

CABINET

15 November, 2006

PRINCIPAL SCRUTINY COMMITTEE

4 December, 2006

GENERAL FUND BUDGET 2007/08 – PROPOSALS FOR CONSULTATION

Report of Director of Finance

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RECENT REFERENCES:

CAB1269: Financial Strategy 2007/08 to 2011/12, 26 July, 2006

CAB1270: Capital Strategy and Programme 2006, 26 July, 2006

CAB1331: General Fund Budget 2007/08, 11 October, 2006

CAB1334 : Corporate Strategy 2007-2012 – consultation draft, 11 October, 2006

EXECUTIVE SUMMARY:

This report presents the bids for growth and savings for the 2007/08 budget against the Council's draft corporate priorities.

Financial projections are provided up to 2011/12 in order that the medium term financial position of the Council can be fully considered when setting the budget for 2007/08.

All identifiable material risks related to the forecasts and underlying assumptions are identified and mitigating actions presented.

Consultation on this paper will take place with all Scrutiny Panels and Principal Scrutiny Committee as well as outside bodies including the local business community.

Cabinet will give further consideration to proposals after taking into account the views expressed in the consultation and new information on Government support.

RECOMMENDATIONS:

- 1 That Cabinet agrees to hold consultations on the current budget proposals in the context of the draft Corporate Strategy and the current projection of the Council's financial position.
- 2 That Principal Scrutiny Committee considers whether it wishes to make any comments on the growth and savings proposals, in the context of the draft Corporate Strategy and the current projection of the Council's financial position.

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1 Introduction

1.1 The key principles to be applied to the budget were agreed at the Cabinet meeting of 26 July, 2006, viz:

- The revenue budget for the forthcoming year will be balanced
- Reserves will not be used to fund annual, recurring expenditure
- Savings proposals will be sufficient to fund Growth proposals and to eliminate any projected deficit
- Growth proposals will not create a revenue deficit in future financial years without equivalent forward savings also being identified
- Inflation will be applied only to budgets for staff and external contracts

1.2 This report presents the results of the detailed work undertaken by Cabinet Members, through an informal Budget Sub Group (BSG), in reviewing all revenue and capital growth bids and savings proposals. The BSG has also used this process to challenge the baseline budget, which has included consideration of reducing services and exploring opportunities for increasing income above the assumed inflationary increases.

1.3 This work has been progressed alongside the development of the corporate strategy, and growth and savings bids are presented for consideration against the current draft corporate priorities.

1.4 Included, at Appendix A, are updated projections for the Financial Strategy period. These should be regarded as indicative at this stage as detailed work on the budgets continues.

2 Baseline Position

2.1 The paper presented in October (CAB1331) provided a baseline which reflected the current year's budget updated to include: additional approvals for carry forward from 2005/06; supplementary estimates; and expenditure to be funded from the Local Authority Business Growth Incentive Scheme (LABGI).

2.2 The financial performance in the year to September (per the half year monitoring report to Cabinet and Principal Scrutiny Committee – CAB1356) has also been

considered in identifying growth and savings bids and budget pressures for the forthcoming year.

3 Housing Revenue Account (HRA)

- 3.1 Whilst the HRA has to fund its revenue expenditure from rent income, its capital schemes can be financed from borrowing (using supported capital expenditure approvals); from capital receipts (with a loss of interest to the General Fund); or from its rent income. In addition, some of the savings arising from efficiencies or reductions in services elsewhere can impact on the HRA through reduced overhead charges. Thus the HRA must be considered alongside the General Fund: a further report will be made to Cabinet on the HRA position later in December.

4 Income

- 4.1 The financial projections have assumed that income, in total, would increase by inflation. Individual income budgets have been reviewed by directors and by the BSG which has identified some opportunity for income growth.
- 4.2 It is assumed that Planning Delivery Grant will continue or be replaced by equivalent income.
- 4.3 Significant income is generated from the investment of the Council's balances. Past performance indicates a tendency for higher actual balances being available for investment than budgeted, a key factor being delays in capital expenditure. In recognition of this, the assumptions for cash flows have been more heavily weighted towards the year end. Similarly, the revenue effect of the capital bids, in terms of interest receivable has also been factored in.

5 Capital

- 5.1 The capital programme as approved by Cabinet on 26 July 2006, updated for subsequent additional approvals, was presented to Cabinet in October (CAB1331 refers).
- 5.2 The baseline projection has now been updated in the light of the current status of e-government projects within the current programme and recent supplementary approvals. The updated baseline capital programme projections are provided at Appendix E.
- 5.3 Capital growth bids are detailed at Appendix F.
- 5.4 The projection of capital receipts, the prime source of funding the General Fund capital programme, is shown in Appendix B. This does not yet include receipts from the sale of assets arising from office accommodation proposals. Also, it should be noted that the forecast of receipts from the sale of HRA stock under the right to buy has not been revised and receipts from this source in the current year are currently below expectations.
- 5.5 There are new accounting requirements for the treatment of capital charges which may alter the allocation of costs between the General Fund and the HRA. The final guidance is still awaited for this.

