

CABINET

14 November 2007

PRINCIPAL SCRUTINY COMMITTEE

19 November 2007

GENERAL FUND BUDGET 2008/09 – PROPOSALS FOR CONSULTATION

Report of Head of Finance

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RECENT REFERENCES:

CAB1483: Financial Strategy 2008/09 to 2012/13, 17 July 2007

CAB 1484: Capital Strategy and Programme 2007, 17 July 2007

CAB1530: Capital Programme 2007/08 to 2012/13, 19 September 2007

CAB1536: General Fund Budget 2008/09, 17 October 2007

EXECUTIVE SUMMARY:

This report presents initial proposals for savings and unavoidable growth for the 2008/09 budget for consideration against the Council's draft Corporate Strategy, and reflects the results of the work undertaken by the member led reviews of services (Fundamental Service Reviews).

A number of uncertainties that will impact on the medium term financial projections remain, and a risk assessment with mitigating actions is included in this report.

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, possible tax increases and other information, as part of finalising next year's budget in the New Year.

**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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## GENERAL FUND BUDGET 2008/09 – PROPOSALS FOR CONSULTATION

### Report of Head of Finance

#### 1 Introduction

1.1 The key budget principles as set out in the Financial Strategy agreed by the Cabinet on 17 July 2007, are:

- 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 reflects the results of the work undertaken by the member led reviews of services (Fundamental Service Reviews).

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

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

#### 2 Baseline Position

2.1 The paper presented in October (CAB1536) provided a baseline which reflected the current year's budget updated to include; approvals for carry forward from 2006/07; approved supplementary estimates; and, expenditure funded from the Local Authority Business Growth Incentive (LABGI) received. The paper also identified a number of uncertainties and, although not repeated here, these remain. A risk assessment is provided at Appendix A.

2.2 The financial performance in the year to date has been considered in identifying growth and savings proposals and budget pressures for the forthcoming year. The impact of the vacancy management action taken to address the pressures on the paybill this year is currently being reviewed in the light of the limited experience to date and this may have an impact on the final projections for next year.

- 2.3 There may also be adjustments to be made to the final projections reflecting any decisions that are taken in the period between having set the baseline and finalising the budget; for example other papers on this agenda.

### 3 Housing Revenue Account (HRA)

- 3.1 Whilst the Housing Revenue Account (HRA) is fairly self contained in that its revenue expenditure must be funded by its rental income, its capital schemes can impact on the General Fund through loss of interest. Conversely changes initiated in the General Fund can impact on the HRA in the form of overhead charges.
- 3.2 Therefore the General Fund cannot be considered independently of the Housing Revenue Account (HRA). As in previous years, a report will be made to Cabinet on the HRA budget proposals in December.

### 4 Income

- 4.1 The financial projections have assumed that total income would increase by inflation, providing £510,000 additional income in 2008/09. It is a requirement under the Financial Procedure Rules that all fees and charges are reviewed annually. Whilst there are statutory and market restrictions on these charges, review has identified some scope to achieve higher than inflationary increases/new sources of income providing for income growth. These are provided at Appendix C.
- 4.2 Planning Delivery Grant will be replaced by a new Planning and Housing Delivery Grant next year. The Government has begun consultation on the detailed mechanism for allocation of the grant which will be based on performance in delivering the Local Development Framework and new housing growth – effectively to reward Councils which are accommodating substantial new development. The grant will not be ring-fenced but it will be partially abated if development control performance falls below BVPI targets. At this time a number of the criteria and mechanisms to be used for determining funding are not settled and it is not possible to indicate what level of grant may be received.
- 4.3 The Government is currently consulting on whether there should be an increase in the fees which local authorities can charge for dealing with planning applications. It seems likely that an increase will be made but again it is too early to make any assumptions for budgeting purposes. The baseline assumption for 2008/09 is £250,000.
- 4.4 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.

### 5 Capital

- 5.1 An updated capital programme was considered by Cabinet in September and, including the approvals made at that meeting, the current programme is included at Appendix E.
- 5.2 The projection of capital receipts, the prime source of funding the General Fund capital programme, is shown in Appendix G. This forecast shows that by 2012/13, the end of the current Financial Strategy period, the balance of capital receipts will be significantly depleted. However, there may be future opportunities for receipts from the further sale

of assets. Also, it should be noted that the forecast of receipts from the sale of HRA stock under the right to buy has been assumed to continue at the same levels as in the recent past although it is considered that these levels may reduce at some point in the future. This will be kept under review.

