

CABINET – 2 DECEMBER 2015

THE OVERVIEW & SCRUTINY COMMITTEE – 7 DECEMBER 2015

GENERAL FUND BUDGET 2016/17 - CAPITAL AND REVENUE
CONSIDERATIONS

REPORT OF CHIEF FINANCE OFFICER

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RECENT REFERENCES:

CAB2710: Capital Strategy 2015, 9 September 2015

CAB2732: Medium Term Financial Strategy 2016/17 to 2020/21, 21 October 2015

EXECUTIVE SUMMARY:

Following the approval of the Medium Term Financial Strategy in October, this report discusses further considerations for the General Fund Revenue Budget and Capital Programme for 2016/17 and beyond. There are still a number of uncertainties which will affect the finalisation of the budget in February, including an increased risk in relation to the progress of the Silver Hill project, which could have a significant impact on the Council's financial position.

The views of The Overview & Scrutiny Committee and other consultees will be welcomed, as will be any ideas for opportunities for increased income and further savings.

The Budget position should be considered in the context of the Winchester District Community Strategy and the priorities that identifies. Consultation will include The Overview & Scrutiny Committee; parish and town councils; the Winchester Town

Forum; the business community, and other strategic partners.

Cabinet will give further consideration to emerging proposals, taking account of this consultation, Government grants and other information, including the development of the Council's Treasury Management Strategy, as part of finalising next year's budget in the New Year.

RECOMMENDATIONS:

That Cabinet:

1. Confirms this report should be adopted as the basis for budget consultation.

That The Overview & Scrutiny Committee:

1. Provides comments to Cabinet on the Budget proposals for Revenue and Capital and makes any proposals they think should be considered.

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REPORT OF CHIEF FINANCE OFFICER

1. Introduction

- 1.1. The Council's Medium Term Financial Strategy, approved in October (CAB2732 refers), set out proposals for how it would support the achievement of the Council's priorities and the broader outcomes set out in the Winchester District Community Strategy by seeking to match available resources to priorities. Appendix C to that report provided indicative revenue projections showing that, should the Council take no action, forecast cost increases and grant reductions would lead to a deficit of c. £2.4m by 2020/21. This is assuming the Capital Programme is fully delivered as planned in relation to time, costs and benefits. If there is slippage in the forecast capital programme the forecast deficit would increase, and this is a risk that has been classified as highly likely. The financial projections are updated in this paper and provided at Appendix B; the forecast deficit has increased to £3.9m by 2020/21.
- 1.2. Report CAB2732, also set out the key stages of the timetable to achieve the setting of the Council's annual Budget and Council Tax within the statutory timescales, for approval in February 2016.
- 1.3. The Capital Strategy was approved by Council on 4 November (CAB2710) setting out the principles to be adopted in determining the Council's capital spending priorities. This will in turn impact on the development of the Council's Treasury Management Strategy to be approved in February, alongside the Budget and Council Tax.
- 1.4. The Treasury Management Strategy is constructed to support the whole of the Council's cash management requirements; investments and borrowing and is developed alongside the determination of the spending plans for both the General Fund and the Housing Revenue Account. Member training, in preparation for Council approval of the Treasury Management Strategy, was offered to all members on Monday 23 November.
- 1.5. The development of the capital and revenue budgets for the Housing Revenue Account (HRA) is being considered separately, by Cabinet (Housing) Committee, for finalisation of the Budget by Council in February.
- 1.6. Cabinet will give further consideration to emerging proposals, taking account of this consultation, Government support and other information, including the development of the Council's Treasury Management Strategy, as part of finalising next year's budget in the New Year.

- 1.7. It is not yet possible to predict what impact the Devolution proposals for Hampshire which are currently being progressed will have on the medium term projections.

2. Guiding Principles, Priorities and Key Budget Principles

The Financial Strategy set out the following Guiding Principles, Priorities and Key Budget Principles:

2.1. Guiding Principles:

- 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

Priorities

- 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

2.2. Key Budget Principles:

- 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

3. Revenue Options

3.1. Income

Local Authorities fund their activities from 3 main sources; grants from central government; council tax and other locally generated income. These are each considered further below.