6 Reserves

- 6.1 Reserves, which have been established for specific purposes, are presented at Appendix H. As in other years, when considering the taxation policy, Members must be mindful of the need to balance the loss of investment income against holding reserves far in advance of requiring them.
- 6.2 The principal reserve used for supporting the Budget is the Major Investment Reserve. There are plans within the Financial Strategy to utilise the reserve to support the capital programme, although a first call on the balance would be to support any deficit on the Revenue budget. Details are shown in Appendix B.

7 Government Settlement

- 7.1 The baseline projections assume an increase in Government support of 2.7% in 2007/08 and 2% pa thereafter. The details of the settlement will not be known much before Christmas and they will inform the final consideration of the budget in the New Year.

8 Revenue Growth Proposals

- 8.1 Proposals for revenue growth are presented at Appendix C. These have been categorised as follows:
- Priority Growth Bids – Recurring costs requiring increases to the Base Budget, considered to be of the highest priority,
 - One-off growth items considered to be priority that can be funded through Reserves,
 - One-off growth items that are planned to be funded from LABGI money – assuming that it will be received
 - Further revenue growth bids that are considered to be desirable should funding be available
 - Revenue growth bids that are considered to be of the lowest priority.

9 Winchester Town Account

- 9.1 Following the budget review by the BSG it is thought that some costs that are currently borne by the General Fund would be more appropriate for the Winchester Town Account. These are shown in Appendix C and reflected in the projections for the Winchester Town Account at Appendix I.

10 Revenue Savings and Income Growth Proposals

- 10.1 The Council has been faced with a constrained financial position over the last few years and has made considerable savings and some reduction in services in that time. Whilst the Council continues to pursue savings through its efficiencies programme, further reductions in costs may only be possible if there are concomitant reductions in services. Any changes in services ought to be linked to the Council's Corporate Strategy and it is for Members to decide what those priorities are.
- 10.2 The baseline projections include savings to be found under the Gershon efficiency requirements (see Appendix D). Currently achievement of these savings is falling

below target and the overall position for the Council's budget presented for future years may be optimistic. More detailed information is contained in Appendices 4 and 5 of Report CAB1356 elsewhere on this agenda.

- 10.3 Some potential for further savings has been identified as listed at Appendix D, together with income that could potentially be increased by amounts over and above the inflationary increases assumed in the baseline.

11 Projections

- 11.1 Appendix A gives projections over the medium term, until 2011/12. This starts with the projected headroom as set out in the previous report to Cabinet (CAB1331) and shows the effect of the proposals within this paper.

12 Risk / Uncertainty / Sensitivity

- 12.1 The budget for next year, and the Strategy's forward projections, will be influenced significantly by various factors that cannot be quantified or assessed fully at this stage; some external and outside of the control of the Council; and others that relate to factors and aspirations within the Council's control. Consideration has been given to these factors by the BSG and an assessment is provided at Appendix G.

13 Taxation Policy

- 13.1 It is assumed that the Government will consider using capping powers to limit council tax rises next year but there is no information on this at present. The projections include an illustrative increase in Council Tax of 3%. For each 1% increase about £50,000 pa is raised.

OTHER CONSIDERATIONS:

14 CORPORATE STRATEGY (RELEVANCE TO):

- 14.1 The Financial Strategy and budget proposals are a key component of the Council's Corporate Strategy allowing the corporate priorities to be achieved.

15 RESOURCE IMPLICATIONS:

- 15.1 As set out in the report.

BACKGROUND DOCUMENTS:

Working papers held in the Finance and other directorates.

APPENDICES:

Appendix A: General Fund Revenue Projections 2007/08 to 2011/12

Appendix B: Major Investment Reserve and Capital Receipts

Appendix C: General Fund Revenue Growth Bids 2007/08 to 2011/12

Appendix D: General Fund Revenue Savings and Income Growth Proposals 2007/08 to 2011/12