- 5.3 Capital growth bids are detailed at Appendix F and include indicative figures for 2008/09 in relation to the property condition surveys undertaken. A full report on the results of the condition surveys will be presented to the Cabinet in December.

## 6 Reserves

- 6.1 The principal reserve used for supporting fluctuations in the Budget is the Major Investment Reserve (MIR). 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 G.
- 6.2 Earmarked reserves have been established for specific purposes with associated spending plans. Operational property condition surveys (currently underway) may determine a requirement to set up an earmarked reserve for Property Enhancement and Repair.

## 7 Government Settlement

- 7.1 The projections in Appendix B assume no increase in Government support in 2008/09 and thereafter. The Formula Grant Distribution System is currently under review with the first three year settlement to run from 2008/09 to 2010/11 inclusive, with planned changes in the grant distribution method. The details of the settlement are not yet known. They will inform the final consideration of the budget in the New Year.
- 7.2 There is also expected to be some specific grant allocation for the extension to the concessionary travel scheme in 2008/09, although it is not yet known whether the amounts received will be sufficient to fund obligations. Any potential impact of this is not currently reflected in the projections i.e. it is assumed that additional funding will match the additional costs.

## 8 Revenue Growth Proposals

- 8.1 Proposals for revenue growth that are considered to be unavoidable are presented at Appendix D.
- 8.2 These do not include any potential requirements that may arise out of the paybill review that is currently underway.

## 9 Revenue Savings and Income Growth Proposals

- 9.1 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.
- 9.2 There are specific reports on the Council's efficiency programme and achievement of "Gershon" efficiency requirements; whilst some unpredicted savings have been achieved, some of the planned efficiencies have not been achieved, and in

accordance with the current principles of the “Gershon” Annual Efficiency targets the Council has had the ability to recycle these savings. This flexibility to recycle savings is likely to be taken away in the future in the form of lower grant settlements.

- 9.3 The baseline budget projections include various cost savings assumptions made in previous years’ budget setting exercises, which if not achieved will have the effect of presenting an over-optimistic forecast of the net budget position. It will therefore be necessary to review and reset these assumptions in the light of experience, having the effect of bringing the budget assumptions into line with the reported efficiency programme. This will be incorporated into the final budget proposals.
- 9.4 Some potential for further savings and income increases above inflation has been identified – listed at Appendix C.

## 10 Projections

- 10.1 Appendix B shows the effect of the initial proposals for savings, income and unavoidable growth on the current medium term projections, using the same baseline assumptions as presented in CAB1536 in October.

## 11 Winchester Town Account

- 11.1 The current projections for the Winchester Town Account are provided at Appendix H. These will be considered by the Winchester Town Forum at its meeting in November.

## 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 and an assessment is provided at Appendix A.

## 13 Taxation Policy

- 13.1 The Government has announced that it expects that the Comprehensive Spending Review settlement will enable councils to keep council tax increases well below 5% in each of the 3 years of the settlement period. The projections include an illustrative increase in Council Tax of 4%. For each 1% increase about £60,000 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 divisions.

APPENDICES:

Appendix A: Risk Assessment

Appendix B: General Fund Revenue Projections

Appendix C: General Fund Revenue Savings and Income Growth Proposals

Appendix D: General Fund Revenue Growth Bids

Appendix E: Capital Programme

Appendix F: Capital Growth Bids

Appendix G: Major Investment Reserve and Capital Receipts

Appendix H: Winchester Town Account Projections

### RISK ASSESSMENT – 2008/09 Budget

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"> <li>✓ Budget provision made for inflation of 4% pa</li> <li>✓ Fees and charges increases based on same RPI assumptions</li> <li>✓ Maintain adequate level of General Fund working balance</li> </ul>
Pay Inflation	Budget provision insufficient to cover actual pay settlements for years 2008/09 and beyond	<ul style="list-style-type: none"> <li>✓ Budget provision made for pay inflation of 2.5% p.a.</li> <li>✓ Maintain adequate level of General Fund working balance</li> </ul>
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"> <li>✓ Specialist advice taken on interest rate forecasts</li> <li>✓ Cash flow modeled against anticipated financial forecasts and a prudent approach adopted</li> <li>✓ Treasury Management Strategy and Policies</li> </ul>
Revenue Support Grant	Shortfall in budget if grant funding is less than that assumed	<ul style="list-style-type: none"> <li>✓ Final settlement provided by the Government for 2008/09 will provide certainty for next 3 years</li> <li>✓ Baseline increases of 0% p.a. assumed for 2008/09 and beyond</li> <li>✓ Maintain adequate level of General Fund working balance</li> </ul>
Planning Delivery Grant	Future grant funding lower than current budget or discontinued under replacement Planning and Housing Delivery Grant	<ul style="list-style-type: none"> <li>✓ Monitor Government consultation on future proposals for funding planning improvement</li> </ul>
Local Authority Business Growth Incentive Scheme	Initiatives funded by this scheme may raise future expectations and create ongoing commitments	<ul style="list-style-type: none"> <li>✓ Earmarked reserve set up to help ensure commitments do not exceed available funding</li> <li>✓ One off costs could be funded by reserves or not progressed if LABGI insufficient</li> </ul>
Government Capping	Government considers 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"> <li>✓ Council will consider Government guidance when setting council tax</li> <li>✓ Effect of Town Account decisions also considered</li> </ul>



Risk area identified	Potential Impact of Risk	Mitigation
Efficiency Targets	Failure to deliver ongoing budget cashable efficiency targets leading to a funding shortfall	<ul style="list-style-type: none"> <li>✓ Ensure that targets are realistic and achievable within the timescales set</li> <li>✓ Allocate ownership and develop action plans to deliver</li> <li>✓ Maintain adequate level of General Fund working balance</li> </ul>
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"> <li>✓ Budget growth item reflects advice of consultants for the Hampshire Countywide scheme</li> <li>✓ Expected that there will be additional grant support for the national scheme</li> </ul>
The review of Government funding for local councils and the possibility of the County Council using new power to levy local business rate supplement income	Uncertainty in future funding mechanisms and levels of support	<ul style="list-style-type: none"> <li>✓ Maintain a prudent approach to budget and forecasting (as above) pending Government response</li> <li>✓ Two BID areas already introduced in Winchester District already provide a scheme for raising additional finance from local businesses for schemes affecting the BID areas</li> </ul>
Equal Pay	Unexpected claims for back pay	<ul style="list-style-type: none"> <li>✓ Equal Pay audit completed and no issues raised</li> <li>✓ Union agreement that there were no equal pay issues when new pay structure was introduced</li> <li>✓ Maintain adequate level of General Fund working balance</li> </ul>
Further potential changes to fee structure for land charges searches and potential impact of HIPS packs upon search levels	Budget provision is insufficient when the detail of the regulations is available; HIPs further change personal search levels	<ul style="list-style-type: none"> <li>✓ Prudent provision for income levels made at this stage</li> </ul>
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"> <li>✓ To be considered as individual initiatives and requirements emerge</li> </ul>
New office accommodation	Escalation of costs for new provision <u>or</u> growing costs of existing accommodation	<ul style="list-style-type: none"> <li>✓ Option appraisal for new offices to take full account of current financial outlook and detailed project risks</li> </ul>

Risk area identified	Potential Impact of Risk	Mitigation
Silver Hill development proposals	Costs arising due to Council input, revenue costs post- implementation or risks to return on Council assets	✓ Detailed risks managed as part of Silver Hill project
Any need for further investment in building fabric/capital repairs	Budget may be insufficient to meet requirements	<ul style="list-style-type: none"> <li>✓ Detailed needs assessment / prioritisation underway</li> <li>✓ Indicative capital growth identified for next year</li> </ul>
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"> <li>✓ Keep scheme and current charging levels under review</li> <li>✓ Maintain adequate level of General Fund working balance</li> </ul>
Benefits Subsidy	Impact of transitional scheme not fully known and therefore difficult to quantify	✓ Keep under review with prudent approach to setting budgets
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
Pensions costs	Changes to the scheme and the results of the triennial actuarial review may adversely impact on budgeted costs	<ul style="list-style-type: none"> <li>✓ Information should be available prior to the finalisation of the budget</li> <li>✓ Maintain adequate level of General Fund working balance</li> </ul>
Pay budgets	Baseline may be insufficient to cover costs of maturing workforce. Turnover assumed and resultant savings from vacancy management may not be achieved	<ul style="list-style-type: none"> <li>✓ Detailed review and close monitoring</li> <li>✓ Maintain adequate level of General Fund working balance</li> </ul>
Unknown impact of transfer of filtering of complaints from Standards Board to local level	Additional budget required or adverse impact upon other priorities in Legal/Democratic Services	✓ Seek to undertake within existing resources but monitor as supplementary estimate may be required depending upon unpredictable timing/volume of workload
Impact of additional S106 work for highway infrastructure contributions on Legal Services	Additional budget required or adverse impact upon other priorities in Legal Services	✓ Seek to undertake within existing resources and additional fees generated but monitor and outsource any peaks of work that cannot be undertaken in house.

