

CABINET

22 October 2014

THE OVERVIEW AND SCRUTINY COMMITTEE

27 October 2014

MEDIUM TERM FINANCIAL STRATEGY 2015/16 TO 2019/20

REPORT OF CHIEF FINANCE OFFICER

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RECENT REFERENCES:

CAB2502: Financial Strategy 2014/15 – 2018/19, 11 September 2013

CAB2544: Treasury Management Strategy 2014/15, 12 February 2014

CAB2555: Budget and Council Tax 2014/15, 12 February 2014

AUD095: Risk Management Policy, 26 June 2014

CAB2595: General Fund Revenue Outturn 2013/14, 7 July 2014

CAB2610: Capital Strategy 2014, 10 September 2014

EXECUTIVE SUMMARY:

The purpose of this report is to give consideration to the Council's Medium Term Financial Strategy to be adopted for the 2015/16 budget process and beyond. The Strategy sets out to establish the principles to be applied in setting the baseline budget and managing the medium term financial position, against a backdrop of continued transfer of risk from central to local government and the Council's significant capital expenditure plans.

A General Fund Revised Estimate for 2014/15 is also presented for approval, and provides an updated baseline for consideration of the 2015/16 budget.

RECOMMENDATIONS:

That Cabinet :

1. Approves the Medium Term Financial Strategy 2014, including the key principles to be applied to the General Fund Budget for 2015/16 and beyond.
2. Approves the Revenue and Capital Revised Estimates for 2014/15.

That The Overview & Scrutiny Committee:

1. Considers any proposals it wishes to make to the Cabinet on the draft Medium Term Financial Strategy, and
2. Considers whether it wishes to call in the supplementary estimates for 2014/15 that are over £100,000, being the Land Charges costs at para.6.2 and the Trade Waste refunds at para. 6.3 (m).
3. Consider whether it wishes to make any comments to the Cabinet on the General Fund Revised Estimates (Revenue and Capital) for 2014/15.

CABINET22 October 2014THE OVERVIEW & SCRUTINY COMMITTEE27 October 2014MEDIUM TERM FINANCIAL STRATEGY 2015/16 TO 2019/20REPORT OF CHIEF FINANCE OFFICER1 Purpose

- 1.1 The purpose of this report is to give consideration to the Council's Medium Term Financial Strategy, to be adopted for the 2015/16 budget and for the medium term beyond. This seeks to identify available resources to achieve the Council's priorities which support the Community Strategy for the District.
- 1.2 A General Fund Revised Estimate for 2014/15 for both Capital and Revenue is also presented for approval, taking into account the outturn position for 2013/14 and the experience in the year to date. This provides an updated baseline for consideration of the 2015/16 budget.

2 Key Stages in setting the General Fund Budget for 2015/16

- 2.1 The key stages are as follows:

Consideration	By	When
Capital Strategy 2014	Cabinet & The Overview & Scrutiny Committee	10 September 15 September
Medium Term Financial Strategy	Cabinet	22 October
Scrutiny of: Medium Term Financial Strategy	The Overview & Scrutiny Committee	27 October
Cabinet's preliminary view of Corporate priorities & Budget Considerations 2015/16 Draft Portfolio Holder Plans	Cabinet & The Overview & Scrutiny Committee	3 December 8 December

Consideration	By	When
Draft Portfolio Holder Plans	Council	7 January 2015
Consultation summary for General Fund Revenue Budget	Cabinet & The Overview & Scrutiny Committee	14 January 2015 19 January 2015
Budget & Council Tax report. Treasury Management Strategy.	Cabinet & The Overview & Scrutiny Committee & Council	11 February 2015 16 February 2015 19 February 2015

3 The Budget Context

- 3.1 The Council continues to have to respond to significant changes in Government support whilst being mindful of the impact on local council tax payers and the services being provided to local communities.
- 3.2 The budget for next year, and the Medium Term Financial Strategy's forward projections, will be influenced by actions both within the Council's control and by various external factors that cannot be quantified at this stage. Those currently known are identified in the Strategy, and the sensitivity to key risks is considered.
- 3.3 The planning horizon for the Medium Term Financial Strategy is 5 years, although soft projections are being developed for a 10 year period.

4 Policy Driven Approach

- 4.1 Financial planning is an intrinsic part of the Council's Corporate Planning Framework which is explained in more detail in section 11 of the Strategy Document.
- 4.2 In considering how best to use limited financial resources, the Administration will be guided by their service and policy priorities, which in turn stem from the Council's Community Strategy and are key drivers of our corporate planning framework.
- 4.3 As has been the Council's practice in recent years, the Administration will continue to explore opportunities for operational efficiency in our working practices, including by developing flexible working practices, exploring new ways of managing activity, and developing a targeted programme of Business Development Initiatives (see section 5 of Appendix A).

5 Capital Strategy

- 5.1 The Capital Strategy was considered by the Cabinet in September (CAB2610 refers). The Council continues to plan to use prudential borrowing to support its capital spending and this will also have direct consequences for the revenue resources available. The proposed revisions to the current Capital Programme and the revenue consequences are provided at Appendices D & E respectively.
- 5.2 The revenue consequences of the capital programme are incorporated in the financial projections at Appendix C. For those projects that have been approved under Financial Procedure Rule 6.4 the figures included reflect the financial appraisal, and for those projects in the capital programme not yet approved an estimate has been made, shown under the heading "Net income from unapproved capital projects", at Appendix C.

6 General Fund Revenue - Revised Estimate for 2014/15

- 6.1 Both the outturn position and monitoring of the year-to-date have been considered to identify revisions to the current year budget; some of which are recurring and affect the baseline forecast, and others are one-off and affect only the movement in reserves forecast.
- 6.2 The Contingent liabilities identified in the Statement of Accounts for 2013/14 have been reviewed and an update is provided below:
- Municipal Mutual Insurance Company potential liability relating to mesothelioma claims – the Council has remaining exposure under the scheme of arrangement of £157,000 for which an Earmarked Reserve is being held.
 - Land Charges - a claim by a group of property search companies for refunds of fees paid to the Council to access land charges data (estimated at £150,000 plus interest and costs). The Council has now proposed to agree terms of settlement at £85,503, plus interest and costs. A budget provision of £150k is proposed.
 - Business Rates – potential impact of successful appeals, lodged in the future, but requiring repayment of historic rates collected. A provision has been recognised based on those appeals that have been lodged with the Valuation Office as at 31 March 2014, but it has not been possible to reliably estimate the value of liabilities resulting from any potential future appeals. These remain a contingent liability. However the Council has set up an Earmarked Reserve for Business Rates, which is intended to cover this risk as well as the other uncertainties arising from the Business Rates Retention Scheme.

6.3 Monitoring has identified the following revisions to be made to the budget for 2014/15:

- a) Business Rates expenditure – is reduced as a consequence of successful appeals, mainly relating to car parks, providing annual cost reductions of **£80k** to be reflected in the baseline and a retrospective repayment of **£280k** to be added to the Major Investment Reserve.
- b) Employee costs – are lower than budgeted for the year to date by **c.£300k** as a consequence of vacancy management. However, the pay award for 2014/15 is still under negotiation and there are a number of emerging risks associated with paybill (see Appendix B). It is therefore proposed to create a new Earmarked Reserve for Organisational Development, to provide some mitigation for the risks identified, with any underspends in the annual paybill transferred to this reserve at the year end.
- c) Car parking income – The outturn for 2013/14 was just over £6m and the full year forecast based on the year to date monitoring is at the same level. Therefore it is proposed to increase the annual income baseline budget by **£275k**. However, the same additional amount is proposed to be transferred annually to the Car Parks Property Earmarked Reserve to provide for future capital and maintenance requirements for car parks.
- d) Interest receivable – forecast for 2014/15 is **£120k** higher than budget mainly because of higher balances.
- e) Land Charges income – budget is proposed to be increased by **£75k** based on experience to date. There is a risk that all or part of land charges income may be lost in the future as there are proposals by the Land Registry to take over responsibility as the sole registering authority for Local Land Charges in England & Wales. This is considered further in the financial risk assessment at Appendix B.
- f) Landscape & Open Spaces – requirements for additional expenditure budget for grounds maintenance and tree care amount to **£44k**, which will also impact on the Winchester Town Account.
- g) Council Tax - An increase in the level of income received from court costs raised during the Council Tax debt recovery process **£40k** p.a.
- h) Textiles income – lower than budgeted by **£60k**.
- i) Guildhall – net income budget to be increased by **£25k** per annum reflecting continuing improvement in performance.
- j) Transport costs to be reduced by **£25k** per annum reflecting previous policy changes taking effect.

