

REPORT TO FULL COUNCIL

COUNCIL BUDGET 2025/26



Report Reference C-23-26
Meeting Date 13th January 2024
Agenda Item 12
Prepared by Town Clerk

1.0 INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION

The council is required to set a budget for the 2025/26 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 early December.

The taxbase¹ for the 2025/26 financial year is 6,114.16, an increase of 144.963 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 2nd December. The committee scrutinised the budget in detail and made one minor amendment (to add a budget for events in the Market Hall to promote use following refurbishment) leading to a recommended precept of £814,203.

Since the Finance Committee meeting:

- a) The Corporate Peer Challenge working group agreed to recommend that a budget is included to fund a health and safety review. A budget of £2,000 has been included in the updated draft to cover this
- b) The Events Committee has adjusted the budget for the Christmas events requiring additional net expenditure of £1,000 this is to enable the splitting of the switch on from the Christmas Market

In preparation for this meeting, the Town Clerk has updated budget projections and reviewed all budget lines further. The result is a recommended precept of £816,860.

1.3 PRECEPT CALUCLATION

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

Projected Bank Balance 31/03/2025	429,111	(a)
Budget Income 2025/26	219,431	(b)

¹ See appendix

Budget Expenditure 2025/2	1,026,265	(c)
2025/26 Reserves	439,137	(d)
Precept Required	816,860	(c+d) - (a+b)

This represents an increase of £97,349 (13.53%) and results in the annual council tax for a Band D household being £132.95, an increase of £13.01 (10.85%). This is an additional £1.08 per month (total £11.08 per month).

If the annual grant given to Knutsford Heritage Centre is retained at £7,500, the precept would be £819,360 (13.88%) making the Band D £133.36, an increase of £13.42 (11.19%); an additional £1.12 per month (total £11.11 per month).

2.0 RESERVES

2.1 RESERVES OVERVIEW

The draft reserve allocations are set in accordance with the Reserves Policy approved by the Finance Committee at its December meeting.

The recommended general reserve for the council's net revenue expenditure is approximately £178k and a slight increase has been applied to move towards this position noting that the council has other re-allocatable reserves which provide some protection additional budget protection i.e. the elections, community services, infrastructure and rental reserves. It remains the intention is to restore the reserve to a 25% net expenditure over time without significantly impacting the precept.

The CIL Receipts reserve reduces by the difference between the current year receipts and the expenditure incurred for the Ladies Mile path works. The EM Play Areas reserve has been increased by £1,000.

The Market Hall reserve is exhausted to cover the budget deficit in the current year with the balance going towards the refurbishment works. The Capital Receipts reserve reduces by the balance required for the market hall refurbishment. 10% of commercial rental income has been added to the EM Rental Reserve. Further commitment has been added to the EM Infrastructure and EM Neighbourhood Plan reserves.

£20,000 has been drawn down from the EM Community Services reserve which is the grant agreed for The Welcome in 2024/25.

An EM Town Awards reserve has been added to hold the upfront sponsorship received from the Forum of Private Business to sponsor the awards for the coming years.

Cheshire East Council has announced that it will be recharging the full cost associated with elections in 2027 (previously the policy has just been to recover by-elections costs). The Elections Reserve has been increased to £18,000 with a view to a further increase in 2026/27 to take the reserve to £25,500 which was the assumed costs of fully contested elections. Since this meeting, Cheshire East Council has confirmed the recharge fee would be just £7,510 which is the approximate cost of a single by-election. A target reserve of £22,500 would now be recommended which would cover the cost of two-by elections and the ordinary elections. The council could either reduce the allocation in this budget by £1,500 (to make the reserve £16,500) or leave it as presented with a lower increase being required in the 2026 budget to get the reserve to the full amount.

2.2 RECOMMENDED RESERVE LEVELS

Reserve	Current	Proposed	Difference
General Reserve	123,150	150,000	26,850
Capital Receipts	153,290	118,068	-35,222
CIL Receipts	26,497	23,588	-2,909
E/M Allotments	5,157	5,157	-
E/M Elections	10,500	18,000	7,500
E/M Rental Reserve	4,384	6,624	2,240
E/M Market	34,622	-	-34,622
E/M Play Areas	4,500	5,500	1,000
E/M Infrastructure	5,000	10,000	5,000
E/M Neighbourhood Plan Review	10,000	20,000	10,000
E/M Community Services	100,000	80,000	-20,000
E/M Town Awards		2,200	2,200
	477,100	439,137	-37,963

3.0 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.