Appendix E: Capital Programme 2006/07 to 2011/12 – updated baseline forecast

Appendix F: Capital Growth Bids 2007/08 to 2011/12

Appendix G: Risk Assessment

Appendix H: Summary of Reserves

Appendix I: Winchester Town Account Projections 2007/08 to 2011/12

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GENERAL FUND REVENUE PROJECTIONS 2006/07 - 2011/12						
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	£000	£000	£000	£000	£000	£000
<u>(Headroom) / Shortfall projected (per CAB1331)</u>	42	-0	-71	-176	-287	-407
Interest cost of Capital growth bids		30	90	150	209	269
Increased Income		-57	-57	-57	-57	-57
Potential Revenue Savings		-300	-261	-255	-266	-276
Proposed to be funded by Winchester Town Account		-30	-30	-30	-30	-30
<i>(Headroom) / Shortfall projected prior to Growth</i>	42	-357	-329	-368	-430	-501
Priority Growth Bids		550	536	536	537	538
<i>(Headroom) / Shortfall projected</i>	42	193	206	168	107	37
Further Growth Bids for consideration		281	307	308	290	290
<i>(Headroom) / Shortfall projected</i>	42	474	513	476	397	327
Lowest Priority Growth Bids		185	100	100	100	100
<i>(Headroom) / Shortfall projected</i>	42	659	613	576	497	427

<u>One-Off costs</u>	2007/08	2008/09	2009/10	2010/11	2011/12
	£000	£000	£000	£000	£000
One- Off costs to be funded from Investment Reserves	225	70	5	5	20
One- Off costs to be funded from LABGI if awarded	95	25	0	0	0
<i>Total One-off Revenue costs</i>	320	95	5	5	20

MAJOR INVESTMENT RESERVE AND CAPITAL RECEIPTS

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
<u>MAJOR INVESTMENT RESERVE</u>						
Balance B/F	-5,012	-3,958	-2,069	-1,449	-986	-519
Revenue Contributions	150	323	570	463	467	289
Financing of Capital Programme	904	1,566	50	0	0	230
	<u>-3,958</u>	<u>-2,069</u>	<u>-1,449</u>	<u>-986</u>	<u>-519</u>	<u>0</u>
<u>CAPITAL RECEIPTS</u>						
Balance B/F	-12,677	-4,163	-2,965	-1,130	-680	-200
Asset Sales (RTB)	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000
Asset Sales (Other HRA)	-500	0	0	0	0	0
Pooling	1,500	1,500	1,500	1,500	1,500	1,500
Pooling transition	-375	0	0	0	0	0
Asset Sales (Other)	-430	-150	-150	-150	-150	-150
Financing of Capital Programme	10,319	1,848	2,485	1,100	1,130	850
	<u>-4,163</u>	<u>-2,965</u>	<u>-1,130</u>	<u>-680</u>	<u>-200</u>	<u>0</u>
NOTE: THESE FORECASTS REPRESENT THE BASELINE PROJECTIONS BEFORE CONSIDERATION OF SAVINGS AND GROWTH PROPOSALS						

Revenue Growth Bids						
	2007/08	2008/09	2009/10	2010/11	2011/12	Corporate Priority
	£'000	£'000	£'000	£'000	£'000	

Priority Growth Bids

Recurring costs requiring increases to the Base Budget

Concessionary Travel	- Additional cost of scheme due to increase in operators costs and additional take up of concessionary bus passes.	230	230	230	230	230	Safe & Strong Communities
Local Development Framework preparation	-LDF is a statutory requirement. The Council has produced a Local Development Scheme and this will enable the programme to continue.	63	63	63	63	63	Cross Cutting
Land Charges	- re expected new Govt regulations which will limit local discretion on setting charges - full details not yet available. Estimated reduction in income.	50	50	50	50	50	Efficient & Effective Organisation
Tree inspections	- In order to meet risk register requirements.	35	30	30	30	30	High Quality Environment
Members' Allowances	- provision to allow recommendations of the Independent Remuneration Panel to be implemented. Allowances currently frozen at 2004/05 levels and have not been index linked by Council decision.	28	29	29	30	31	Efficient & Effective Organisation
Supporting Older People	- Charge to the GF if Central Control transfers to HRA for use of the service corporately to provide out of hours contacts for all services.	20	20	20	20	20	Safe & Strong Communities
Animal Welfare Act	- New duties under legislation to licence additional premises.	20	20	20	20	20	Efficient & Effective Organisation
Establish out of hours service for collection of stray dogs	- To meet duties under Clean Neighbourhoods & Environment Act.	20	20	20	20	20	Efficient & Effective Organisation
Elections/Electoral Registration	- To provide for changes in procedures arising from the Electoral Administration Act 2006. Expected at least partly to be funded by the Govt. although detail is not yet available.	20	10	10	10	10	Efficient & Effective Organisation
Choice Based Lettings	- Statutory responsibility (60:40 Gov't funded). Start up costs with scheme to launch April 2008.	15	15	15	15	15	Efficient & Effective Organisation
Park & Ride	- Contract inflation over and above RPI.	15	15	15	15	15	Safe & Strong Communities
Grounds Maintenance	- Transfer from HRA to General Fund to reflect right to buy sales.	14	14	14	14	14	High Quality Environment
Standards Committee Consultancy	- Investigation and determination of most case has been devolved from the Standards Board without match funding. This sum is to provide consultancy for both when Council staff have a conflict of interest and peaks of work.	10	10	10	10	10	Efficient & Effective Organisation
Unlicensed major outdoor events	- Funding for additional work on events across the District where licence fee not received.	10	10	10	10	10	Efficient & Effective Organisation
Total Recurring costs requiring increases to the Base Budget		550	536	536	537	538	