- k) Silver Hill potential costs of defending a Judicial Review are estimated at **£80k - £100k**. This budget will require a release from the Major Investment Reserve.
- l) There have also been additional External audit fees amounting to **£5.5k** in relation to correspondence with an Elector (AUD099 September 2014 refers). This too will require funding from the Major Investment Reserve.
- m) Trade Waste refunds to local schools have been incurred in 2014/15 (backdated to 2008) amounting to **£141k**. This refers to the review and change in treatment of waste collection from commercial to household. Officers are following up with Hampshire County Council in order to reclaim the trade waste disposal element of this refund. This will be a further call on reserves.
- n) Business Rates Retention is predicted to be higher than budgeted by **£593k** in the current year, which will allow the Business Rates Earmarked Reserve to be set at £1m at the end of 2014/15, earlier than planned.

OTHER CONSIDERATIONS:

7 COMMUNITY STRATEGY & PORTFOLIO PLANS (RELEVANCE TO):

- 7.1 The Medium Term Financial Strategy is an integral part of the Council's corporate planning framework and is driven by what the Council is seeking to achieve which is led by the District's Community Strategy. The Council's Corporate Planning Framework is explained more fully in the Medium Term Financial Strategy (section 11).

8 RESOURCE IMPLICATIONS:

- 8.1 As outlined in the Strategy and the Appendices.

9 RISK

- 9.1 Managing risk and scenario planning is considered in section 8 of the Strategy. This year, the financial risk assessment has been linked directly to the Council's Corporate Risk assessment (as reported in AUD095, June 2014), and is provided at Appendix B.

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix A: Medium Term Financial Strategy 2015/16 – 2019/20

Appendix B: Financial Risk Assessment

Appendix C: General Fund Revenue Account - Indicative Projections

Appendix D: Capital Programme – Revised Estimate

Appendix E: Capital Programme – Revised Estimate - Revenue Consequences

Appendix F: Reserves forecasts



Winchester
City Council

MEDIUM TERM FINANCIAL STRATEGY

2015/16 – 2019/20

Winchester City Council

Medium Term Financial Strategy

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Medium Term Financial Strategy 2015/16 - 2019/20

1 Introduction

- 1.1 The Medium Term Financial Strategy is part of the Council's Corporate Policy Framework and is key to the achievement of the Council's corporate priorities. It aims to provide a financial framework for delivering the Council's policy objectives by enabling resourced plans to be put in place.
- 1.2 The overall objective of the Medium Term Financial Strategy is to determine how the Council wants to structure and manage its finances for a 3-5 year forward period and to ensure this fits with and supports the objectives and priorities of the Council. It aims to support the rational allocation of resources based on as full and transparent a picture as possible, and to guide our approach to delivering income growth and operational savings whilst protecting services to the public.
- 1.3 The financial management arrangements of the Council including the Financial Procedure Rules and other relevant parts of the Council's Constitution support the delivery of the Medium Term Financial Strategy.
- 1.4 The Budget Strategy, in which the Council has set a balanced budget for the current financial year, responding to year on year changes and supporting business continuity, addresses short term delivery issues and is focussed on ensuring that fundamental stewardship requirements are met.
- 1.5 The Medium Term Financial Strategy shapes the Budget Strategy and considers how it can be enhanced to support and enable transformation in the way that services are delivered and in our working practices so that the Council meets its policy and service priorities in the medium term.
- 1.6 In determining the Medium Term Financial Strategy consideration is given to the following:
 - Setting the baseline financial position over the 3-5 year planning horizon;
 - Identifying what resources may be available and how these may be used;
 - Establishing Key Budget Principles;
 - Developing options to support service change and improvement;
 - The Council's programme of organisational development;
 - Determining how performance is to be managed and measured; and
 - Managing risk and scenario planning.

2 Setting the Baseline

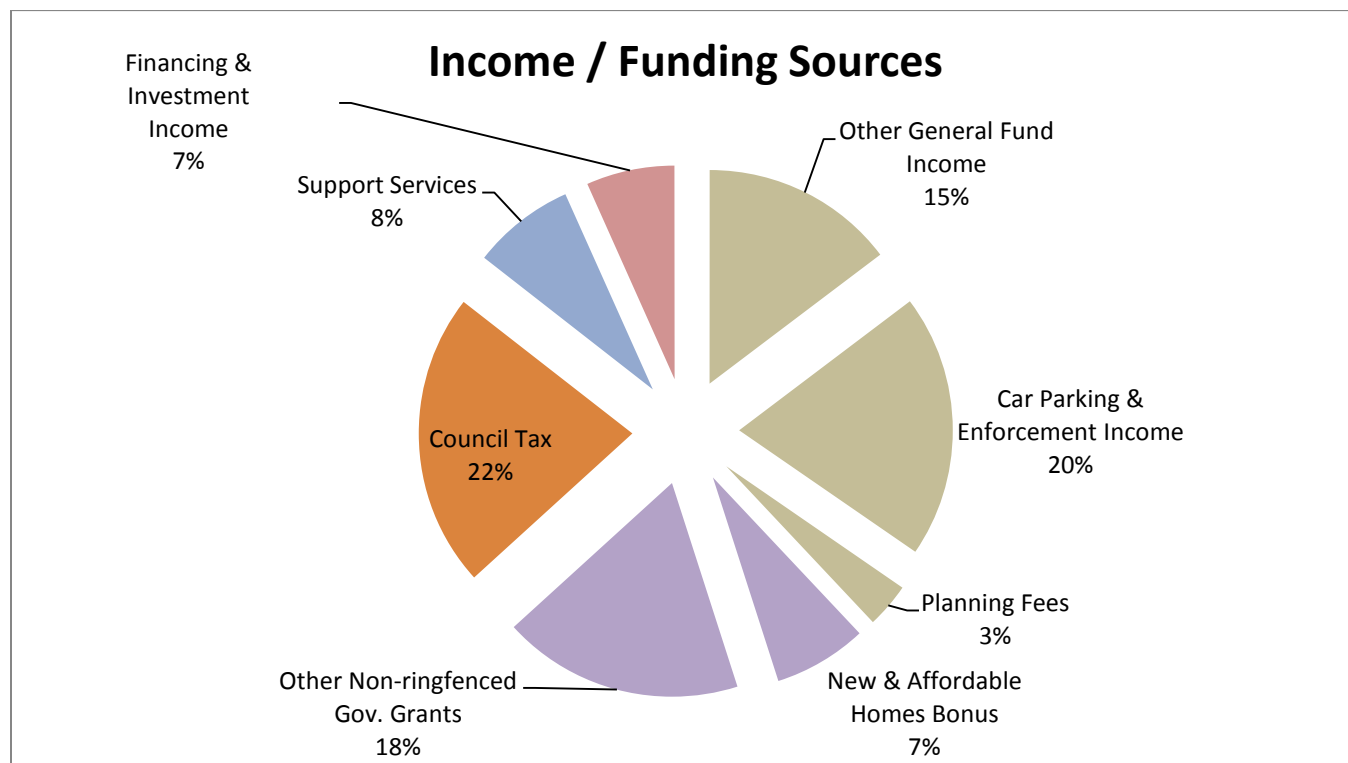
- 2.1 To enable the rational allocation of resources based on a full and transparent picture the Medium Term Financial Strategy baseline reflects the financial implications of the current position over the planning period i.e. if the Council makes no changes to what it currently does:
- what resources will it have?
 - how much will it be spending?
 - what will be the budget gap or surplus?
 - What will be the reserves position?
- 2.2 The current position is determined by taking into account all available information, including:
- i. **The working budget for the current year** - The capital and revenue budgets for each year are approved by Council in February. The working budget takes into account any changes since the Original Budget was set arising from approved supplementary estimates and budget virements.
 - ii. **The outturn position for the previous year** – The outturn positions for both Revenue and Capital are reported to Cabinet and The Overview and Scrutiny Committee and, where appropriate, to Council as soon as possible after the year end. Approved budget carry forwards will generally only affect the current year and should not be included in the baseline. Further consideration should be given as to the reasons for any over/under-spends in the previous year both in reviewing the current year budget and in setting the baseline for future years.
 - iii. **Year to date monitoring information and the Revised Estimate for the current year** – monthly performance monitoring enables the early identification and extrapolation of significant in-year variations and enables early actions to address.
 - iv. **The latest forecast of the capital expenditure programme** will be used to determine the future revenue effects including any Revenue Provisions arising from unfinanced expenditure/ prudential borrowing and the loss of interest income resulting from the reduction in balances.
 - v. **Existing contractual commitments** will be fully reflected in the baseline and forecast using inflation assumptions appropriate to the relevant contracts.
 - vi. **Paybill commitments** including forecast nationally agreed pay awards, incremental progression, and fixed term contracts will be fully reflected in baseline forecasts.
- 2.3 The following key assumptions will be used to set the baseline for the medium term forecasts:-