3.1.1. Grants from Central Government

- 3.1.1.1. **Local Government Finance Settlement 2016/17** – the Government has yet to announce local authority funding for 2016/17. The first indications have been set out in the comprehensive spending review and are shown below. The local government funding settlement is due to follow in December 2015. The final settlement will be incorporated into the final budget for approval in February 2016.

Spending Review and Autumn Statement 2015 – Highlights

- The government will consult on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from 6 years to 4 years. This will include a preferred option for savings of at least £800 million, which can be used for social care. Details of both reforms will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor to ensure that no authority loses out disproportionately.
- To support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. Instead of holding assets that could be made surplus, councils will be able to sell them and reinvest in their services that allow them to deliver more for less – for example in home improvements that can help keep older people from needing to go to hospital. The flexibility to use asset receipts for reform projects will be subject to a number of conditions, including limits on the years in which the flexibility will be offered and the qualifying criteria for reform projects. This detail will be set out by DCLG alongside the Local Government settlement in December.
- DCLG will shortly consult on changes to the local government finance system to pave the way for the implementation of 100% business rate retention by the end of the Parliament. The consultation will take into account the main resources currently available to councils, including council tax and business rates. As part of these reforms, the main local government grant will be phased out and additional responsibilities devolved to local

authorities, empowering them to drive local economic growth and support their local community.

The forward projections in the Medium Term Financial Strategy (CAB2732, October 2015) assume a 27% reduction to Revenue Support Grant in 2016/17, and further reductions in subsequent years until no grant is received in 2019/20.

Retained Business Rates are forecast at just under £3.9m in 2016/17 and this has been assumed as a constant in the forecast. The Business Rates earmarked reserve is proposed to be maintained at £1m.

- 3.1.1.2. ***New Homes Bonus and Affordable Homes Bonus*** – Since the introduction of these grants in 2011/12 the Council has determined to use New and Affordable Homes Bonus to support the Revenue budget in the year of receipt. The total New & Affordable Homes Bonus receivable in 2015/16 is £2.83m. It is uncertain whether this programme will continue in the current form or at all, and the budget projections at Appendix B have been updated to reflect a more prudent assessment that the scheme may taper off, in line with what other Authorities are assuming. There are proposals to reduce the funding for New Homes Bonus by £800m, which is a cut of approximately two-thirds. The Government is going to be consulting on reform, and we expect further details in a consultation alongside the Settlement in December. The objective will be to “sharpen the incentive”, and to focus any funding on new homes. The length of payments will be reduced from 6 to 4 years. The proposed changes will shift funding from lower to upper tier councils.

3.1.2. Council Tax

- 3.1.2.1. The Government has yet to announce whether there will be a further council tax freeze grant scheme in 2016/17. Details will be evident in the Local Government Finance Settlement.
- 3.1.2.2. For the purposes of calculating eligibility for council tax freeze grant both the District and the Winchester Town Account council tax are considered together.

3.1.2.3. The effect of increasing Council Tax is illustrated below:

Council Tax Band D	Annual Increase		Additional Council Tax	
			District £000	Town Account £000
£126.27	0.00%	£0.00	0	0
£126.90	0.50%	£0.63	30	4
£127.53	1.00%	£1.26	59	8
£128.16	1.50%	£1.89	89	12
£128.80	2.00%	£2.53	118	16

3.1.2.4. The Council Tax base will be calculated in December and, when approved, will be used as the basis for calculating the Council Tax income for the budget.

3.1.2.5. Council Tax Benefit (CTB) was replaced with a local Council Tax Reduction (CTR) Scheme from 2013/14. Since then this CTR Scheme has been reviewed annually and the Council is now considering the options for 2016/17 (see CAB2740 elsewhere on this agenda). The estimated expenditure for the 2016/17 recommended Scheme can be met within current budget estimates.

3.1.3. Locally generated income

3.1.3.1. Based on the Original Estimate for 2015/16 - Other locally generated income amounts to 52% of total income and funding, comprising; car parking & enforcement income (19%); financing and investment income (9%) and planning fees (2%); with the remaining 22% spread across a variety of other income sources.