One- Off costs to be funded from Investment Reserves

Electronic Document Records Mgt System	- Estimated costs of scanning essential historic records.	120	50	0	0	0	Efficient & Effective Organisation
Private Sector Housing Survey	- Government requirement every 4 to 5 years. Last survey was done 2001.	50	0	0	0	0	Safe & Strong Communities
Local Plan Legal Challenge	- High Court challenge submitted which seeks to quash the Local Plan.	25	10	0	0	0	Cross Cutting
Housing Market Assessment Survey	- Previously Housing Needs Survey. Will work with neighbouring authorities.	20	0	0	0	20	Safe & Strong Communities
Partnership for South Hampshire (PUSH)	- Joint planning partnership with other South Hampshire authorities based on funding formula (population based).	10	10	5	5	0	Cross Cutting
Total One- Off costs to be funded from Investment Reserves		225	70	5	5	20	

One- Off costs to be funded from LABGI if awarded

Economic Development Study	- Review/amendment of planning and other policies to support economic development (eg work on LDF).	50	25	0	0	0	Economic Prosperity
Conserving Character/Design Guidance	- to produce Local Area Design Statements and/or assist the production of Village/Neighbourhood Design Statements.	45	0	0	0	0	High Quality Environment
Total One- Off costs to be funded from LABGI if awarded		95	25	0	0	0	

Items to be funded by the Winchester Town Account

	2007/08	2008/09	2009/10	2010/11	2011/12	Corporate Priority
	£'000	£'000	£'000	£'000	£'000	
Playground safety inspections	- To meet risk register requirements.	30	30	30	30	30 High Quality Environment
Total Items to be transferred from General Fund to Winchester Town Account						
		30	30	30	30	30

Further Growth Bids for consideration

Historic buildings grants	- Reinstatement of Grants Scheme.	70	70	70	70	70 High Quality Environment
Conservation Service	- One additional Conservation Officer.	40	40	40	40	40 High Quality Environment
Winchester Centre Rent Review	- Provision required to offset rent increase for Winchester Centre (WCC property)-building managed by WACA.	35	35	35	35	35 Safe & Strong Communities
Electronic Document Records Mgt System	-Software maintenance costs for licences	30	30	30	30	30 Efficient & Effective Organisation
Recycling Advisors	- 2 advisor posts to be retained following completion of ABC roll out for behavioural change projects.	25	50	50	50	50 High Quality Environment
Cash Office	- Retention of the cash office.	25	25	25	25	25 Efficient & Effective Organisation
Expansion of AEZ & Outreach Work	- Part fund Support Outreach Worker.	16	17	18	0	0 Safe & Strong Communities
Re-establishment of Out of Hours Service for EH services	- To meet Civil Contingency Act requirements for out of hours service provision.	15	15	15	15	15 Efficient & Effective Organisation
Active Lifestyles Officer	- Full time post to develop schemes that encourage a healthy lifestyle through increased physical activity.	15	15	15	15	15 Safe & Strong Communities
Public Conveniences repairs	- To fund deficit in maintenance budget	10	10	10	10	10 High Quality Environment
Total Further Growth Bids for consideration		281	307	308	290	290

Revenue Growth Bids considered to be the Lowest Priority

Salix Finance Bid	- Match funding-sets up fund for energy efficiency.	100	0	0	0	0 Efficient & Effective Organisation
Biodiversity Officer	- Officer required to implement Biodiversity Action Plan.	35	35	35	35	35 High Quality Environment
Members' Pensions	- The Independent Remuneration Panel can recommend that Councillors have the right to join the Local Govt. Pension Scheme. This is the estimated costs of Employer's contributions in the initial years, if this were done.	25	25	25	25	25 Efficient & Effective Organisation
Scrutiny Officer	- to provide increased officer support for scrutiny panels.	25	25	25	25	25 Efficient & Effective Organisation
Street Scene / cleansing	- To fund additional street cleansing works and streetscene projects	0	15	15	15	15 High Quality Environment
Total Revenue Growth Bids considered to be the Lowest Priority		185	100	100	100	100