- i. **Council Tax** baseline will remain at 2010/11 levels (see para. 3.4 below), although the actual level of Council Tax will be set by Members in the final stages of setting the budget.
 - ii. **Government Grant** forecasts will be based on the latest information available including proposals under consultation, with adjustment to be made in the final stages of setting the budget when the grant levels are announced.
- 2.4 The budget for next year, and the Strategy's forward projections, will be influenced significantly by various external factors that cannot be quantified or assessed fully at this stage even though they will affect the baseline in due course. These include:
- The implications of any new legislation;
 - Developing policy and practice on the implementation of major national initiatives such as health service reform and the provision of care to vulnerable adults;
 - The effect of the changes to the distributional system for government funding from 2013/14, and the further reductions to Departmental budgets announced in the Spending Review effective from 2015/16 onwards;
 - The amount of New Homes Bonus and Affordable Homes Bonus earned, and any future changes to the distribution system;
 - Other opportunities for grant funding or other support;
 - Interest rates;
 - Further changes to the statutory basis for or actuarial adjustments to the funding and management of the Local Government Pension Scheme;
 - The South Downs National Park Authority agency agreement, and
 - Other growth pressures, new burdens determined by Parliament and changes to national priorities promulgated by Ministers.
- 2.5 Similarly the baseline budget will also be influenced by factors and aspirations within the Council's control, such as changes to corporate priorities.
- 2.6 In line with previous years, no inflationary increases will be added to any costs other than contractual commitments. This supports the Council's continuing drive for efficiency.
- 2.7 Interest rate sensitivity is to be considered within the budget projections with the central/ base case to be presented using a forecast obtained from the Council's advisers. Balances will be estimated on the basis of forward cash flow projections and taking into account experience to date.

2.8 An initial assessment of the General Fund baseline position for setting the 2015/16 budget is provided at Appendix C.

3 Identifying Financial Resources

3.1 The Council's main resources (based on the Original Estimate for 2014/15) are shown in the chart below:



3.2 The Council is developing its income strategy to ensure a smooth transition to be less reliant on government funding and to use more finance earned or raised locally, whilst ensuring income is as broadly spread as possible, to minimise risk.

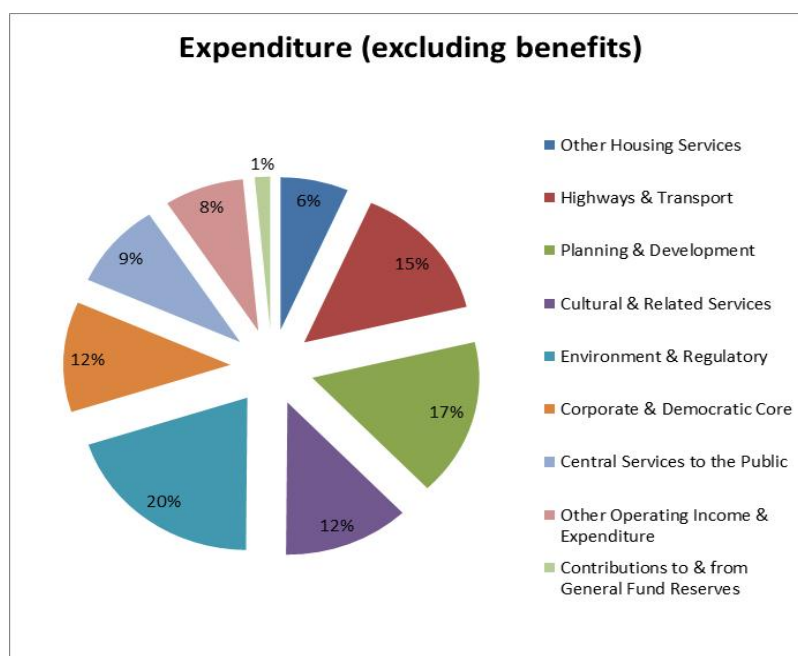
3.3 The Council's Asset Management Plan seeks to achieve growth in General Fund Property Income, by increasing its asset base over time. This will require the Council to undertake prudential borrowing and to be able to manage any gap between initial investment and returns (i.e. lead time).

3.4 Council Tax remains a significant source of income and has been frozen at 2010/11 levels for a number of years now. As outlined in para. 2.3 above the baseline budget forecasts will assume this level is maintained, although scenario planning will consider the financial effect of various options. The tax to be set will be determined in the final stages of setting the budget as the amount required to be raised is clearly determined by the rest of the budget considerations.

- 3.5 The methodology for allocating government grants changed in 2013/14 so that local authorities retain a local share of any growth in business rates (this is fixed until 2020). This provides both opportunity and risk. The Council's priority to support the local economy should provide a strong basis for growth in business rates and this was seen to be the case in the first year of implementation. To mitigate the risks associated with this funding stream a Business Rates Reserve was created in 2013/14, set at £1m, achieved over 2 years. This will be kept under review annually.
- 3.6 The New Homes Bonus commenced in 2011/12 and is a grant paid by central government to local councils for increasing the number of homes in their use. The New Homes Bonus is paid each year for 6 years based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. The Council has determined to use New Homes Bonus receivable to support the budget in the year of receipt. The financial strategy is to optimise this funding stream, but to seek to limit the amount used to support the baseline budget to less than 10% of the total expenditure for the year (excluding transfer payments).
- 3.7 Car parking continues to be a significant element of both income and expenditure. The budget and financial forecasts will reflect the Council's car parking strategy.
- 3.8 Other income is derived from various other fees and charges, the fee levels for which are generally within its control (although there are statutory and market restrictions on some of these charges). An annual review of all charges is carried out and this considers both statutory restrictions and the impact on users of the services charged for.