3.1.3.2. Car parking and enforcement income is assumed to remain constant in the baseline. The impact of the timing of major capital projects and the car parking strategy is considered separately, with fluctuations being managed through the Car Parks Property earmarked reserve.

3.1.3.3. Planning fee income is affected by both the number and the size of planning applications, with a high proportion of income being dependant on the receipt of major applications. For 2016/17 and 2017/18 planning fee income is assumed at £0.8m (£0.7m is assumed from 2018/19). This is based on a forecast of £0.45m per annum from minor cases (below £10k) and £0.35m from major cases (above £10k). In relation to the planning service provided to the South Downs National Park Authority, indications are that there will be a reduction of between 2% and 10% on the 2015/16 fee of

£466k. A working assumption of a 2% reduction has been used in the financial forecast shown in Appendix B.

- 3.1.3.4. The Council seeks to maintain diversity of income and there are a variety of other income sources, although with limited opportunities for either price or volume growth. An overall average increase of 1% would provide an estimated additional £20k p.a.
- 3.1.3.5. In the future, Land charges annual income of £85k is likely to be lost as the Land Registry rolls out its plans to become the sole registering authority for Local Land Charges in England and Wales. Current expectations are that the service could transfer from Winchester any time from late 2017 until 2023. This creates a budget pressure of c. £85k p.a.
- 3.1.3.6. Finance & Investment Income comprises mainly Rental Income from Investment properties and Interest receivable. Interest Receivable forecasts will be updated in the final stages of setting the budget, based on the capital expenditure plans and consequential borrowing requirements.
- 3.1.3.7. Net Rental Income from Investment Properties is largely derived from a small number of assets. Fifty one percent of this total investment income is derived from only four percent of assets. This presents a significant risk to future rental income. This risk is partly mitigated through the Income Equalisation earmarked reserve which was set up in 2015/16 to offset fluctuations in major income streams such as rents.
- 3.1.3.8. One of the Council's Priorities is to maximise returns from the Council's non-operational estate, and the planned capital programme seeks to achieve growth in this income.
- 3.1.3.9. Community Infrastructure Levy (CIL) – CIL was formally introduced in 2014/15 and receipts in 2015/16 have now started to accumulate at a faster rate. A five year programme of projects is to be developed, and updated on an annual rolling basis, which will tie in with the capital programme and revenue budgets. It is anticipated that total receipts will be in the order of £0.8m - £1m per annum once the scheme has established. Out of these total receipts allocations are made to Hampshire County Council, Parish Councils, the Town Account, and an allocation of up to 5% towards administrative costs. A detailed report on this will be coming to Cabinet for consideration soon.

3.2. Expenditure

- 3.2.1. The majority of expenditure in delivering the Council's services relates to employee costs and the financial strategy recognises the need to reduce the overall staffing establishment by taking a proactive approach to managing the payroll. If a ceiling were to be set on the total payroll

over the period 2016/17 to 2020/21 then, based on current assumptions, additional savings rising to £0.65m per annum by 2020/21 would need to be identified.

3.2.2. Transformation The Council's Organisational Development programme has sought to make efficiency improvements and savings through service re-design, increased operational flexibility and collaborative working. Whilst there have been staffing reductions, this approach has minimised the impact of those reductions on services to the public. The Council's "1team" approach to managing its workforce flexibly to meet priorities has consistently delivered managed savings to the paybill, at or above the levels planned. It is proposed that this will continue to be a key tool in managing the staff costs going forward.

3.2.3. The Council has embarked on a review of key services with the assistance of external consultants looking at end to end processes to ensure streamlined systems deliver what matters to customers and achieve efficiencies and other savings. As part of this all opportunities to improve digital service delivery and digital methods of working will be adopted to maximise efficiencies and meet customer requirements. Relating to this, annual savings of £150k in 2016/17, rising to £250k from 2017/18 onwards are being proposed (see Appendix C).

