substantial reduction in the precept without substantially cutting the delivery of services is challenging.

The graph below shows a ten-year profile of the council's income, expenditure and precept and includes a trend line based on the average increases over the preceding years. It should be noted that for the 2022/23 financial year the budget included a zero net expenditure budget for Mayoral Fundraising, which in 2021/22 was £18k income/expenditure and prior to 2020/21 there was income and expenditure for 60 King Street.



2.0 RESERVES

2.1 RESERVES OVERVIEW

The reserve allocations are set broadly in accordance with the council's Reserves Policy and the previous resolved position of restoring the Market Hall EM Reserve following it being used to lower the 2020/21 precept. The Finance Committee's recommended reserve allocations creates lower increases to the EM Play Areas reserve and EM Rental reserve. The recommended general reserves for the council's net revenue expenditure is £133k, a minor increase has been applied to move towards this position noting that the council has other re-allocatable reserves which provide some protection i.e. elections reserve and rental reserve.

The current year CIL receipts will be committed to an earmarked reserve and the EM Play Areas reserve has been increased by £500 rather than £1,000. Funds will be transferred from the Market Hall reserve to cover the budget deficit in the current year and a further £10,000 has been returned to the EM Market Hall reserve (the total amount remaining to restore the funds used is £14,934. £1,144 of commercial rental income has been added to the EM Rental Reserve rather than 10% (£2,144). The Elections Reserve has been lowered to cover the cost of one by-election, noting 2023 is an election year where by-elections are less likely.

2.2 RECOMMENDED RESERVES

Reserve	Current	Recommended	Difference
General	113,000	118,000	+5,000
EM Rental	1,000	2,144	+ 1,144
EM Market Hall	33,188	32,262	- 926
EM Allotments	3,786	4,473	+687
EM Elections	14,000	7,000	-7,000
EM Play Areas	3,000	3,500	+5000
CIL Receipts	6,769	13,601	+6,832
Capital Receipts	163,072	162,249	-829
	337,821	343,229	+5,408

3.0 COMMITTEE BUDGET OVERVIEW

3.1 FINANCE COMMITTEE

The committee is projecting an underspend due to increased interest rates and some minor reduced expenditure. The CIL receipt will be allocated to an EM reserve at year end and does not affect the precept calculation.

The committee has a minor reduction in net budget expenditure for the 2023/24 financial year due to increased interest rates. Most budget lines are in line with the current year with any variation due to known cost differences.

3.2 ASSETS AND OPERATIONS COMMITTEE

The committee is projected to be over budget by 10%. 0.5% of this is planned expenditure from reserves with the remainder primarily due to reduced market hall surplus and reduced cemetery surplus. The market hall reserve will be adjusted to mitigate £10,926 (6.42%) of the overspend (to restore the market hall providing a £10,000 surplus to the council. The reduced surplus for the cemetery is due to the budget having forecast stronger income based on earlier years data. The accuracy of this cost centre will increase as the council operates it.

The draft net committee budget is an increase of £15,517, representing allowance for increased utility charges at the Council Offices, increased business rates, increased public toilet contract costs and a reduced surplus for the cemetery. The budget also has a reduced surplus being generated by the Market Hall due to increased utilities costs.

3.3 ENVIRONMENT AND GENERAL PURPOSES COMMITTEE

The committee has adjusted its projected expenditure to reflect increased town centre watering costs maintaining a projected net expenditure close to its budget.

The 2023/24 budget has a reduced allocation for watering based on the proposal to increase the Town Ranger hours and purchase a water bowser – the revenue costs for this are included in this committee budget at this stage and the staffing element will be vired to the Personnel Committee once confirmed. The net committee budget for 2023/24 is minor decrease following the removal of the horticulture street furniture and highways budgets.

3.4 EVENTS AND TOWN CENTRE MANAGEMENT COMMITTEE

Whilst some events have been overbudget, the committee's net projected expenditure is a minor underspend due to underspends in other areas to balance expenditure and due to staffing resource (underspend in Town Centre Management due to staffing changes in this role).

Increased contractor costs have reduced the achievable surplus for the Christmas Market, the committee implemented a fee increase for 2022 to mitigate this. The Food and Drink Festival/Art Trail budgets have been removed as these events have been shelved pending a review during the year. The budget for the Lantern Parade and town centre bunting have been removed to reduce the precept requirement. The Coach Friendly Town Budget has been reinstated utilising part of the budgets for Marketing/Promotional Events; the committee is working to secure coach parking in 2023 following positive engagement from Cheshire East Council in late 2022. The committee has included budget for celebrations for the coronation. The net position is a minor increase in net expenditure.

3.5 PERSONNEL COMMITTEE

During the current financial year, the Personnel Committee has undertaken a great deal of work reviewing the salaries of staff. Minor amendments to the council's staffing structure have also been made as part of the recruitment processes undertaken during the year. The salary review established that the majority of salaries were below recommended scales and the resulted in adjustments to the pay scales of most staff members. In tandem, the increase in inflation levels has been reflected in the national pay negotiations which delivered uplifts to all salary points. The council has also had periods of vacancy due to resignations/recruitment processes and parental leave; an agency administrator was engaged to provide resource during this period. An assumed salary uplift of 5% has been provided for in the 2023/24, noting this is subject to national negotiation.

The net effect of this is a projected overspend of £21.8k in the current financial year and an increased budget requirement of £72,775 in the 2023/24 financial year.²

3.6 PLANNING COMMITTEE

After the 2022/23 budget was set, Full Council approved an additional £16k of expenditure from reserves for the completion of the Conservation Area Reviews, this was on top of the £8k carried forward from the 2021/22 underspend.

There is no proposed budget for the 2023/24 financial year.

4.0 DECISION REQUIRED

Council is required to:

- a) Approve a budget for the 2023/24 financial year
- b) Approve the reserve allocations for the 2023/24 financial year
- c) Set a precept

The recommendation of the Finance Committee (as amended) is to approve the budget and reserve allocations set out in this report and set a precept of £572,184.

² Payroll accounts for 48.9% of overall expenditure for the 2023/24 financial year. This is in line with the average for local town councils based on 2020/21 data (47.65), noting that the latter data is two years old and this will have increased.

APPENDIX: GLOSSARY

TAX BASE, PRECEPT AND BAND D

Precept

The Town Council is a local precepting authority. Accordingly, it issues an annual demand to Cheshire East Council (the billing authority) for a sum to be collected as part of the council tax for the area. This sum is paid to the Town Council in two instalments (April and September).

Tax Base

Cheshire East Council calculates the tax base for each parish annually. The tax base represents the equivalent number of Band D tax-paying properties in the parish and accounts for homes receiving discounts/exemptions and for the different council tax bands. It allows for a 99% collection rate.

Band D

The taxbase and precept are used to determine the amount each household will pay through council tax.

$$\text{Band D} = \frac{\text{precept}}{\text{taxbase}}$$

A Band D property pays 100% of the sum. Different fractions are paid by the eight bands from A (67%) to H (200%)