Expenditure

- 3.9 The Council's spending plans for 2014/15 are shown below:



- 3.10 The main drivers likely to affect the Council's expenditure are:
- Obligations set by statute, although these do not necessarily specify the level at which that obligation is to be met;
 - Local political priorities for both the services to be provided and the quality or standard to which they should be delivered;
 - Unavoidable increases or decreases in demand;
- 3.11 To ensure a sustainable financial outlook it will be necessary to continue to make savings as well as to grow income, which may also need to accommodate scope for new or enhanced services that are required.
- 3.12 To achieve this balance, the Administration will be guided by their service and policy priorities, which in turn stem from the District's Community Strategy and are key drivers of the Council's corporate planning framework. Cabinet will review those priorities to guide the budget setting process.
- 3.13 As has been the Council's practice in previous years, the Administration will also explore opportunities for operational efficiency in our working practices, including by developing flexible working practices and exploring new ways of managing activity.
- 3.14 The Council will continue to actively manage its paybill by ensuring staff are used flexibly to meet shifting priorities, and by taking a proactive approach to reducing the paybill in a managed way. This will entail managing vacancies in our staff complement and directing staff to areas of highest priority, and away from areas are not immediately essential to the delivery of the outcomes in the Community Strategy. It will also require reductions in the overall staffing establishment. The Government has announced that due to the introduction of the flat rate state pension the current arrangements for contracting out of the state second pension will be scrapped from April 2016. The Council currently receives a 'contracting out' reduction to its Employer's National Insurance contribution of 3.4% for every employee member of the final salary pension scheme. The estimated additional cost of this change is £0.3m per annum commencing 2016/17.

Capital Expenditure

- 3.15 Capital schemes that may have an impact on the revenue budget in the future include:
- Silver Hill development;
 - River Park Leisure Centre;
 - Carfax site development;
 - City offices;
 - Asset Management Plan - any need for further investment in building fabric.

- 3.16 The Prudential Code, adopted by the Council, provides a clear framework to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. The Council has determined that Capital Financing Requirements will be matched against specific assets. These are generally those assets for which the financial appraisal can demonstrate value for money in terms that the financial benefits outweigh the financing costs (including the Minimum Revenue Provision and, where applicable, Voluntary Revenue Contributions).

Reserves

- 3.17 The Council has useable revenue reserves comprising the General Fund Balance, the Major Investment Reserve and various earmarked reserves. Earmarked reserves have been established for specific purposes with associated spending plans. In setting the budget, consideration will be given to the requirements for reserves to ensure that there are adequate balances in the future to support essential expenditure.
- 3.18 Acceding to pressures for growth without concomitant savings would put the annual budget into deficit which would have to be made good from reserves. However funding continuing growth from reserves is not sustainable as :
- Reserves are finite and do not provide for recurring expenditure;
 - The Council's capital aspirations are dependent upon finance being available from reserves or borrowing;
 - Reserves provide a source of income (through investment) that supports the revenue budget;
 - It is prudent to ensure the Council has resources set aside to deal with unforeseen emergencies or similar pressing demands.

4 Guiding Principles & Priorities

- 4.1 In setting the budget the guiding principles will be to seek to:

- Keep Council Tax increases to a minimum
- Protect front line services
- Maintain diversity of income/ funding streams
- Support a programme of capital projects
- Reduce dependency on funding streams such as New Homes Bonus

- 4.2 The priorities will be to:

- Grow sources of income

- Maximise returns from the Council's non-operational estate
- Continue effective management of paybill
- Maximise efficiency and value for money in all areas of activity through service transformation

5 **Developing Options to Support Service Change and Improvement**

- 5.1 The Medium Term Financial Strategy is being developed in line with the policy agenda that is designed to take into account the corporate priorities and targets of the Council. It complements the District's Community Strategy and Portfolio Plans and the underlying service strategies and seeks to match corporate priorities with resources.
- 5.2 The Government's Budget and likely continued changes to funding will place significant financial pressures on all councils which will need to continue to deliver and improve services at much lower costs.
- 5.3 The various options to deliver, improve and transform services will be accompanied by time and cost pressures. It will be necessary for service and performance levels to be managed both upwards and downwards as we will have to adjust to very significantly reduced funding. The Council is continuously actively considering new ways of securing delivery in the most efficient manner possible, whilst ensuring the impact on the public is minimised.
- 5.4 Projects and reviews which seek to transform how we work, and in many cases deliver savings, termed Business Development Initiatives will be considered as part of this process.
- 5.5 Portfolio Plans will provide the focus on priorities and the means of delivery to enable the Council to consider options for future service levels to align with the likely available funding.

6 **Organisational Development**

- 6.1 For some time now the Council has been changing the way we work to deliver outcomes which achieve community objectives. Alongside exploring new ways of delivery, as outlined above, we have been considering how best to modify our own working practices to achieve efficiencies and improve service to the public.
- 6.2 Initiatives have included our focus on customer service, the introduction of flexible working practices and a programme designed to use staff resources more flexibly through our *1-team* project. These have all contributed to savings, whilst ensuring services are maintained and enhanced.
- 6.3 This programme of organisational development will continue to ensure we use our staff in the best possible way, and that effective deployment and management assist in managing the paybill and meeting budget targets.

7 Key Budget Principles

- 7.1 The fundamental principle to be applied to the Medium Term Financial Strategy is that Members should seek to attain a balanced revenue budget. Accordingly, the following principles will be applied to setting the budget:
- The revenue budget for the forthcoming year will be balanced;
 - Reserves will not be used to fund annual, recurring expenditure;
 - Savings and income proposals will be sufficient to eliminate any projected deficit and to fund Growth proposals;
 - Growth proposals will not create a revenue deficit in future financial years without equivalent forward savings also being identified;
 - Growth, savings and income proposals will be considered in relation to the Council's corporate objectives and priorities;
 - Inflation will be applied only to budgets for external contracts;
 - The Council will seek to optimise income from services and assets.

8 Managing and Measuring Financial Performance

- 8.1 Regular budget monitoring of all service areas is a key feature of the Council's processes. With effective scrutiny arrangements within the system, this has played an important role in holding management and Cabinet to account for all aspects of performance, not just financial.
- 8.2 The Council's financial management arrangements continue to be developed and the provision of monthly management reports electronically, providing information to budget managers, Heads of Team, Directors, and Portfolio Holders, has supported effective budget management. The Council's Performance Management Team monitors the budget, and adjustments are made where necessary.
- 8.3 The Members of Cabinet also review the budget monthly with senior officers, and ensure that spending and savings plans remain on target. Portfolio Holders continue to be responsible for regularly monitoring service and financial performance in their areas of responsibility. The Overview & Scrutiny Committee has adopted a more strategic focus to hold Cabinet and Portfolio Holders to account for delivery of key projects and programmes of improvement.
- 8.4 Overview budget monitoring reports on both revenue and capital budgets are presented to Cabinet with The Overview & Scrutiny Committee keeping an overview. Annual outturn reports showing financial performance against budgets are presented after the end of the financial year to Cabinet, The Overview & Scrutiny Committee and Council if appropriate. These reports show the most significant variances and explanations for them.

- 8.5 The Council's Annual Financial Report (incorporating the Statement of Accounts) and Treasury Management Stewardship review are considered and approved by the Audit Committee.

9 **Managing Risk and Scenario Planning**

- 9.1 In managing risk it is important that risks are recognised and dealt with appropriately. There are various types and level of risk that have to be considered in the Medium Term Financial Strategy. The most obvious is that the resources available are insufficient to meet service needs of the Council. This must be addressed by either securing additional resources or reducing the cost, level or quantum of services provided. Recognising the lead time for implementing such changes it is essential that this is looked at over the medium term, and not just the annual budget year ahead.
- 9.2 Both financial and service based risks need to be reflected and considered as part of the financial strategy. The Council's risk management framework is used to support a comprehensive review of the financial risks for forecasting and scenario planning, and budget proposals are supported by a risk assessment. The Council's corporate risk register is used for the consideration of financial risks, which are recorded in the Council's performance management system - Covalent. This corporate financial risk assessment is then used as the basis for scenario planning, which in turn helps determine any specific or general reserve requirements.