3.2.4. The Council is seeking to maintain its current baseline paybill over the medium term projections from 2016/17 to 2020/21, to make a contribution towards the current future year deficits shown in Appendix B. In order to achieve this the following additional target savings would be required:

Target Baseline paybill savings required to achieve paybill ceiling				
2016/17	2017/18	2018/19	2019/20	2020/21
<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
-	100	250	450	650

3.2.5. Major Project Support – the Council has an ambitious capital programme. To support the effective delivery of this programme the Council has set up a major projects team and a separate Major Projects (Cabinet) Committee. Over the past twelve months a review of processes and resources in relation to major projects delivery has been undertaken and this has identified a need for further resources as identified in Appendix C.

3.2.6. The Council provides grants to voluntary organisations delivering a wide range of services which support the outcomes of the Community Strategy. The current budget projections assume that the total amount of grants will remain the same.

3.2.7. With regard to the Joint Environmental Services contract, a number of service changes are being considered by the Joint Environmental Services Committee (JESC) in November, and these are included for consideration here, subject to the recommendations of the JESC.

3.2.8. The Consumer Prices Index (CPI) was -0.1% in September and the Retail Prices Index (RPI), which includes mortgage interest payments, was 0.8%. In the continuing drive for efficiency, the Council's Medium Term Financial Strategy stipulates that no inflationary increases will be added to any expenditure budgets other than for contractual commitments. The Council's contracts have various trigger dates for inflationary uplifts and the cost of contract inflation for 2016/17 is estimated to be £150,000.

4. Capital Expenditure

4.1. Under the prudential approach to capital investment, local authorities are required to have full regard to affordability when setting the future capital programme. Such consideration must include the level of long term revenue commitments. Indeed, in considering the affordability of its capital plans, the Council is required to consider all of the resources available to it/estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years.

4.2. Financing for the capital programme comes from capital receipts, the Major Investment Reserve, and specific earmarked reserves where balances are accumulated specifically to support major projects. However, as these reserves are forecast to be utilised, the Council plans to significantly increase borrowing to support its capital expenditure plans.

4.3. The Major Investment Reserve is the principal reserve used for supporting the Budget, both Revenue and Capital. Although any deficit in the Revenue budget would have the first call on these funds, the Financial Strategy supports the use of this Reserve to fund the Capital Programme.

4.4. There are various reserves earmarked for specific purposes to fund the relevant elements of the capital programme e.g. the Car Park Property Reserve, the IT Reserve and the Asset Management Property, and the General Fund baseline budget includes a recurring revenue provision for these capital requirements.

4.5. An increasing proportion of the Council's capital expenditure will not be fully funded, resulting in a Capital Financing Requirement (CFR). The policy adopted (as per [CAB1963](#), February 2010) is that CFR will be matched against specific assets: being generally those 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). This is designed to try to ensure that the Council's spending plans are prudent, affordable and sustainable in accordance with the Prudential Code.

- 4.6. Unfinanced expenditure does not necessarily result in external borrowing as this requirement can be met from the Council's available cash. When external borrowing does become necessary this would usually be from the Public Works and Loans Board (PWLB), at the certainty rate.
- 4.7. The financing of the Council's capital expenditure plans will also be reflected in the Treasury Management Strategy, which will include the Prudential Indicators on affordability, prudence and sustainability, and authorised levels of borrowing, to be approved by the Council in February. Any "unfinanced" capital expenditure requires a Minimum Revenue Provision to be made in accordance with the Council's approved policy.
- 4.8. Capital options are provided at Appendix D, and the forecast revenue consequences are provided at Appendix E.
- 4.9. The cost of external borrowing will vary dependent on the term, the type of borrowing, and when it is borrowed. A broad indication of the borrowing cost to the Council is that £1m over 30 years would be similar to adding 1% to Council Tax.
- 4.10. It should be noted that the inclusion of an item in the capital programme does not provide the authority to spend; individual schemes within the Capital Programme each require appropriate approval by Cabinet or under the scheme of delegation involving Portfolio Holders in accordance with Financial Procedure Rules before any funds are committed. In the case of all proposed schemes costing in excess of £100,000 a full financial appraisal is required.