3.1 FINANCE COMMITTEE

Following the placement of the council's current year funds into the CCLA Public Sector Deposit Fund, and strong interest rates, the projected bank interest income is above budget. The 2025 figure assumes interest rates reduce to around 4% by the end of 2025.

The council does not include a budget for CIL income as it is not guaranteed and, due to statutory restrictions, does not impact the precept calculation. Any CIL income in the account at year end is committed to an earmarked reserve.

Internal and external audit fees are higher in current and next financial years due to the increased council turnover. Additionally, the council increased the level of fidelity guarantee insurance to reflect higher cash balances and the cost of legal expenses insurance has increased due to the end of a discounted scheme.

A figure for the grant to The Welcome has been included for 2025/26 but it is noted this will be subject to determination by full council at the March meeting.

3.2 COMMUNITY COMMITTEE

As this is a new committee, new cost centres were created for 2024 to align the start figures the current year to 800 codes, all current and next year expenditure is under the 800 codes, old code numbers are shown in the last year column.

The Flowers in Wallwood activity costs have moved from the Town Centre Committee to this committee (under 815). There is no income shown for Town Awards as this will now be funded from

the EM reserve.

There are no other significant changes from the current year.

3.3 ASSETS AND OPERATIONS

Current year business rates costs have benefited from tapered transitional rate relief, 2025/26 will see this relief end and the full cost of rates applied. 60 King Street (205) will be slightly over budget due to asbestos removal costs. The budget for 2025 is currently based on existing management of the building.

There are no other significant changes from the current year.

3.3 ENVIRONMENT AND TRANSPORT COMMITTEE

Cost Centre 310 (Heritage) is increased to fund the production of the conservation area guidance documents.

The committee has added a budget of £37,500 for the development of a detailed design for the Moor to Parkgate Lane active travel path to progress this project.

There are no other significant changes from the current year.

3.4 EVENTS COMMITTEE

The committee has agreed to trial splitting the Christmas Light Switch On from the Christmas Market in 2025; the budgets for the two events have been revised accordingly with an increase in income for the Christmas Market (as the event will be split over a greater area) and increase in costs for the Christmas Market (as some costs absorbed by the Christmas Market will need to be met, e.g. traffic management). The net change is additional costs of £1,000.

The budget for the Picnic in the Park event has been amended slightly following the initial event held this year. The committee has included a small budget for an Open Air Cinema event balanced by a reduced budget for Heritage Open Days and minor reductions in other areas.

There are no other significant changes from the current year.

3.5 TOWN CENTRE COMMITTEE

As this is a new committee, new cost centres were created for 2024 to align the start figures the current year to 900 codes, all current and next year expenditure is under the 900 codes, old code numbers are shown in the last year column.

Centre 910 (Promotional Events) has been increased slightly to reflect costs for those events (e.g. Flash Fashion, Knutsford at Home and Family Fest).

The committee has included a budget of £32,500 for the development stage of a Business Improvement District. The committee will be working on this being reimbursed to the council in the event of a positive BID ballot and a BID being established.

The committee has included a £5,000 budget for progression of the development of a Town Centre

Masterplan following SPF funded work in the current financial year. The income/cost for preparing the annual town centre maps, budget for working with Visit Chester and Cheshire and the Coach Friendly Town budget has been included in the Tourism cost centre. The Christmas Lights budget is reduced to match the new five-year contract.

There are no other significant changes from the current year.

3.6 PERSONNEL COMMITTEE

Following the corporate peer challenge, the Personnel Committee agreed changes to the staffing structure, subject to the approval of the budget. These changes:

- a) Create a new position of Corporate Support Manager (part time)
- b) Create a new position of Marketing Assistant (part time)
- c) Create a new position of Communications and Engagement Officer (part time)
- d) Increase the hours of the Town Centre Manager and Events Officer
- e) Retitle and amend the duties of the Communications Officer to Tourism and Marketing Officer
- f) Retitle and slightly amend the duties of the Planning and Facilities Officer to Deputy Town Clerk

In total the increase office staffing levels by 2.1 FTE. The changes respond to the identified lack of capacity within the office team. The associated gross increase in staffing costs is £90,722.

The £2,000 budget for a health and safety review has been included in the professional fees budget line.

The budget for 2025 makes provision for salary progression and forecast inflationary pay increases (estimated at 2.5%).

3.7 PLANNING COMMITTEE

No budget provision is planned for 2025.

4.0 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%)