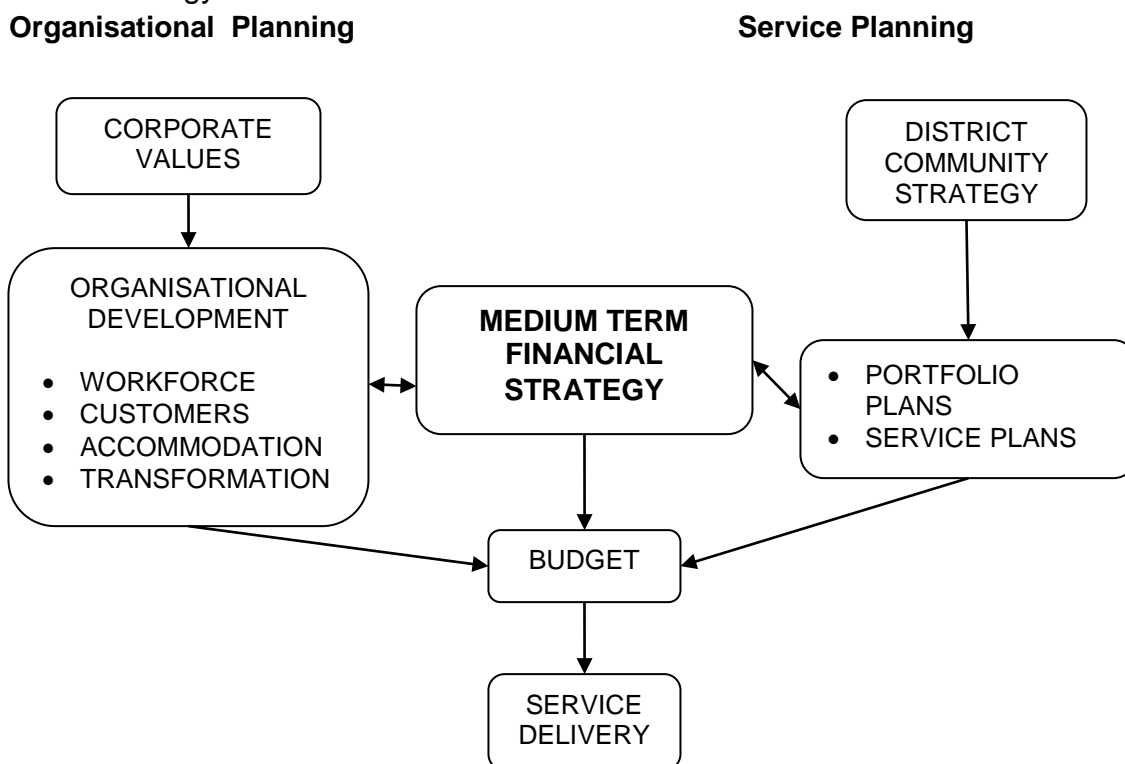
10 **Consultation**

- 10.1 There will be consultation on the budget proposals with the business community, local strategic partners, parish and town councils, community groups in Winchester and the Winchester Town Forum.

11 **The Council's Corporate Planning Framework**

- 11.1 The Medium Term Financial Strategy is an integral part of the Council's Corporate Planning Framework, which is illustrated by the diagram below. Our Organisational Planning, which shapes how we work and reflects our desire to be efficient and effective in all we do, is driven by our Corporate Values. The actions which help achieve our organisational aims are set out in key strategies on our workforce, customers and accommodation, and in our corporate transformation programme.
- 11.2 Service Planning is led by the Winchester District Community Strategy, which identifies the key outcomes we aim to achieve: active communities, a prosperous economy, a high quality environment and our on specific outcome to be an efficient and effective council. Actions to help realise those outcomes are set out in Portfolio Plans and in individual teams' Service Plans.
- 11.3 Organisational and Service Planning helps shape the Medium Term Financial Strategy: it is driven by what the Council is seeking to achieve. However, this is an iterative process in that the Medium Term Financial Strategy also helps determine what are realistic and

achievable ambitions for both our services and the organisation. These three inter-linked components of our corporate planning framework determine the Council's budget and shape our approach to delivery. Regular performance review offers feedback to develop further both organisational and service planning, and so allows review of the Medium Term Financial Strategy.



12 Conclusion

12.1 The Medium Term Financial Strategy has been developed to support the delivery of corporate objectives and to provide a more effective integration between service and financial planning. It will continue to evolve. It recognises that there are constraints to achieving all the aspirations that Members and citizens have for their District, but sets out a framework for decisions on priorities to be made in the knowledge of the Council's ability to finance them.



Financial Risk Assessment 2015/16

Introduction

The schedule of corporate risks identifies and evaluates the significant risks faced by the Council and follows the guidance as set out in the Risk Management Policy and the Statement of Practice. The risks identified are those which may prevent the Council from achieving its strategic objectives and its contribution to the Community Strategy Outcomes.

This appendix focuses on the financial risks associated with the individual corporate risks and gives details of the measures in place to mitigate those risks.

A risk is defined as “the threat or possibility that an action or event will adversely affect the Council’s ability to achieve its objectives or outcomes”.

The Financial Risk Assessment is reviewed annually by the Chief Finance Officer.

Risk Assessment Scoring System

Each risk is assessed for impact and likelihood, using the Risk Rating Score Card and four by four matrix. The scoring system is then used to assess the risks as follows:

1. Impact is measured on a scale of 1 to 4 with 4 being the highest and 1 being the lowest,
2. Likelihood is measured on a scale of 1 to 4, with 4 being the highest and 1 being the lowest.

Risk Scores are calculated by multiplying the Impact score by the Likelihood score.

Risk Rating Card

Each risk is assessed for impact and likelihood, using the Risk Rating Score Card and a four by four matrix. The scoring system is then used to assess the risks as follows:

1. Impact is measured on a scale of 1 to 4 with 4 being the highest and 1 being the lowest,
2. Likelihood is measured on a scale of 1 to 4, with 4 being the highest and 1 being the lowest.

Risk Scores are calculated by multiplying the Impact score by the likelihood score.

IMPACTS				
	(1) Minor	(2) Medium	(3) Major	(4) Catastrophic
Financial Impact	£0K - £20K	£20k - £200K	£200K - £2M	£2M plus
Service Provision	No effect	Slightly Reduced	Service Suspended Short Term / reduced	Service Suspended Long Term/Statutory duties not delivered
Health & Safety	Sticking Plaster / first aider	Broken bones/Illness Lost time accident or occupational ill health	Loss of Life/Major illness-Major injury incl broken limbs /hospital admittance Major ill health	Major loss of life/Large scale major illness
Corporate Objectives		Objectives of one section not met	Directorate Objectives not met	Corporate objectives not met
Morale		Some hostile relationship and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff
Reputation	No media attention / minor letters	Adverse Local media Leader	Adverse National publicity	Remembered for years!!
Government relations	One off single complaint	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently

Likelihood

LIKELIHOOD	PROBABILITY
Unlikely D (1)	1% to 25% chance in 5 years
Possible C (2)	26% to 50% chance in 5 years
Probable B (3)	51% to 75% chance in 5 years
Certain A (4)	76% to 100% chance in 5 years

Low Likelihood	A (4)				
	B (3)				
	C (2)				
	D (1)				
		1	2	3	4
		Low	Impact	High	

Financial Risk Assessment

The table below presents details of the financial risks associated with the risks included in the Council's Corporate Risk Register.