5. Reserves

5.1. The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

5.2. CIPFA guidance stipulates:

"When reviewing their medium term financial plans and preparing their annual budgets local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes:

- a. a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
- b. a contingency to cushion the impact of unexpected events or emergencies - this also forms part of general reserves
- c. a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements."

- 5.3. Both (a) and (b) are provided for by the Council's General Fund Working Balance which stands at £2m which is assumed to remain at this level in the current forecasts. It will be reviewed in the final stages of setting the budget in the context of an assessment of financial risks associated with the proposed plans.
 - 5.4. The Council has a number of earmarked reserves and has made some provision in the baseline budgets for building up funds to meet predicted future requirements; specifically in respect of the Asset Management Plan and the Information Management Strategy.
 - 5.5. Appendix F provides the forecast balances on Reserves reflecting the revenue and capital options included in this report.
6. Winchester Town Reserve
- 6.1. The Winchester Town Budget will be considered by the Town Forum at its meeting in January. Any Town budget options recommended by the Town Forum will be considered in the final budget stages in February.
 - 6.2. Some of the General Fund budget decisions may impact on the Town Account, including those relating to Council Tax and any relevant increases to the Council Tax base.

OTHER CONSIDERATIONS:

7. COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 7.1. The City Council's work is guided by the Winchester District Community Strategy which sets out how the City Council wishes to see the District change for the better over the next decade. This is reviewed every few years to ensure it is still relevant in changing national and local contexts and reflects the needs of our multiple communities. The current Community Strategy was refreshed at the beginning of 2014 and so its priorities remain relevant and will guide the Council's work in 2016/17.
- 7.2. The Community Strategy's key outcomes of Active Communities, High Quality Environment, Prosperous Economy and an Efficient and Effective Council are delivered by the City Council via Portfolio Plans. These comprise the main actions and projects that services will be undertaking next year, including the delivery of agreed budget options, implementing areas of growth and undertaking the necessary actions needed to deliver services differently and achieve savings.
- 7.3. Particularly relevant to this paper is the aim within the Community Strategy's Efficient and Effective Council outcome to provide "the right level of service we can offer to our communities within the resources available", where growth items will be assessed against priorities within the Community Strategy and strategies for ensuring a balanced budget will focus on looking at increasing income, working more creatively and flexibly to save money, again as per the Strategy.

8. RESOURCE IMPLICATIONS:

8.1. As set out in the report and the appendices.

9. RISK

9.1. The budget for next year and the 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. The current risk assessment is attached at Appendix A and will be maintained alongside the development of the final budget proposals.

9.2. Elsewhere on this agenda is an update report on the Silver Hill project. The budget projections assume that this project progresses in line with the Development Agreement and Council approvals in place. However there is an emerging increased risk of delay which could have significant financial implications on all of the Council's financial plans. This will be kept under review and considered further before the budget is finalised.

BACKGROUND DOCUMENTS:

None

APPENDICES

Appendix A: Financial Risk Assessment

Appendix B: General Fund Revenue Indicative Medium Term Projections 2016/17 to 2020/21

Appendix C: General Fund Revenue Options 2016/17 to 2020/21

Appendix D: Capital Expenditure Options 2016/17 to 2020/21

Appendix E: Revenue Consequences of Capital Options 2016/17 to 2020/21

Appendix F: General Fund Usable Reserves Forecasts – updated to reflect Options under consideration

Appendix G: Collection Fund Statement

Financial Risk Assessment

This is an extract from the Corporate Risk Register, which identifies the risk owners for each of the risks listed below.