Risk area identified	Potential Impact of Risk	Mitigation
Reduction in benefits Administration Subsidy - 5% in real terms year on year for next three years	Additional budget required or adverse impact on Benefits Service	<ul style="list-style-type: none"> <li>✓ Growth bid included in forecasts</li> <li>✓ Maintain adequate level of General Fund working balance</li> </ul>
HMRC disputing value of tax calculated on materials charged on invoices paid under the Sub Contractor Industry Scheme (CIS4)	Budget provision insufficient	<ul style="list-style-type: none"> <li>✓ Revised procedures to prevent recurrence</li> <li>✓ Officers reviewing amounts claimed to satisfy HMRC requirements</li> </ul>
Reduced level of and timing of capital receipts	May impact upon the need to undertake prudential borrowing earlier than anticipated.	<ul style="list-style-type: none"> <li>✓ Compliance with the Prudential Code</li> </ul>
Community Safety Partnership – reduction in Home Office grant funding	Support of voluntary sector projects and joint post funding could be expected to be found from partners' own budgets.	<ul style="list-style-type: none"> <li>✓ Seek to undertake from partner budgets</li> <li>✓ Consider greater sharing of resource across the 11 district partnerships</li> <li>✓ Monitor the impact on statutory duties</li> </ul>

**GENERAL FUND REVENUE PROJECTIONS 2007/08 - 2012/13**

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b><i>(Headroom)/Shortfall per CAB 1536</i></b>	<b>674</b>	<b>841</b>	<b>1,028</b>	<b>1,197</b>	<b>1,282</b>
<b><u>Potential Recurring Revenue Savings &amp; increased Income</u></b>					
Economic Prosperity	(30)	(30)	(30)	(30)	(30)
Safe & Strong Communities	(67)	(67)	(67)	(67)	(67)
High Quality Environment	(263)	(288)	(288)	(288)	(288)
An Efficient & Effective Council	(258)	(263)	(263)	(263)	(263)
<b><i>Total</i></b>	<b>(618)</b>	<b>(648)</b>	<b>(648)</b>	<b>(648)</b>	<b>(648)</b>
<b><i>(Headroom)/Shortfall before unavoidable growth</i></b>	<b>56</b>	<b>193</b>	<b>380</b>	<b>549</b>	<b>634</b>
<b><u>Unavoidable Growth items</u></b>					
Economic Prosperity	-	-	-	-	-
Safe & Strong Communities	-	-	-	-	-
High Quality Environment	260	260	260	260	260
An Efficient & Effective Council	112	105	85	85	85
<b><i>Total</i></b>	<b>372</b>	<b>365</b>	<b>345</b>	<b>345</b>	<b>345</b>
Interest cost of capital growth bids	41	87	104	114	115
<b><i>(Headroom)/Shortfall</i></b>	<b>470</b>	<b>645</b>	<b>829</b>	<b>1,007</b>	<b>1,094</b>
<b><u>One -off costs associated with savings (to be funded from reserves)</u></b>					
Economic Prosperity	54				
Safe & Strong Communities					
High Quality Environment					
An Efficient & Effective Council	33				
<b><i>Total</i></b>	<b>87</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**GENERAL FUND REVENUE - SAVINGS & INCOME GROWTH PROPOSALS**