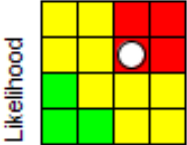
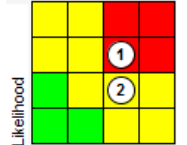
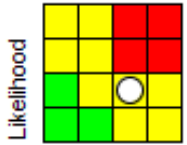
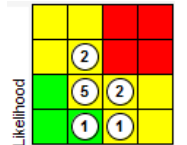
The current Corporate Risk Score is calculated using the Risk Rating Card based on the likelihood and impact should the risk arise.

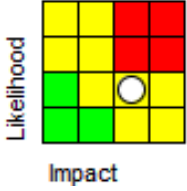
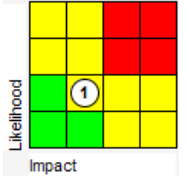
The Estimated Cost given in the table relates to the financial impact to the Council should the financial risk materialise and is based on 'worst-case' scenario.

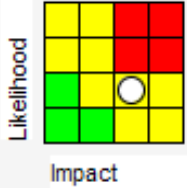
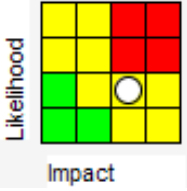
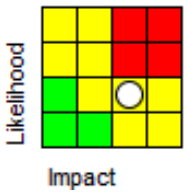
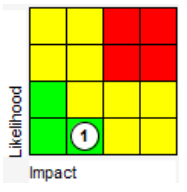
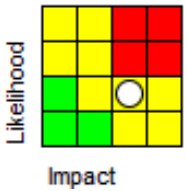
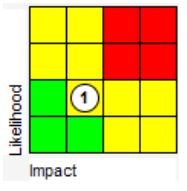
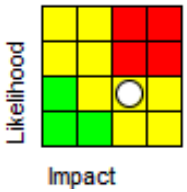
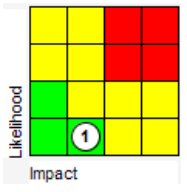
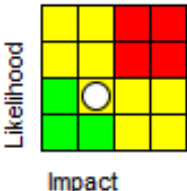
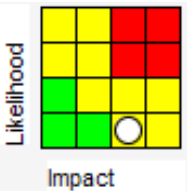
The Financial Risk score shows a summary of the individual risk scores where there is more than one financial risk associated to each corporate risk. This is also known as a 'heat-map'.

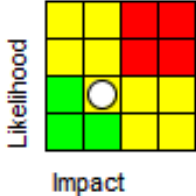
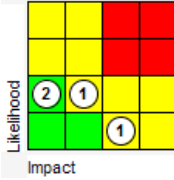
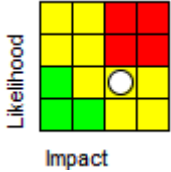
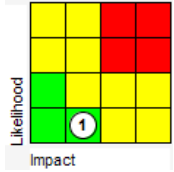


Risk Number	Short Name	Full Name (Cause/Effect/Impact)	Current Corporate Risk Score	Financial Risk	Mitigation	Estimated Cost	Financial Risk Score
CR5001	Climate Change Adaptation	Climate change plan is unrealistic leading to an ineffective use of resources resulting in non delivery of Council projects and increased energy cost		Savings from Climate Change action plan not achieved	<ul style="list-style-type: none"> - Budget monitoring - Maintain adequate General Fund Balance 		
CR5002	Silver Hill Development	Complexities of development process leading to delays in regeneration resulting in deterioration of Council assets and lost opportunity.		Friarsgate Car Park	Identify replacement space		
				Affordable housing/overage	Negotiate best outcome to put to Planning Committee		
				Significant costs/losses due to deterioration of existing buildings, loss of rent etc.	Ensure progress with scheme		
				Scheme fails to achieve Planning Consent	<ul style="list-style-type: none"> - Completion of all investigative work and have acceptable viable solution before planning is decided - Communicate with all stakeholders to keep them engaged - Use of independent 		

Risk Number	Short Name	Full Name (Cause/Effect/Impact)	Current Corporate Risk Score	Financial Risk	Mitigation	Estimated Cost	Financial Risk Score
					architect to advise Members Reference Group and work with developers architects		
				Judicial Review of Council decision leading to significant delay to redevelopment if successful, with associated costs and loss of rents from Council property	The Council considers it has a robust defence to the challenge.		
CR5003	Asset Management	Asset Management Plan not fit for purpose leading to non housing property assets falling into disrepair resulting in unforeseen expenditure and inability to maximise income or capital receipts	 <p>Likelihood</p> <p>Impact</p>	Financial consequences of fixed assets not fully reflected in the Council's medium term financial plans.	<ul style="list-style-type: none"> Extended planning period Ensure adequate Earmarked Reserve Property Repairs (AMP) 		 <p>Likelihood</p> <p>Impact</p>
				High proportion of rental income derived from few assets	Broaden investment property portfolio	£600,000	
				Increased unfinanced capital expenditure	Prudential Code compliance / Treasury Management Strategy		
CR5004	Financial Strategy	Unpredictable external changes affecting the economy or the finance's of the Council leading to the inability to respond to the changes resulting in the Council unable to meet objectives and deliver services	 <p>Likelihood</p> <p>Impact</p>	Pension Scheme Liability	<ul style="list-style-type: none"> Sensitivity analysis in MTFS Workforce Plan Contingency Budget 	£46,150,000	 <p>Likelihood</p> <p>Impact</p>
				Pay Inflation	<ul style="list-style-type: none"> Sensitivity analysis in MTFS Contingency budget 	£150,000	
				RPI/CPI	<ul style="list-style-type: none"> Sensitivity analysis in MTFS Contingency budget 	£200,000	
				Lower Car Parking Income generally and from the impact of projects	<ul style="list-style-type: none"> Set prudent baseline based on car parking strategy Budget monitoring 	£50,000	

Risk Number	Short Name	Full Name (Cause/Effect/Impact)	Current Corporate Risk Score	Financial Risk	Mitigation	Estimated Cost	Financial Risk Score
				Lower Planning Fees (Major Applications)	- Maintain adequate General Fund Balance	£200,000	
				Land Charges income lost	- Set prudent baseline - Reflect net loss of contribution in financial projections from 2017 - Consider Earmarked Reserve for one-off costs of change - Maintain adequate General Fund Balance		
				South Downs National Park Agreement	- reflect possible loss of contribution in financial forecasts from 2017/18		
				New Homes Bonus - Govt Policy may change	Cap amount to support Recurring revenue baseline budget in MTFS		
				Housing Revenue Account - changes impacting on General Fund	Project decisions to consider effect on GF and ensure funded budget growth bids		
				Business rates	Specific Earmarked Reserve to allow for fluctuations	£1,000,000	
				Council Tax	- keep under review - Maintain adequate General Fund Balance		
CR5006	Develop a Flexible, Responsive Workforce	Lack of skills and flexibility amongst staff leading to the failure to take opportunities to improve services and/or make efficiency savings resulting in poor delivery and failure to manage budget	 <p>Likelihood</p> <p>Impact</p>	Economy improves affecting staff recruitment and retention	- Pay review - Equal pay review - Development of Workforce Strategy	£1,000,000	 <p>Likelihood</p> <p>Impact</p>