Risk Number	Risk Title	What might go wrong	Likelihood	Impact	Financial Risk	Management Actions	Estimated Cost
CR1	Silver Hill Development	If it is agreed the conditions are met:					
		Lack of capacity within the City Council to manage simultaneous projects 'on site' if these overlap	Likely	Moderate	Cost of additional staff / consultancy	Appointment of external Project Manager to support processes	£120,000 over 3 years
		Legal action from objectors to prevent implementation of Council decision	Highly Likely	Moderate	Cost of external advice and staff time	Respond to legal action as necessary	
		Anticipated profit on scheme is not achieved because of higher costs	Likely	Low		Development Agreement specific to income percentage	
		If Council wishes to obtain modification of proposals to satisfy conditions before approving:					
		Developer may be unable or unwilling to make necessary modification to satisfy Council	Likely	Major	All those costs associated with restarting the project. Potential loss of income for period of new planning process	Plan restart process with other priorities	Unknown To be determined
		If the Council terminates the contract:					
		Regeneration of Silver Hill area is substantially delayed by the need to restart a design and development process	Likely	Major	As above	As above	Unknown To be determined
		Expiry of existing CPO	Likely	Major	As above	As above	Unknown To be determined
		Unrealistic assessment of timescale for delivery of alternative commercially feasible development proposals	Highly Likely	Major	As above	As above	Unknown To be determined

Financial Risk Assessment

Risk Number	Risk Title	What might go wrong	Likelihood	Impact	Financial Risk	Management Actions	Estimated Cost
		Failure to deliver market residential dwellings	Likely	Moderate	Loss of 100 affordable units which might cost £150K per unit to replace if Council funded		
		Failure to deliver any affordable housing from Silver Hill regeneration	Likely	Moderate			
		Calls on capacity and financial resources to restart Silver Hill development process lead to delays in delivery of other major projects	Likely	Major	See above		Unknown To be determined
		Failure to provide timescale for new impacts on Stagecoach decisions regarding existing bus station	Highly Likely	Moderate	Costs to Stagecoach - unknown		
		Serious problem created in proving commercially acceptable solution to relocation of St. Clements surgery	Highly Likely	Moderate	Project becomes financially unviable	Minimise requirement for additional cost or reduced income	Unknown To be determined
		Additional costs at public expense for public realm improvements	Highly Likely	Moderate	As above	As above	Unknown To be determined
		Contractual payment of £700k to Council will not be received if scheme does not progress	Highly Likely	Moderate	Loss of income from Development Agreement - £700k		£700k
		Promotion by developers of out of town retail development if Local Plan policy requirement cannot be met in town centre	Likely	Moderate	Not quantifiable		
		Lack of city centre car parking capacity at ultra peak times due to failure to replace Friarsgate car park	Likely	Moderate	Loss of 250 spaces at an estimated £600 per space per annum	Review parking strategy	Unknown To be determined
CR2	Asset	<ul style="list-style-type: none"> Lack of long term planning 	Likely	Major	Financial consequences of fixed	- Extended planning period	

Financial Risk Assessment

Risk Number	Risk Title	What might go wrong	Likelihood	Impact	Financial Risk	Management Actions	Estimated Cost
	Management	<ul style="list-style-type: none"> Unwillingness to take-long term decisions Prioritisation of maintenance and repairs 			assets not fully reflected in the Council's medium term financial plans.	- Ensure adequate Earmarked Reserve Property Repairs (AMP)	
					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	
CR3	Programme Management & Major Projects	<ul style="list-style-type: none"> Over ambitious Council Willingness to increase the programme Staff overburdened Insufficient staff capacity 	Highly Likely	Major	Projects not delivered within agreed timescales – anticipated income not received Increased maintenance liabilities and costs	Approved Asset Management Plan (AMP)	£150,000 pa growth bid
CR4	Control Weakness identified by Internal Audit	Issues arising from Internal	Unlikely	Moderate			
CR5	Financial Stability	Government funding less than assumed in medium term financial projections e.g. New Homes Bonus, RSG, Council Tax freeze grant	Likely	Major	Reliance on New Homes Bonus to support baseline recurring revenue budget	The Medium Term Financial Strategy caps the amount to support the recurring revenue baseline.	Assumed capped at £2.8m to support the ongoing baseline
					New Homes Bonus scheme could be discontinued sooner than financial forecasts assume.	Forecasts have been adjusted to reflect the possibility that the scheme is not continued – in line with what other authorities are	