Corporate Priority		Proposal	2008/09	2009/10	2010/11	2011/12	2012/13
			£000	£000	£000	£000	£000
<b>Economic Prosperity</b>							
Organisational Development	Review of the structure of Cultural Services Division to improve service delivery.		(30)	(30)	(30)	(30)	(30)
	<i>less</i> potential associated one off costs		54				
<b>Total Economic Prosperity</b>			<b>24</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>
<b>Safe &amp; Strong Communities</b>							
Strategic Housing	Increased income and reduced costs in improvement grant administration.		(30)	(30)	(30)	(30)	(30)
HRA Support	General Fund providing communication and environmental services to HRA.		(30)	(30)	(30)	(30)	(30)
Accredited properties inspection scheme	Partner contribution to costs of inspection scheme.		(7)	(7)	(7)	(7)	(7)
<b>Total Safe &amp; Strong Communities</b>			<b>(67)</b>	<b>(67)</b>	<b>(67)</b>	<b>(67)</b>	<b>(67)</b>
<b>High Quality Environment</b>							
Recycling credits	Income from sale of recyclables following ABC implementation.		(65)	(65)	(65)	(65)	(65)
Environment Division	Environment Division organisational development.		(40)	(40)	(40)	(40)	(40)
Discovery Centre car parking	Income from re-opening of car park.		(35)	(35)	(35)	(35)	(35)
Public Notices	Reduced space required through consolidation of Public Notices, and improved terms with supplier following negotiation.		(30)	(30)	(30)	(30)	(30)
Development Control	Hampshire & Isle of Wight Authorities (HIOWA) project: shared specialist services and improved admin. support.		(25)	(50)	(50)	(50)	(50)
Planning advice	Commence charging for pre-application planning advice (excluding individual households).		(20)	(20)	(20)	(20)	(20)
Licensing	Higher number of licences are predicted based on experience in 2007/08		(18)	(18)	(18)	(18)	(18)
Planning - neighbour notifications	Reduced administration costs from revised scheme.		(10)	(10)	(10)	(10)	(10)
CCTV	Reduced costs of monitoring contract following tender.		(20)	(20)	(20)	(20)	(20)
<b>Total High Quality Environment</b>			<b>(263)</b>	<b>(288)</b>	<b>(288)</b>	<b>(288)</b>	<b>(288)</b>
<b>An Efficient &amp; Effective Council</b>							
Organisational Development	Long Term Vacancies - review across divisions.		(75)	(75)	(75)	(75)	(75)
	Business Management - deletion of vacant post and redistribution of work.		(33)	(33)	(33)	(33)	(33)
	Design & Print review		(25)	(25)	(25)	(25)	(25)
	Review of admin. support to directors.		(10)	(10)	(10)	(10)	(10)
	Office Support review		(20)	(20)	(20)	(20)	(20)
	<i>less</i> potential associated one off costs		33				
Insurance	Tender of insurance contract expected to reduce costs		(25)	(25)	(25)	(25)	(25)
Court Order Charges	Increase in charges in respect of court orders issued for non-payment of Council Tax & Business Rates.		(20)	(20)	(20)	(20)	(20)
Postal service provider	Tender of postal service provider		(15)	(15)	(15)	(15)	(15)
Reduced postal costs	Council-wide reduction in mail volumes.		(10)	(10)	(10)	(10)	(10)
Training	Shared provision with Winchester & Eastleigh Hospital Trust		(5)	(10)	(10)	(10)	(10)
Member Training	HIOWA Government funded project for member training across several authorities will provide additional opportunities for members and will allow for a small reduction in the Council's budget.		(3)	(3)	(3)	(3)	(3)
Procurement	Reduced utility costs as a result of tender		(17)	(17)	(17)	(17)	(17)
Hampshire & Isle of Wight Authorities (HIOWA)	Programme of work for 2008/09 under discussion, may identify opportunities for savings.		-	-	-	-	-
<b>Total Efficient &amp; Effective Council</b>			<b>(225)</b>	<b>(263)</b>	<b>(263)</b>	<b>(263)</b>	<b>(263)</b>
<b>Total</b>			<b>(531)</b>	<b>(648)</b>	<b>(648)</b>	<b>(648)</b>	<b>(648)</b>
of which:							
Recurring			(618)	(648)	(648)	(648)	(648)
One-off - to be funded from reserves			87	0	0	0	0

