

# REPORT TO FULL COUNCIL COUNCIL BUDGET 2024/25



**Report Reference** C-23-29  
**Meeting Date** 15<sup>th</sup> January 2024  
**Agenda Item** 12  
**Prepared by** Town Clerk

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## 1.0 INTRODUCTION AND OVERVIEW

### 1.1 INTRODUCTION

The council is required to set a budget for the 2024/25 financial year which commences on 1<sup>st</sup> 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 early December.

The taxbase<sup>1</sup> for the 2024/25 financial year is 5,999.20, an increase of 128.33 which reflects the increased number of dwellings from recent development.

### 1.2 RECOMMENDATION FROM FINANCE COMMITTEE

The Finance Committee considered the amalgamated committee budgets on 4<sup>th</sup> December. The committee scrutinised the budget in detail and made one minor amendment (to reduce budgeted income for the cemetery chapel to reflect recent actuals) leading to a recommended precept of £619,530. Since the Finance Committee meeting, the Events Committee has adjusted its budget to remove provision for a standalone arts event, moving £1,000 of that budget to the Music Festival budget where wider arts elements will be trialled. In preparation for this meeting, the Town Clerk has updated budget projections and reviewed all budget lines further. The result is a minor reduction of required precept to £619,511.

### 1.3 PRECEPT CALUCLATION

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

Projected Bank Balance 31/03/2024	367,931	(a)
Budget Income 2024/25	239,194	(b)
Budget Expenditure 2024/25	849,537	(c)
2024/25 Reserves	377,099	(d)
Precept Required	619,511	(a+b) - (c+d)

This represents an increase of £48,327 (8.46%) and results in the annual council tax for a Band D household being £103.27, an increase of £5.97 (6.14%). This is an additional 50p per month (total £8.61 per month).

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<sup>1</sup> See appendix

## 2.0 RESERVES

### 2.1 RESERVES OVERVIEW

The draft reserve allocations are set in accordance with the revised Reserves Policy approved at the Finance Committee meeting held 4<sup>th</sup> December and the previously resolved position of restoring the Market Hall EM Reserve following it being used to lower the 2020/21 precept.

The recommended general reserve value for the council's net revenue expenditure is £152,585; a slight 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 intention is to restore the reserve to a 25% net expenditure over time without significantly impacting the precept in any one year.

The current year CIL receipts will be committed to an earmarked reserve and the EM Play Areas reserve has been increased by £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 £4,934.) 10% of commercial rental income has been added to the EM Rental Reserve. The Elections Reserve has been increased to the value of 1.5 by-elections with the intention of reaching the value of two in the 2025/26 financial year.

Two new EM reserves have been created. The EM Infrastructure Reserve is to fund future infrastructure replacements (e.g. replacement IT or grounds maintenance equipment); the EM Neighbourhood Plan Review Reserve is to allocate funds for a review of the neighbourhood plan in 2027.

### 2.2 SUGGESTED RESERVE LEVELS

Reserve	Current	Suggested	Difference
General Reserve	118,805.00	123,150.00	4,345.00
Capital Receipts	162,249.75	153,289.75	-8,960.00
CIL Receipts	18,965.54	26,496.64	7,531.10
E/M Allotments	4,473.00	5,197.00	684.00
E/M Elections	7,000.00	10,500.00	3,500.00
E/M Rental Reserve	2,144.00	4,384.00	2,240.00
E/M Market	32,262.00	34,622.00	2,360.00
E/M Play Areas	3,500.00	4,500.00	1,000.00
E/M Infrastructure		5,000.00	5,000.00
E/M Neighbourhood Plan Review		10,000.00	10,000.00
	349,399.29	377,099.39	27,700.10

## 3.0 POTENTIAL EXPENDITURE NOT INCLUDED IN BUDGET

### 3.1 EXTERNAL FUNDING REQUESTS

The budget as presented does not include provision for funding of The Welcome or increased funding for Knutsford Heritage Centre. Subject to the decisions taken at the meeting the Town Clerk will verbally report on the revised precept, but the accompanying reports provide a calculation as to the impact on the precept from the requested costs.