Financial Risk Assessment

Risk Number	Risk Title	What might go wrong	Likelihood	Impact	Financial Risk	Management Actions	Estimated Cost
						assuming.	
					Revenue Support Grant	Set final budget based on final Government Grant allocations for 2016/17. Consider plan to reduce reliance on Govt grant to deal with future years' uncertainty.	£1.7m in 2015/16
					Council Tax Freeze Grant	Keep under review. Consider increasing Council Tax if freeze grant no longer available.	Circa £60k pa = circa 1% increase in Council Tax
					Other Government Grants may be lower than forecast	Set final budget based on final Government Grant allocations for 2016/17.	Admin grant c. £400k
		Actual capital programme delivered differs significantly from medium term financial plan assumption; e.g. overspends or under-delivery of forecast financial benefits.	Highly Likely	Major	Delay will impact on timing of savings to be achieved reducing the financial resilience in the medium term. Could result in avoidable borrowing costs and sub-optimal investments.	Project cash-flow forecasting and monitoring to be improved. Project Management	
		Failure to get to grips with Transformation programme	Likely	Moderate	Managed cost base reductions not achieved in time resulting in unplanned service cuts	Ensure programme in place and monitored	c.£200k p.a. savings to be identified
		Other financial risks considered			Devolution	Assessment to be made when proposals are known	Unknown
					Business Rates retention – uncertainty in appeals, impact of revaluation in 2017, and reset in 2020.	Business Rates Reserve	c. £1m

Financial Risk Assessment

Risk Number	Risk Title	What might go wrong	Likelihood	Impact	Financial Risk	Management Actions	Estimated Cost
					Pension Scheme Liability - £53,470,000 at 31 March 2015 Triennial review at 31/3/16 may result in significant increase in employer's contribution rates and past service payments	Keep under review and respond to any consultations with the Pension Fund. Give early consideration for the 2017/18 budget.	1% increase would cost c. £100k
					Pay Inflation – could be higher than 1% p.a. assumed in the forecast	Considered unlikely given the Government expectations here	1% increase would cost c. £140k in 2016/17
					RPI/CPI – if higher than assumed could result in higher contractual costs than budgeted	Prudent assumptions	£150k assumed in 2016/17
					Interest rates could be lower than assumed for investments/ or higher for borrowing	- External expert advice - Prudent budget assumption	
					Lower car parking income than assumed	Close monitoring and car park earmarked reserve	+/-1% = c. £60k
					Lower Planning Fee income arising from changes in legislation and /or fewer applications	Maintain adequate General Fund Balance	£200,000
					Contract renewals result in increased costs e.g. Joint waste contract, external audit contract		
CR6	Staff Engagement	Reduction in staff morale	Likely	Major	Cost of recruitment	- Development of People Strategy for the Council	Unknown
		Reduction in the ability to recruit staff	Likely	Major			

Financial Risk Assessment

Risk Number	Risk Title	What might go wrong	Likelihood	Impact	Financial Risk	Management Actions	Estimated Cost
		Reduction in the ability to retain staff	Likely	Major		<ul style="list-style-type: none"> - Preparation of Workforce Plan - Pay Policy 	
CR7	Environmental Risks	Political disagreement about plans (e.g. Air Quality, parking provision in Winchester, climate change)	Likely	Moderate	Cost of additional staff hours and equipment. Possible requirement to contribute to further joint mitigation measures with HCC/Env. Agency.	Clear policies in place (e.g. parking strategy, air quality action plan) and cross referenced	
		Extreme weather events; e.g. unforeseen or extended hot or cold period	Likely	Major		Emergency Plan regularly updated and training provided for staff Mitigation measures currently being installed (e.g. Hambledon pipe) to reduce flooding impacts	
CR8	Commissioning	Ability to understand what is meant by Commissioning	Likely	Moderate	Opportunity cost – goods/services not delivered that should have been.	Council now using the phrase ‘getting things done’ rather than ‘commissioning’ .	
		Failure of contractors to deliver services	Likely	Major		Vetting and monitoring procedures for contractors established (eg Contract Procedure Rules).	
CR9	Transformation	Inadequate and or lack of dedicated resources allocated to the review process	Likely	Major	<ul style="list-style-type: none"> - Missed opportunities to realise efficiency savings. - Managed cost base reductions not 	<ul style="list-style-type: none"> - Vanguard service redesign underway. - Ensure programme in 	c.£200k p.a. savings to be identified