**GENERAL FUND REVENUE - GROWTH PRESSURES**

Corporate Priority	Proposal	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
<b><u>Economic Prosperity</u></b>						
<b>Total Economic Prosperity</b>		0	0	0	0	0
<b><u>Safe &amp; Strong Communities</u></b>						
<b>Total Safe &amp; Strong Communities</b>		0	0	0	0	0
<b><u>High Quality Environment</u></b>						
Concessionary travel scheme	Additional costs of scheme based on experience in 2007/08 (this does not include any impact of the changes to a national scheme in 2008/09 which is assumed to be fully funded by additional RSG)	200	200	200	200	200
Environment Client Review	Assumed in 2007/08 budget but not achievable.	30	30	30	30	30
Stray Dogs - provision of out of hours service	Legislative changes effective from April 2008, making Local Authorities responsible to provide a place to which a stray dog can be taken and accepted out of office hours, to be funded through the main RSG settlement.	20	20	20	20	20
Electoral registration/ elections	Increased costs of administering postal votes. Direct Govt. grant to be replaced with incorporation into RSG	10	10	10	10	10
<b>Total High Quality Environment</b>		260	260	260	260	260
<b><u>An Efficient &amp; Effective Council</u></b>						
Benefits administration subsidy	Grant received from DWP will reduce by 5% in real terms (after adjusting for inflation)	32	45	45	45	45
Cemeteries Income (Winchester Town Account)	Reduced income as a result of lower volumes	10	10	10	10	10
Customer Service Centre	Delays in savings due to delayed transfers of staff and unrealised staff reductions.	80	60	40	40	40
<b>Total Efficient &amp; Effective Council</b>		122	115	95	95	95
<b>Total</b>		382	375	355	355	355
of which:						
General Fund		372	365	345	345	345
Winchester Town Account		10	10	10	10	10

**Capital Programme 2007/08 - 2012/13**

Corporate Priority		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
		£000	£000	£000	£000	£000	£000
<b><u>Economic Prosperity</u></b>							
	Car Parks	336	200	180	180	180	180
	Tower Street	1,130	100	100	100		
	Tower Street car park		100				
	Guildhall Capital Repairs	42					
	Discovery Centre Fit out	52					
	Business Improvement District (BID)	20					
	<b>Total Economic Prosperity</b>	<b>1,580</b>	<b>400</b>	<b>280</b>	<b>280</b>	<b>180</b>	<b>180</b>
<b><u>Safe &amp; Strong Communities</u></b>							
HRA	Major repairs	3,326	3,326	3,326	3,326	3,326	3,326
HRA	Re-investment in affordable housing	1,000	1,000	1,000	1,000	1,000	1,000
	Renovation Grants - Mandatory	521	450	450	450	450	450
	Renovation Grants - Discretionary	170	170	170	170	170	170
	Affordable Housing/Regeneration	1,000	1,000	1,000	1,000	1,000	1,000
	Affordable Housing/funded by Developers' contributions	1,300	200	200	200	200	200
	CCTV		250				
	Open Space & Recreation Facilities	268	150	150	150	150	150
	Capital grants	171	80	80	80	80	80
	Guildhall Community Facilities		500	500			
	Outdoor Sports Centre - Bar End	1,010					
	Knowle Community Building	50	350				
	Rural Transport	20	50	50	50	50	50
	Groundworks in Jewry Street	180					
	Winchester Discovery Centre	340					
	Magdalen Hill Cemetery Improvements	40					
	City Museum	4					
	RPLC Capital Repairs	113	50			950	*see note below
	Meadowside	116		300			
	<b>Total Safe &amp; Strong Communities</b>	<b>9,629</b>	<b>7,576</b>	<b>7,226</b>	<b>6,426</b>	<b>7,376</b>	<b>6,426</b>
<b><u>High Quality Environment</u></b>							
HRA	Sewage Treatment Works	416	200	200	200	200	200
	Public Conveniences	20		20.00			
	Replacement Bins	225	10	10	10	10	10
	Abbey Gardens Public Toilets	150					
	Denmead Environmental Improvements	62					
	Winnall Moors Project		10	10	10	10	10
	<b>Total High Quality Environment</b>	<b>873</b>	<b>220</b>	<b>240</b>	<b>220</b>	<b>220</b>	<b>220</b>
<b><u>An Efficient &amp; Effective Council</u></b>							
	ICT Equipment	244	200	200	250	200	200
	ICT E-govt	631	953	320			
	Digital Print Software	25					
	Financial System		40	110			
	Purchase of property	3,437					
	West Wing	364					
	Abbey House	40	200	190			
	Avalon House	150					
	City Offices	28	20	20	20	20	20
	New Offices - fees	50	260	200			
	<b>Total Efficient &amp; Effective Council</b>	<b>4,969</b>	<b>1,673</b>	<b>1,040</b>	<b>270</b>	<b>220</b>	<b>220</b>
	<b>Total</b>	<b>17,051</b>	<b>9,869</b>	<b>8,786</b>	<b>7,196</b>	<b>7,996</b>	<b>7,046</b>
	of which:						<b>57,944</b>
GF	General Fund	12,309	5,343	4,260	2,670	3,470	2,520
HRA	Housing Revenue Account	4,742	4,526	4,526	4,526	4,526	4,526