### 3.2 KNUTSFORD LEISURE CENTRE

In December, a virtual meeting was held with the Neighbourhood Services director of Cheshire East Council concerning the strategic leisure review consultation.

It was explained that there are multiple options being explored to deliver the required budget savings to enable the retention of leisure centres and that one option would be for Town Councils to safeguard their leisure centre by making a financial contribution to the service costs. In a subsequent email, it was clarified that the borough council would be seeking a contribution of 15% of the average corporate landlord costs over the last three years which, for Knutsford Leisure Centre, would equate to an annual contribution of £29,878 (£4.98 per annum on the Band D, an additional 5.12% increase). This contribution may be required as part of a funding mix (including increased charges, changes to offers etc) or it may not; the timing of the consultation and resultant decision at Cheshire East Council<sup>2</sup> is impractical noting the Town Council is requested to provide its precept notification by mid-January<sup>3</sup>.

Council should consider whether it wishes to include provision within the 2024/25 budget to make a funding contribution. This would be on the basis that a final decision would be taken once the council is in receipt of more detailed information and has a clearer understanding of the impact of providing/not providing the funding i.e. whether it is critical to prevent a closure of the Leisure Centre.

### 3.3 GREEN SPACES MAINTENANCE

The other main area of known uncertainty is the outcome of the Cheshire East Council green spaces maintenance review. As consulted upon, the borough council would be significantly reducing maintenance standards across green spaces to a level which could render many unusable for much of the year; the town council has submitted a detailed objection and counter proposals, and it is expected that CEC will make some degree of change although at this stage the extent of this is unclear. Again, this is likely to be considered at the end of the month.

Once the outcome of the consultation is known (and new maintenance regimes introduced) the town council would be able to consider if it wished to take on any green spaces / maintenance duties (this has been suggested in initial discussions reviewing the consultation but would need to be formally considered and explored in detail). Given the uncertainty and costs being unknown, no budget provision is suggested for 2024/25; in contrast to the leisure centre there is not an irreversible threat.

### 3.4 DEVOLVED SERVICE DELIVERY

Cheshire East Council commenced a budget consultation on 9<sup>th</sup> January. Included in this are proposals which will/may, in due course, impact this council's budgets:

- Introduction of full election cost recovery. Currently the town council only pays for by-elections, if full cost recovery is introduced it would be charged the costs of administering the ordinary elections (potential cost c. £25k-35k)
- Further changes to funding of libraries. The consultation states it would include "*working with Town and Parish Councils to secure contributions towards safeguarding service provision in their local area*".

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<sup>2</sup> A decision should be taken at the Environment and Communities Committee meeting scheduled for 1<sup>st</sup> February.

<sup>3</sup> Legally, the Town Council has until 1<sup>st</sup> March to issue a precept demand. It is commonly requested earlier to provide sufficient time for the borough billing department to make the necessary arrangements for the billing/collection of council tax with effect 1<sup>st</sup> April.

- Reduction in street cleansing operations
- Reduction in highway grass cutting, gully emptying and weed treatments

There are a range of further budget changes including increases to green waste collection fees, changes to fees for adult social care and removal of discretionary subsidies. The consultation also seeks opinion on options (but not proposals) for reducing bus subsidies, reducing support for business, reducing spending on arts, culture, tourism and place marketing, transferring assets/services to town/parish councils and reducing black bin collection frequencies.

At this stage it is difficult to gauge precisely what impact this could have on the town council's budget or what decisions may be taken by this council. There is no provision in the budget for change in the 2024/25 financial year and as it stands any proposals which come forward during the year will be explored in detail by the relevant committee and Full Council and be factored into decisions on the 2025/26 budget (if applicable).

## **4.0 COMMITTEE BUDGET SUMMARY**

The below provides an overview of significant changes in committee budgets since previous years and any significant changes to projected figures since committee approval.

### **4.1 FINANCE COMMITTEE**

The only significant change to this committee's budget is the inclusion of £4,685 for a grant to Hope Central under the council's large grants scheme.