Gershon Savings / Gains						
	2007/08	2008/09	2009/10	2010/11	2011/12	
Gershon Savings / gains in Baseline	£'000	£'000	£'000	£'000	£'000	
Cashable	691	691	691	691	691	
Non cashable	370	370	370	370	370	
Total Gershon Savings / gains in Baseline	1,061	1,061	1,061	1,061	1,061	
Further Gershon Savings Required in 2007/08 to achieve targets	£'000	£'000	£'000	£'000	£'000	
Cashable	92	92	92	92	92	
Non cashable	414	414	414	414	414	
Total Gershon target (3yr cumulative)	1,567	1,567	1,567	1,567	1,567	

Potential Revenue Savings							
	2007/08	2008/09	2009/10	2010/11	2011/12	Corporate Priority	
Potential Revenue Savings identified	£'000	£'000	£'000	£'000	£'000		
<i>Assumed percentage of corporate savings applied to the General Fund</i>	70%	70%	70%	70%	70%		
Potential Recurring Savings that would reduce the Base Budget							
Organisational development	- to include process review and new mechanisms for service delivery	150	150	150	150	150	Efficient & Effective Organisation
Roll out of ABC refuse/recycling collection system	- efficiencies achieved as part of contract negotiation which will have an impact in 2007/08	50	0	0	0	0	High Quality Environment
Health Improvement Partnership (HISI)	- withdraw contribution to HISI	25	25	25	25	25	Safe & Strong Communities
Meals on Wheels	- Stop our contribution to the County Scheme.	21	21	21	21	21	Safe & Strong Communities
Members' allowances	- projected estimate of unclaimed member allowances	16	16	0	0	0	Efficient & Effective Organisation
Delete Recycling Officer Post	- current postholder due to retire. Would mean no publicity works with school and community groups	15	15	15	15	15	High Quality Environment
Recruitment Advertising	- Development of a Hampshire Recruitment web portal (funded by HIOWLA)	11	21	32	42	53	Efficient & Effective Organisation
Recruitment Advertising	- Use of signposting for adverts to reduce advert size and costs (funded by HIOWLA)	11	11	11	11	11	Efficient & Effective Organisation
Radiation Monitoring Contract	- Radiation levels monitored as part of regional approach to maintaining records of background levels - ad hoc monitoring could be undertaken in response to any incident	2	2	2	2	2	High Quality Environment
Total Recurring Savings that could reduce the Base Budget		300	261	255	266	276	

Potential Income Increases							
	2007/08	2008/09	2009/10	2010/11	2011/12	Corporate Priority	
Potential Income increases above inflation	£'000	£'000	£'000	£'000	£'000		
Potential Income that would increase the Base Budget							
Licences	- Estimated higher Liquor licence fees (fees set nationally) plus more Hackney licences projected, plus some increases as a result of the Gambling Act.	40	40	40	40	40	Efficient & Effective Organisation
Council Tax	- Court Costs recovered - reviewed annually against costs incurred. No profit element included. Reviewed in January to £73. Will be reviewed again shortly; possible increase to £80.	6	6	6	6	6	Efficient & Effective Organisation
Meadowside income	- Increase income target. Target for 06/07 already increased by £25000. Any increase in excess of £5000 may be unrealistic without significant expansion to the facilities on offer at the centre. (also - £1,000 assumed increased hire fees for sports pitch	6	6	6	6	6	Safe & Strong Communities
Houses in Multiple Occupation	- Potential to generate income from the Accreditation Scheme.	5	5	5	5	5	Efficient & Effective Organisation
Total Potential Income increases to the Base Budget		57	57	57	57	57	