\* note: RPLC expenditure of £950,000 has moved to 2011/12 from 2010/11 on the assumption that any major works would be done at the end of the current contract

**Capital Programme - Quantifiable Capital Growth**

Corporate Priority	Proposal	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
		£000	£000	£000	£000	£000	£000	
<b><u>Economic Prosperity</u></b>								
Tourist Information Centre Refurbishment	To replace worn existing shopfittings, improve sales through merchandising layout/display fittings to help offset running costs, and meet customer and stakeholder expectations for providing efficient and welcoming service.	50						
<b>Total Economic Prosperity</b>		<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Safe &amp; Strong Communities</u></b>								
Winchester High Street	Potential contribution towards refurbishment of the Winchester High Street pavements.			250	250			
Meadowside	Roofing works and miscellaneous repairs.		84					
Hockley Viaduct	Proposal to undertake a rolling programme of progressive repairs to help avoid further deterioration of the structure.		50	50	50	50	50	
RPLC Capital Repairs	Fees for Project Planning.		50					
Abbey Mill	External Drainage works and Replacement Fire Alarm System.		30					
Parchment Street Art Commission	Commissioning of a new artistic feature for the junction of Parchment and St George's Streets to encourage footfall	15						
Replacement dehumidifier for the museum store at Bar End	The store's dehumidifier, which functions to prevent the humidity levels in the store becoming too high with consequent damage to the archive, has now worn out and needs replacing.	5						
<b>Total Safe &amp; Strong Communities</b>		<b>20</b>	<b>214</b>	<b>300</b>	<b>300</b>	<b>50</b>	<b>50</b>	
<b><u>High Quality Environment</u></b>								
Westgate Museum	Replacement Roof & Associated works		220					
Abbey Gardens Public Toilets	Grounds, incorporating all facilities into one location on the site and relocating the gardeners' facilities; cost estimates higher than originally anticipated.		100					
Climate change	To match fund external grants eg from SALIX for energy efficiency and environmental improvement projects		400					
<b>Total High Quality Environment</b>		<b>0</b>	<b>720</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>An Efficient &amp; Effective Council</u></b>								
Replacement of Enveloping Machine in Post Room	The enveloping machine located in the post room is over 10 years old and becoming increasingly unreliable and will not be supported in the future.		23					
Guildhall	Part re-roofing & Mechanical & Electrical priority works		162					
West Wing	Re-roofing & associated work		190					
City Offices	Replacement Boilers & Controls		60					
<b>Total Efficient &amp; Effective Council</b>		<b>0</b>	<b>435</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>		<b>70</b>	<b>1,369</b>	<b>300</b>	<b>300</b>	<b>50</b>	<b>50</b>	<b>2,139</b>



**MAJOR INVESTMENT RESERVE AND CAPITAL RECEIPTS**

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b><u>MAJOR INVESTMENT RESERVE (MIR)</u></b>						
Balance B/F	(5,539)	(1,932)	(827)	(307)	(277)	(58)
<u>Planned contributions to Revenue</u>						
Budgeted	876	88	0	0	20	0
Brought forward from 2006/07	324					
Supplementary approvals in 2007/08	552					
Transferred to LABGI reserve	670					
One-off costs associated with savings proposals		87				
Financing of Capital Programme	1,185	930	520	30	199	0
<b><u>Projected Balance</u></b>	<b><u>(1,932)</u></b>	<b><u>(827)</u></b>	<b><u>(307)</u></b>	<b><u>(277)</u></b>	<b><u>(58)</u></b>	<b><u>(58)</u></b>
<b><u>CAPITAL RECEIPTS</u></b>						
Balance B/F	(8,702)	(6,293)	(4,600)	(3,580)	(2,210)	(2,109)
Asset Sales (RTB)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
<u>Less</u> Pooling	1,500	1,500	1,500	1,500	1,500	1,500
Asset Sales (Other HRA)	(3,300)	(2,200)	(2,200)	(2,200)	(2,200)	(2,200)
Asset Sales (Other)	(1,950)	(150)	(150)	(150)	(150)	(150)
Financing of Capital Programme	8,159	4,543	3,870	4,220	2,951	3,150
<b><u>Projected Balance</u></b>	<b><u>(6,293)</u></b>	<b><u>(4,600)</u></b>	<b><u>(3,580)</u></b>	<b><u>(2,210)</u></b>	<b><u>(2,109)</u></b>	<b><u>(1,809)</u></b>
<b><u>Projected Balance MIR &amp; Capital Receipts</u></b>	<b><u>(8,225)</u></b>	<b><u>(5,427)</u></b>	<b><u>(3,887)</u></b>	<b><u>(2,487)</u></b>	<b><u>(2,167)</u></b>	<b><u>(1,867)</u></b>