Risk Number	Short Name	Full Name (Cause/Effect/Impact)	Current Corporate Risk Score	Financial Risk	Mitigation	Estimated Cost	Financial Risk Score
CR5007	Programme Management	Failure to co-ordinate programme of major projects leading to ineffective use of resources resulting in poor project outcomes and missed opportunities for improvement.		Project over or underspends	- Use of project management procedures and practices through Project Office - Staff training		
				Slippage due to lack of capacity causes costs	Stronger focus on managing programme to match capacity		
CR5009	Business Continuity	Unforeseen event or circumstance leading to an extended delay in returning to normal working.		Insufficient budget to ensure Business Continuity	- Keep business Continuity budget under review - Maintain sufficient General Fund Balance		
CR5011	Control Weakness identified by Internal Audit	Weak or ineffective internal control leading to financial loss resulting in damage to reputation and adverse publicity		Internal Audit issues arising	- Internal audit action plans to be resourced and implemented		
CR5012	Shared Services	Weak governance or breakdown of consensus between authorities, leading to wasted resource time resulting in less efficient service delivery and loss of opportunity.		Failure to achieve planned benefits from Shared Service arrangements	- Governance & monitoring arrangements - Contingency budgets		
CR5014	LDF and Local Plan	Failure to have Local Plan found sound leading to requirement to reconsider and resubmit resulting in lack of appropriate control on planning policy.		Extra costs of resources to deal with consequences	- Ensure sufficient staff resources are allocated to project - Establish and agree timetable - Provide adequate		

Risk Number	Short Name	Full Name (Cause/Effect/Impact)	Current Corporate Risk Score	Financial Risk	Mitigation	Estimated Cost	Financial Risk Score
					background and supporting work		
CR5018	Treasury Management	Poor treasury management leading to sub-optimal investment and borrowing decisions resulting in lower interest income and higher interest costs.		Interest rates	<ul style="list-style-type: none"> - External expert advice - Prudent budget assumptions - Sensitivity analysis 		
				Balances invested vary significantly to budget forecast leading to sub-optimal investment returns	- Cashflow forecasting to be improved and monitored		
				Internal lending to HRA varies from budget assumption	Monitoring and management		
				Bank Failure	<ul style="list-style-type: none"> - Annual Investment Strategy - Expert Advisers - Maintain adequate General Fund Balance 		
CR5019	Performance Management	Failure to spot and rectify poor service performance leading to service decline resulting in poor value for money, poor customer service and damaged reputation.		Value for Money; economy, efficiency and effectiveness not achieved	<ul style="list-style-type: none"> - Maintain adequate General Fund Balance - PMT to consider timely performance management information on a quarterly basis 		

	Original Budget 2014/15 £'000	Working Budget 2014/15 £'000	Proposed changes	Revised Budget 2014/15 £'000	Forecast 2015/16 £'000	Forecast 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000
Expenditure									
Employees	14,652	14,965		14,965					
Premises	3,105	3,510	(316)	3,194					
Transport	582	583	(25)	558					
Supplies & Services	4,443	5,378	6	5,383					
Third party Payments	5,993	6,029	371	6,400					
Transfer Payments	28,541	28,549		28,549					
Depreciation & Impairment losses	2,056	2,061		2,061					
	59,372	61,075	36	61,110	0	0	0	0	0
Income									
Car Parking & Enforcement	(5,897)	(5,897)	(275)	(6,172)					
Planning Fees	(800)	(800)		(800)					
Transfer payments	(28,594)	(28,695)		(28,695)					
Other fees and charges	(4,665)	(4,763)	(55)	(4,818)					
support services	(2,299)	(2,241)		(2,241)					
	(42,255)	(42,395)	(330)	(42,725)	0	0	0	0	0
Cost of Services (b/f)	17,117	18,680	(295)	18,385	18,385	17,540	18,560	19,359	20,137
One-off budgets & Stepped Growth / Savings			(350)	(350)	(1,480)	(77)	(7)	(38)	(7)
Contractual commitments inflation (3% pa)					300	309	318	328	338
Employee Costs (+1% 2015/16, +2% p.a. thereafter)					335	788	488	488	488
Cost of Services (c/f)					17,540	18,560	19,359	20,137	20,956
Trading account (surplus) / deficit	408	449	(25)	424	424	424	424	424	424
Other Operating Income & Expenditure									
Payment of Parish Precepts	2,273	2,273		2,273	2,273	2,273	2,273	2,273	2,273
Council Tax Support grant to parishes	150	150		150	150	150	150	150	150
Financing & Investment Income & Expenditure									
Interest	(70)	(77)	(120)	(197)	100	200	300	400	400
Rental Income from Investment Properties	(2,813)	(2,796)		(2,796)	(2,991)	(2,991)	(2,991)	(2,991)	(2,991)
Direct operating expenses of Investment Properties	897	796		796	796	796	796	796	796
Net income from unapproved capital projects					(80)	12	(303)	(235)	(260)
Taxation & Non-Specific Grant Income									
Non-ringfenced Government Grants	(5,398)	(5,983)	(593)	(6,576)	(5,284)	(4,971)	(4,817)	(4,741)	(4,678)
New & Affordable Homes Bonus	(2,098)	(2,098)		(2,098)	(2,768)	(2,768)	(2,768)	(2,768)	(2,768)
Council Tax Income	(8,882)	(8,882)		(8,882)	(8,882)	(8,882)	(8,882)	(8,882)	(8,882)
(Surplus) / deficit on Provision of General Fund Services	1,584	2,512	(1,383)	1,129	1,278	2,802	3,541	4,563	5,420
Adjustments between Accounting basis and Funding basis under Regulations									
Minimum Revenue Provision (Approved)	264	264	(55)	209	84	84	84	84	84
Minimum Revenue Provision (Not approved)				0	80	140	300	340	340
Charges for depreciation & impairment of non-current assets	(2,286)	(2,286)		(2,286)	(2,286)	(2,286)	(2,286)	(2,286)	(2,286)
Reversal of items relating to retirement benefits (IAS19)									
Statutory provision for the financing of capital investment									
Collection Fund Adjustment Account			51	51	(846)				
Other planned Movements in Reserves									
Transfers to or (from) Major Investment Reserve	(348)	(1,135)	544	(592)	1,064	(50)	(50)	(50)	(50)
Transfers to or (from) Earmarked Reserves	795	710	894	1,604	623	723	723	723	723
Transfers to or (from) Winchester Town Reserve	(9)	(63)	(51)	(114)	4	51	55	0	0
FORECAST DEFICIT / (SURPLUS)	0	(0)	0	(0)	0	1,465	2,368	3,374	4,231

CAPITAL PROGRAMME 2014/15 TO 2019/20										
	2014/15	2014/15	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL	
	Working Budget	Changes	Revised Budget	Revised Forecast	Revised Forecast	Revised Forecast	Forecast	Forecast	Revised Forecast	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	COMMENTS
GENERAL FUND										
ACTIVE COMMUNITIES										
Capital Grants - Chesil theatre	60	-	60	-	-	-	-	-	60	
Changing Pavilions (Town A/C)	457	(457)	-	457	-	-	-	-	457	This site is one of the possible options for a replacement for River Park Leisure Centre. As such works have been delayed until a decision has been finalised.
Disabled Facility Grants	706	-	706	500	500	500	500	500	3,206	
River Park Leisure Centre - Essential Repairs	4,190	(4,190)	-	4,190	-	-	-	-	4,190	Essential works to retain the current facilities. This will now not occur until 2015/16.
Portable Event Space	20	-	20	-	-	-	-	-	20	
Total Active Communities	5,433	(4,647)	786	5,147	500	500	500	500	7,933	
PROSPEROUS ECONOMY										
Enterprise Centre managed workspace	6,000	(6,000)	-	3,000	3,000	-	-	-	6,000	Works not expected to occur until 2015/16 and 2016/17.
High Speed Broadband for Hampshire	46	-	46	46	-	-	-	-	92	
Winchester Cathedral Roof	50	-	50	25	25	-	-	-	100	
Hampshire Community Bank	250	-	250	-	-	-	-	-	250	
Total Prosperous Economy	6,346	(6,000)	346	3,071	3,025	-	-	-	6,442	
HIGH QUALITY ENVIRONMENT										
Car Parks	300	-	300	92	180	180	180	180	1,112	
Hockley Viaduct	7	-	7	-	-	-	-	-	7	
Magdalen Hill Cemetery - Extension	135	(135)	-	135	-	-	-	-	135	Planning permission is still to be obtained. Given the timescales involved, these works will not now occur until 2015/16
Market Lane Toilet Works	44	-	44	-	-	-	-	-	44	
Open Space & Recreation Facilities	324	-	324	-	-	-	-	-	324	
River Itchen Maintenance	133	-	133	-	-	-	-	-	133	
Wickham Toilet Works	50	-	50	-	-	-	-	-	50	
Total High Quality Environment	993	(135)	858	227	180	180	180	180	1,805	