### **4.2 COMMUNITY COMMITTEE**

As this is a new committee, new cost centres have been created for 2024 to align the start figures (all will be under 800 codes).

Centre 810 (Communication and Engagement) is a new expanded cost centre replacing 340. The budget for the next financial year includes provision for the new e-newsletter platform, publication of the annual report, local adverts (e.g. May Day Committee programme) and provision for public consultations the committee wishes to undertake.

Centre 815 (Community Services) is a new cost centre. Through the council's strategic plan, the council has committed to consulting young people on what services/activities they would like to see in the town and also to work to improve access to services within St John's Wood ward. The budget of £4,000 has been included to enable the committee to be able to begin to deliver on the outputs of the consultations.

### **4.3 ASSETS AND OPERATIONS**

The current year business rates costs have benefited from transitional rate relief so are under budget for the current financial year and will increase to the full rate over the next two years.

Centre 210 (Other Buildings) includes provision for a building survey of the Freeholders Hut, centre 232 (Transfer Fees/Costs) includes projected costs for the transfer of the Freeholders Hut. Centre 250 (Cemetery) projections have been updated based on the current year position. Centre 545 (Town Ranger) includes costs for the purchase of the trailer (funded from the capital receipts reserve) and since committee approval a budget line for equipment repairs has been inserted.

Centre 299 has been created for the Market Hall Refurbishment. The cost centre has indicative forecast income/expenditure for the current financial year (covering the initial project costs funded by the Shared Prosperity Fund grant). The budget for the 2024/25 works will be added at the year-end once the current/next year split of funding is known but will be balance by grant income and accordingly does not impact the budget.

#### **4.3 ENVIRONMENT AND TRANSPORT COMMITTEE**

Floriculture/Horticulture costs are forecast underbudget due to a change in delivery of the town centre planters and hanging baskets which have been delivered in house, this is reflected in the 2024 draft budget and appropriate provision made within the Personnel Committee budget for the staff time. The committee also agreed to make budgetary provision for the grant to Knutsford in Bloom recognising the group delivers an aspect of the council's floriculture service and to provide certainty of funding to enable this.

Cost Centre 310 (Heritage) is new to provide budget for promotion of the changes to Conservation Areas following adoption of appraisal documents, initially for the Legh Road Conservation Area which should be adopted in the next few months.

#### **4.4 EVENTS COMMITTEE**

New cost centres for Exhibitions (431 – part of marking the council's 50<sup>th</sup> anniversary) and Heritage Open Days (460) have been included. Changes to the VAT treatment of ticket sales and revised pricing has been included for the Music Festival to increase income. The Special Projects centre (475) includes budget for the '50 things to do' activity to mark the council's 50<sup>th</sup> anniversary. The budget also includes allowance for a community funday (centre 425) to be held at the open space by Longridge.

#### **4.5 TOWN CENTRE COMMITTEE**

As this is a new committee, new cost centres have been created for 2024 to align the start figures (all will be under 900 codes). The projected underbudget surplus in the Market Hall cost centre will be covered by a draw down from the EM reserve at year end.

Since the committee approval, a cost centre for Tourism (925) has been created and budget included based on the Shared Prosperity Fund allocations over the two financial years. Likewise projected income/expenditure under 920 (Town Centre Masterplan) has been included.

The committee has included an increased budget for Christmas Lights and this is currently being tendered. The final tender will not be awarded until February and the committee factored in an increase in line with inflation since the previous contract was awarded.

#### **4.6 PERSONNEL COMMITTEE**

The budget for 2024/25 makes provision for salary progression and forecast inflationary pay increases (estimated on the basis of a 5% to existing pay points). The budget also includes the costs for a Town Ranger Apprentice and factors in a change to contracted hours of Communications Officer and cover during a member of staff's maternity leave.

#### **4.7 PLANNING COMMITTEE**

No budget provision is planned for 2024.

## 5.0 DECISION REQUIRED

Council is required to:

- a) Determine whether any amendments to the draft budget are required as outlined in section three.
- b) Approve a budget for the 2024/25 financial year
- c) Approve reserve allocations for the 2024/25 financial year
- d) Set a precept

## 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%)