WINCHESTER TOWN ACCOUNT- REVENUE PROJECTIONS 2007/08 - 2012/13

<u>Assumptions</u>	2007/2008	2007/2008	2008/09	2009/10	2010/11	2011/12	2012/13
	Original	Revised	Original	Forecast	Forecast	Forecast	Forecast
<b>Contract inflation</b>			4%	4%	4%	4%	4%
<b>Income increases</b>			4%	4%	4%	4%	4%
<b>Percentage increase in tax</b>			4%	4%	4%	4%	4%
<b>Tax Base</b>	13,765	13,765	13,865	13,965	14,065	14,165	14,265

	<u>2007/2008</u>	<u>2007/2008</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	<u>Original</u>	<u>Revised</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
<u>Expenditure</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Recreation Grounds & Open Spaces (Proportion)	574	565	572	568	574	590	612
Cemeteries	32	33	38	39	40	40	41
Community Wardens (Contribution)	45	45	45	45	45	45	45
Grants	25	35	25	25	25	25	25
Footway Lighting	37	37	37	36	35	34	33
Bus Shelter Cleaning	13	13	13	14	14	15	15
Town Forum Support	13	13	13	13	14	14	14
Christmas Lights	9	9	9	9	10	10	10
St.Faith's Meadow	5	5	0	0	0	0	0
Allotments	(1)	(1)	(1)	(1)	(1)	(1)	(1)
<b>Total Baseline Expenditure</b>	<b>752</b>	<b>753</b>	<b>752</b>	<b>749</b>	<b>755</b>	<b>771</b>	<b>794</b>
<b>Proposed Growth Bid/reduced Income</b>							
Cemeteries Income		15	10	10	10	10	10
<b>Total Expenditure</b>	<b>752</b>	<b>768</b>	<b>761.78</b>	<b>758.62</b>	<b>765.28</b>	<b>781.28</b>	<b>803.82</b>
<b>Income</b>							
Proceeds of Council Tax	(728)	(728)	(763)	(799)	(837)	(877)	(918)
Interest on Balances	(3)	(4)	(2)	(3)	(4)	(4)	(4)
<b>Total Income</b>	<b>(731)</b>	<b>(732)</b>	<b>(765)</b>	<b>(802)</b>	<b>(841)</b>	<b>(881)</b>	<b>(922)</b>
<b>Reserves</b>							
(Surplus added to Reserves) / Deficit taken from Reserves	20	36	(3)	(44)	(76)	(100)	(119)
<b>Opening Fund Balance (at 1st April)</b>	<b>(73)</b>	<b>(81)</b>	<b>(45)</b>	<b>(49)</b>	<b>(92)</b>	<b>(168)</b>	<b>(268)</b>
<b>Closing Fund Balance (carried forward)</b>	<b>(53)</b>	<b>(45)</b>	<b>(49)</b>	<b>(92)</b>	<b>(168)</b>	<b>(268)</b>	<b>(387)</b>
Reserves as % of net expenditure	10%	11%	6%	6%	12%	22%	33%

<u>TAX</u>							
Tax at Band D	£52.92	£52.92	£55.04	£57.24	£59.53	£61.91	£64.39
Increase over previous year (£)			£2.12	£2.20	£2.29	£2.38	£2.48

<u>Sensitivity</u>							
£'000 required to maintain 10% reserves			31	27	(16)	(90)	(188)
Council tax % increase required to fund £10,000 expenditure			1.36%				
Council tax £ increase required to fund £10,000 expenditure			£0.72				
+/- 1% increase in Council Tax (£'000s)			7				
Band D equivalent (£) per +/- 1% increase in Council Tax			£0.53				