CAPITAL PROGRAMME 2014/15 TO 2019/20										
	2014/15	2014/15	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL	
	Working Budget	Changes	Revised Budget	Revised Forecast	Revised Forecast	Revised Forecast	Forecast	Forecast	Revised Forecast	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	COMMENTS
EFFICIENT & EFFECTIVE										
ASSET MANAGEMENT										
Abbey Gardens - environmental improvements	150	-	150	-	-	-	-	-	150	
Abbey House	59	-	59	-	-	-	-	-	59	
Abbey Mill	232	19	251	-	-	-	-	-	251	Growth of £19k representing the additional expenditure incurred on Abbey Mill and in excess of the works carried out to address flooding issues and which will be covered by insurance monies.
Abbey Mill - hydro	150	(100)	50	100	-	-	-	-	150	Given the timescales involved, £100,000 of expenditure is now expected to occur in 2015/16.
Archaeological Storage Facility	600	(600)	-	600	-	-	-	-	600	Following the creation of the Museums Trust, the works originally envisaged will not take place. However, alternative works will be required in 2015/16.
Asset Management Plans	44	-	44	30	-	-	-	-	74	
Avalon House	1,238	-	1,238	-	-	-	-	-	1,238	
Avalon House - tenant fit out	559	-	559	-	-	-	-	-	559	
2-3 Bridge St	100	-	100	-	-	-	-	-	100	
CarFax	2,606	-	2,606	-	-	-	-	-	2,606	
City Museum Replacement Lift	20	-	20	-	-	-	-	-	20	
City Offices & Annexe Works	402	-	402	170	-	-	-	-	572	
Depot	70	-	70	-	-	-	-	-	70	
Guildhall Toilets	67	-	67	-	-	-	-	-	67	
Old Chesil Rectory	36	-	36	-	-	-	-	-	36	
Property Acquisition & Development	4,000	-	4,000	-	-	-	-	-	4,000	
Silver Hill associated development	7,000	(7,000)	-	4,500	500	2,000	-	-	7,000	Budget revised to more accurately reflect the expected expenditure.
Winchester Town Access Plan	-	-	-	-	150	-	-	-	150	
Total Asset Management	17,333	(7,681)	9,652	5,400	650	2,000	-	-	17,702	

CAPITAL PROGRAMME 2014/15 TO 2019/20										
	2014/15	2014/15	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL	
	Working Budget	Changes	Revised Budget	Revised Forecast	Revised Forecast	Revised Forecast	Forecast	Forecast	Revised Forecast	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	COMMENTS
IMT ASSET MANAGEMENT										
Equipment	72	-	72	78	60	20	20	20	270	
Electronic Document System & SharePoint	59	-	59	-	-	-	-	-	59	
Hardware	47	-	47	-	-	-	-	-	47	
Infrastructure	109	-	109	-	7	45	67	108	336	
Software	237	(126)	111	-	-	-	165	-	276	Microsoft Enterprise Agreement annual payment has been transferred to revenue as identified as not a capital item.
Total IMT Asset Management	524	(126)	398	78	67	65	252	128	988	
Total General Fund	30,629	(18,589)	12,040	13,923	4,422	2,745	932	808	34,870	

Working budget per CAB 2610 (Sep 14)			30,629	1,091	772	745	932	808	34,977
Changes			(18,589)	12,832	3,650	2,000	-	-	(107)
Revised budget			12,040	13,923	4,422	2,745	932	808	34,870

REVENUE CONSEQUENCES OF CAPITAL PROGRAMME 2014/15 TO 2019/20

GENERAL FUND	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
APPROVED						
Income	(568)	-	-	-	-	-
Expenditure	6	(14)	(14)	(14)	(12)	(14)
Net Cost of services	(562)	(14)	(14)	(14)	(12)	(14)
Financing & Investment Income & Expenditure						
Rental Income	(329)	(484)	(484)	(484)	(484)	(484)
Interest payments	139	171	171	171	171	171
(Surplus)/ deficit on Provision of Services	(753)	(327)	(327)	(327)	(325)	(327)
Adjustments between accounting basis and funding basis under regulations						
Statutory contributions (Minimum Revenue Provision)	209	84	84	84	84	84
Revenue Contribution to Capital	559	-	-	-	-	-
Net effect	15	(243)	(243)	(243)	(241)	(243)
NOT YET APPROVED						
Income	-	-	-	-	-	-
Expenditure	-	250	5	10	10	10
Net Cost of services	0	250	5	10	10	10
Financing & Investment Income & Expenditure						
Rental Income	-	(240)	(450)	(910)	(910)	(910)
Interest payments	-	160	457	597	665	640
(Surplus)/ deficit on Provision of Services	-	170	12	(303)	(235)	(260)
Adjustments between accounting basis and funding basis under regulations						
Statutory contributions (Minimum Revenue Provision)	-	80	140	300	340	340
Revenue Contribution to Capital	-	-	-	-	-	-
Net effect	0	250	152	(3)	105	80
Grand Total	15	7	(92)	(246)	(136)	(163)

RESERVES		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	Bal. @ 01/04/2014	FORECAST Closing Bal.	FORECAST Closing Bal.	FORECAST Closing Bal.	FORECAST Closing Bal.	FORECAST Closing Bal.	FORECAST Closing Bal.
	£000	£000	£000	£000	£000	£000	£000
General Fund Earmarked Reserves							
Building Control	(16)	(16)	(16)	(16)	(16)	(16)	(16)
Business Rates Retention		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Car Parks Property	(545)	(640)	(1,003)	(1,278)	(1,553)	(1,828)	(2,103)
Community Grants	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Flood Support Schemes	(130)						
Homelessness Gold Standard	(810)	(997)	(997)	(997)	(997)	(997)	(997)
Homelessness Prevention	(360)	(284)	(284)	(284)	(284)	(284)	(284)
IMT Strategy	(122)	(172)	(147)	(133)	(121)	(87)	(12)
Insurance	(41)	(41)	(41)	(41)	(41)	(41)	(41)
Land Charges - New Burdens	(34)						
Local Development Framework (LDF)	(173)	(117)	(17)	(17)	(17)	(17)	(17)
Local Elections	(15)	(30)	(45)	(60)	(75)	(90)	(90)
Major Investment Reserve	(8,339)	(4,831)	(3,089)	(3,898)	(3,848)	(3,633)	(3,583)
Municipal Mutual Insurance	(157)	(157)	(157)	(157)	(157)	(157)	(157)
Museums Acquisitions	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Museums Publications	(30)	(30)	(30)	(30)	(30)	(30)	(30)
Planning Deposits (Interest)	(144)	(144)	(144)	(144)	(144)	(144)	(144)
Property Repairs (Asset Management Plan)	(968)	(334)	(234)	(284)	(484)	(684)	(884)
Winchester Town Reserve	(277)	(163)	(97)	(72)	(14)		
Total General Fund Earmarked Reserves	(12,183)	(8,976)	(7,322)	(8,431)	(8,802)	(9,028)	(9,378)
General Fund Balance	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Usable Capital Receipts Reserve	(2,682)	(1,931)	(3,229)	(3,615)	(4,019)	(4,444)	(4,888)