CAPITAL PROGRAMME 2006/07 to 2011/12						
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	£000	£000	£000	£000	£000	£000
<u>SOCIAL ISSUES</u>						
<u>Housing Revenue Account</u>						
Major repairs	3,278	3,278	3,278	3,278	3,278	3,278
Sewage Treatment Works	417	200	200	200	200	200
<u>Housing General Fund</u>						
Renovation Grants - Mandatory	450	450	450	450	450	450
Renovation Grants - Discretionary	170	170	170	170	170	170
Affordable Housing (SHG)	375	0	0	0	0	0
Affordable Housing/Regeneration	500	0	0	0	0	0
<u>Community Development</u>						
Open Space & Recreation Facilities	190	290	150	150	150	150
Capital grants	131	100	100	100	100	100
Guildhall Improvements	18	0	0	0	0	0
Guildhall Community Facilities	75	500	500	0	0	0
Swanmore Community Scheme	313	10	10	0	0	0
Outdoor sports centre - Bar End	1,000	0	0	0	0	0
<i>Total - Social Issues</i>	6,917	4,998	4,858	4,348	4,348	4,348
<u>ENVIRONMENT</u>						
<u>Environmental Health</u>						
Public Conveniences	0	20	0	20	0	0
Replacement Bins	960	100	10	10	10	10
<u>Conservation</u>						
Environmental Improvements in Rural Areas	15	0	0	0	0	0
Denmead Environmental Improvements	62	0	0	0	0	0
Waterways improvements	59	0	0	0	0	0
<i>Total - Environment</i>	1,096	120	10	30	10	10
<u>LOCAL ECONOMY</u>						
<u>Transportation</u>						
Car Parks	225	700	700	180	180	180
Footway Lighting	10	10	10	10	10	10
<u>Cultural Services</u>						
Market Lane Window Display	15	0	0	0	0	0
Groundworks in Jewry Street	180	0	0	0	0	0
Winchester Cultural Centre	330	340	0	0	0	0
<i>Total - Local Economy</i>	760	1,050	710	190	190	190
<u>RESOURCES</u>						
<u>Finance</u>						
ICT Equipment	130	250	200	200	250	200
ICT E-govt	905	1,521	130	0	0	0
Digital Print Software	25	0	0	0	0	0
<u>City Secretary</u>						
Land Charges Computerisation	15	0	0	0	0	0
Magdalen Hill Cemetery Improvements	30	0	0	0	0	0
<u>Estates</u>						
Purchase of property	4,300	0	0	0	0	0
West Wing	300	0	0	0	0	0
Abbey House	150	0	0	0	0	0
Abbey Mill	25	0	0	0	0	0
Avalon House	150	0	0	0	0	0
City Museum	137	45	0	0	0	0
City Offices	45	20	20	20	20	20
New Offices - fees	150	400	0	0	0	0
Casson Block Repairs	108	0	0	0	0	0
Guildhall Capital Repairs	56	0	0	0	0	0
RPLC Capital Repairs	1,475	0	1,000	0	0	0
<i>Total - Resources</i>	8,001	2,236	1,350	220	270	220
TOTAL BUDGET	16,774	8,404	6,928	4,788	4,818	4,768

Capital Growth Bids						
	2007/08	2008/09	2009/10	2010/11	2011/12	Corporate Priority
	£'000	£'000	£'000	£'000	£'000	

Capital Growth Bids

HOUSING REVENUE ACCOUNT

Disabled Adaptions/DDA requirements	To meet DDA requirements	300	300	300	200	200	Safe & Strong Communities
Heating System Replacement/renewal	Increasing obsolete systems	250	250	250	250	250	Safe & Strong Communities
Switch to Digital	Required by 2012 - legal requirement under tenancy conditions	130	130	130	-	-	Safe & Strong Communities
Replacement programme for pre cast concrete garages	Beyond reasonable repair	50	50	50	-	-	Safe & Strong Communities
Total HRA Capital Growth Bids Total		730	730	730	450	450	

GENERAL FUND

Knowle Community Building	Provision of additional community facilities	200	200	-	-	-	Safe & Strong Communities
Abbey Gardens Public Toilets	Refurbishment	150	-	-	-	-	Safe & Strong Communities
River Park Leisure Centre	Replacement of swimming pool and plant and equipment	100	-	-	-	-	Safe & Strong Communities
Meadowside	Urgent remedial work and extension	100	-	300	-	-	Safe & Strong Communities
CCTV	Relocation of control room and purchase of new digital equipment	-	250	-	-	-	Safe & Strong Communities
Abbey House	Renovation	-	200	190	-	-	High Quality Environment
Financial System	Upgrade or replacement of the core financial system	-	150	-	-	-	Efficient & Effective Organisation
Tower Street Car Park	Refurbishment for health and safety and operational needs	-	100	-	-	-	Safe & Strong Communities
Rural Transport	Capital funding for the provision of transport in rural areas	50	50	50	50	50	Safe & Strong Communities
Total General Fund Capital Growth Bids		600	950	540	50	50	

Total Capital Growth bids

1,330	1,680	1,270	500	500
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RISK ASSESSMENT

Risk area identified	Potential Impact of Risk	Mitigation
RPI	Budget provision insufficient to cover contractual commitments that are linked to RPI	<ul style="list-style-type: none"> ✓ Budget provision made for inflation of 3% p.a. ✓ Fees and charges increases based on same RPI assumptions ✓ Maintain adequate level of General Fund working balance reserve
Pay Inflation	Budget provision insufficient to cover actual pay settlements for years 2007/08 and beyond	<ul style="list-style-type: none"> ✓ Budget provision made for pay inflation of 2.5% p.a. ✓ Maintain adequate level of General Fund working balance reserve
Interest Rates	Interest rate forecasts vary from the assumptions made in the financial forecasts resulting in a shortfall in assumed investment interest.	<ul style="list-style-type: none"> ✓ Specialist advice taken on interest rate forecasts ✓ Cash flow modeled against anticipated financial forecasts and a prudent approach adopted ✓ Treasury Management Strategy and Policies
Revenue Support Grant	Shortfall in grant funding compared with funding assumed for budget	<ul style="list-style-type: none"> ✓ Indicative settlement provided by the Government for 2007/08 providing a greater degree of certainty ✓ Increases of 2% p.a. assumed for 2008/09 and beyond ✓ Maintain adequate level of General Fund working balance reserve
Planning Delivery Grant	Future grant funding discontinued	<ul style="list-style-type: none"> ✓ Monitor Government consultation on future proposals for funding planning improvement
Local Authority Business Growth Incentive Scheme	Funding received may be less than growth items identified to be covered by this funding.	<ul style="list-style-type: none"> ✓ Income assumed is thought to be prudent ✓ One off costs could be funded by reserves or not progressed if LABGI insuffice ✓
Government Capping	Government consider that the budget decisions taken by the Council should be subject to capping resulting in the costs of rebilling etc.	<ul style="list-style-type: none"> ✓ Council will consider Government guidance when setting council tax. ✓ Effect of Town Account decisions also considered

Risk area identified	Potential Impact of Risk	Mitigation
Efficiency Targets	Failure to deliver budget cashable efficiency targets leading to a funding shortfall	<ul style="list-style-type: none"> ✓ Ensure that targets are realistic and achievable within the timescales set ✓ Allocate ownership and develop action plans to deliver ✓ Maintain adequate level of General Fund working balance reserve
Concessionary Travel	Budget provision is insufficient to cover full costs of the scheme for 2007/08 and for the introduction of the national scheme in 2008/09 and beyond	<ul style="list-style-type: none"> ✓ Budget growth item reflects advice of consultants for the Hampshire Countywide scheme ✓ Expected that there will be additional grant support for the national scheme
Car Park income	Budgeted income not achieved resulting in shortfall.	<ul style="list-style-type: none"> ✓ Consideration of various charging options underway
The review of Government funding for local councils and the possibility of business rate income being retained by councils	Uncertainty in future funding mechanisms and levels of support pending publication and consideration of Lyons review	<ul style="list-style-type: none"> ✓ Maintain a prudent approach to budget and forecasting (as above) pending publication and Government response
Equal Pay	Unexpected claims for back pay	<ul style="list-style-type: none"> ✓ Equal Pay audit currently underway and no issues expected ✓ Union agreement that there were no equal pay issues when new pay structure was introduced ✓ Maintain adequate level of General Fund working balance reserve
Changes to fee structure for land charges searches	Budget provision is insufficient when the detail of the regulations are available	<ul style="list-style-type: none"> ✓ Prudent provision for reduction in income made at this stage. Guidance will be available before budget finalised and position can be reviewed
Growth pressures and changes to national priorities that must be met	New pressures and requirements, particularly those arising from Local Government White Paper, likely to carry additional costs	<ul style="list-style-type: none"> ✓ To be considered as individual initiatives and requirements emerge. Prudent approach to budgeting more likely to allow some scope for future investment in new areas
New office accommodation	Escalation of costs for new provision <u>or</u> growing costs of existing accommodation	<ul style="list-style-type: none"> ✓ Option appraisal for new offices to take full account of current financial outlook and detailed project risks
Silver Hill development proposals	Costs arising due to Council input, revenue costs post-implementation or risks to return on Council assets	<ul style="list-style-type: none"> ✓ Detailed risks managed as part of Silver Hill project

Risk area identified	Potential Impact of Risk	Mitigation
Any need for further investment in building fabric / capital repairs	Budget may be insufficient to meet requirements	✓ Detailed needs assessment / prioritisation underway
Work to the Guildhall additional to the Bapsy proposals	May result in higher costs	✓ To be considered as part of new office accommodation project
Further expansion of the Park and Ride scheme	There may be further substantial costs from 2009/10 as a result of expansion of the scheme – not covered by commensurate increases in Government grant	<ul style="list-style-type: none"> ✓ Keep under review ✓ Maintain adequate level of General Fund working balance reserve
Benefits Subsidy	Impact of transitional scheme not fully known and therefore difficult to quantify	✓ Keep under review, and expected to be known before final budgets are set
VAT – breach of the 5% limit	Additional irrecoverable VAT costs as a result of breaching the limit	✓ VAT implications considered as part of capital appraisal for each project

SUMMARY OF RESERVES

	<i>2006/07 Opening Balance</i>	<i>2007/08 Opening Balance</i>	<i>2008/09 Opening Balance</i>	<i>2009/10 Opening Balance</i>	<i>2010/11 Opening Balance</i>	<i>2011/12 Opening Balance</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
General Fund Working Balance Reserve	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Major Investment Reserve	(5,012)	(3,958)	(2,069)	(1,449)	(986)	(519)
<u>Earmarked Reserves</u>						
<i>Social Issues</i>						
Bapsy Bequest (interest)	(439)	(423)	(0)	(0)	(14)	(29)
Bapsy Bequest	(763)	(763)	(745)	(282)	(282)	(282)
Leisure, Arts and Culture Grants	(54)	(44)	(34)	(24)	(14)	(4)
Guildhall Kitchen Equipment	(5)	(5)	(5)	(5)	(5)	(5)
Open Spaces Maintenance	(799)	(708)	(624)	(536)	(448)	(359)
Planning Open Spaces Deposits (interest)	(2,292)	(1,232)	(1,096)	(1,043)	(995)	(945)
<i>Environment</i>						
Local Development Framework	(0)	(1)	(0)	(0)	(0)	(0)
Planning Grants	(169)	(19)	(0)	(0)	(0)	(0)
<i>Local Economy</i>						
Car Park Income	(0)	(0)	(0)	(0)	(0)	(0)
Car Park Property Maintenance	(980)	(755)	(55)	(0)	(0)	(0)
Museums Acquisitions	(12)	(11)	(11)	(11)	(11)	(11)
Museums Publications	(29)	(34)	(34)	(34)	(34)	(34)
Recreational Development	(10)	(8)	(6)	(6)	(6)	(6)
Town Twinning	(18)	(18)	(18)	(18)	(18)	(18)
Whiteley	(812)	(771)	(728)	(681)	(629)	(573)
<i>Resources</i>						
GF Non-operational Property Repairs	(172)	(104)	(104)	(104)	(104)	(104)
GF Operational Property Repairs	(0)	(0)	(0)	(0)	(0)	(0)
Insurance Reserve (GF)	(364)	(311)	(283)	(255)	(227)	(200)
ICT Strategy	(903)	(523)	(168)	(0)	(0)	(0)
Land Charges Computerisation	(372)	(209)	(209)	(0)	(0)	(0)
Winchester Town	(124)	(142)	(147)	(153)	(154)	(150)
Total Earmarked Reserves	<u>(8,317)</u>	<u>(6,081)</u>	<u>(4,267)</u>	<u>(3,152)</u>	<u>(2,941)</u>	<u>(2,720)</u>
Total Reserves	<u><u>(15,329)</u></u>	<u><u>(12,039)</u></u>	<u><u>(8,336)</u></u>	<u><u>(6,601)</u></u>	<u><u>(5,927)</u></u>	<u><u>(5,239)</u></u>

WINCHESTER TOWN REVENUE PROJECTIONS 2006/07 - 2011/12

	2006/2007 Budget £000	2006/2007 Revised £000	2007/2008 Forecast £000	2008/09 Forecast £000	2009/10 Forecast £000	2010/11 Forecast £000	2011/12 Forecast £000	Note
Cemeteries	53	47	48	49	49	50	50	1
Allotments	(1)	(3)	(3)	(3)	(3)	(3)	(3)	1
Grants	35	35	25	25	25	25	25	2
Recreation Grounds & Open Spaces (Proportion)	509	458	468	478	486	496	506	1
Community Wardens (Contribution)	45	45	45	45	45	45	45	3
Footway Lighting	27	23	24	24	25	25	26	1
Bus Shelter Cleaning	13	13	13	13	13	13	13	
Christmas Lights	8	8	8	8	9	9	9	
Neighbourhood Design Statements	5	5	0	0	0	0	0	4
Tree Survey & Maintenance	10	10	10	10	10	10	10	
St.Faith's Meadow	5	5	5	0	0	0	0	5
Town Forum Support	10	11	11	11	12	12	12	
Total Base Line Expenditure	719	657	654	660	671	682	693	
<u>Proposed Growth Bids/Increased Income</u>								
Cemeteries Income	0	0	(6)	(7)	(7)	(7)	(7)	
Playground Safety Inspections	0	0	30	30	30	30	30	
Total Expenditure	719	657	678	683	694	705	716	
Proceeds of Council Tax	(669)	(669)	(676)	(683)	(690)	(697)	(704)	
Interest on Balance	(4)	(6)	(7)	(6)	(5)	(4)	(3)	
Variation in Balances	46	(18)	(5)	(6)	(1)	4	9	
FUND BALANCE at 1st APRIL	(91)	(124)	(142)	(147)	(153)	(154)	(150)	
FUND BALANCE CARRIED FORWARD	(45)	(142)	(147)	(153)	(154)	(150)	(141)	
Tax Base	13,637	13,637	13,784	13,933	14,072	14,213	14,355	
Tax at Band D	£49.05	£49.05	£49.05	£49.05	£49.05	£49.05	£49.05	
<u>Notes</u>								
1. No capital financing interest from 2006/07 reflecting changes to Accounting Guidance.								
2. Agreed notional amount for 2007/08.								
3. Agreed contribution.								
4. Approved for 1 year only.								
5. 2007/08 = final year of 3 years.								