Financial Risk Assessment

Risk Number	Risk Title	What might go wrong	Likelihood	Impact	Financial Risk	Management Actions	Estimated Cost
		Lack of support for the process	Likely	Moderate	achieved in time resulting in unplanned service cuts	place and monitored	

General Fund Revenue Indicative Medium Term Projections 2016/17 to 2020/21

	Original Budget 2015/16 £'000	Working Budget 2015/16 £'000	Forecast 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000
Cost of Services (b/f) - baseline (recurring)	17,267	17,267	16,738	17,357	17,173	17,763	18,287
<u>Recurring Budgets</u>	0	(379)	(8)	(248)	(37)	(7)	
Card Processing Fees (General Fund £35k, HRA £15k)			35				
Contractual Inflation (c1% in 16/17, c2% p.a. from 17/18 in line with target CPI)			150	250	255	260	265
Employee Costs (Incl. pay Inflation assumed at +1% per annum)			243	254	235	231	171
Employee Costs - Removal of Employers' N.I. Discount			300				
Increased Income Proposals - Car Parking Income		(250)					
Reduced Income Proposals - MRF Recycling Income		100	(50)				
Approved Supplementaries (Magdalen Hill Cemetery Extension)			27				
Approved Savings (Park & Ride Bus Contract, CAB2719)			(130)				
Organisational Development (net)			(20)	(17)	3	1	2
Recurring Growth & Savings (Appendix C)			22	(9)	71	39	23
Revenue Expenditure Consequences of the Capital Programme			51	(414)	64	0	0
Total Recurring budget changes	0	(529)	620	(185)	591	524	461
Cost of Services - baseline (recurring)	17,267	16,738	17,357	17,173	17,763	18,287	18,748
<u>One-off Budgets</u>	1,822	2,621	(80)				
Redundancy		211	150	150	150	150	150
Local Development Framework (LDF)			101				
Homelessness Prevention			59	62			
Historic Environment - Silver Hill Support			41	28			
Business Support Grants			85				
St Maurice's Covert			30				
Jobseeker Mentoring Commission (brought forward budget from 14/15)			15				
Growth & Savings (Appendix C)			190	150	150	150	150
Total One-off Budgets	1,822	2,832	591	390	300	300	300
Cost of Services - TOTAL	19,089	19,569	17,948	17,563	18,063	18,587	19,048
Trading account (surplus) / deficit	424	424	424	424	424	424	424
Other Operating Income & Expenditure							
Payment of Parish Precepts	2,411	2,411	2,411	2,411	2,411	2,411	2,411
Council Tax Support grant to parishes	156	156	156	156	156	156	156
Financing & Investment Income & Expenditure							
Interest Payable & Receivable (net)	(280)	(422)	(421)	(379)	(180)	(82)	(85) *
Rental Income from Investment Properties	(3,166)	(2,476)	(2,449)	(2,272)	(2,272)	(2,272)	(2,272)
Direct operating expenses of Investment Properties	806	710	710	710	710	710	710
Taxation & Non-Specific Grant Income							
Non-Ringfenced Government Grants	(1,799)	(1,897)	(1,269)	(670)	(335)	0	0 **
Non-Domestic Rates Income and Expenditure	(3,865)	(3,783)	(3,888)	(3,888)	(3,888)	(3,888)	(3,888) **
Capital Grants and Contributions	0	(300)	(500)				
New and Affordable Homes Bonus	(2,830)	(2,830)	(2,830)	(2,335)	(1,719)	(1,260)	(760) **
Council Tax Income (Including Parish Precepts)	(9,084)	(9,247)	(9,124)	(9,124)	(9,124)	(9,124)	(9,124) **
(Surplus) / deficit on Provision of General Fund Services	1,862	2,315	1,170	2,596	4,248	5,663	6,621
Adjustments between Accounting basis and Funding basis under Regulations							
Minimum Revenue Provision (baseline)	335	266	266	96	199	199	199
Charges for depreciation & impairment of non-current assets	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)
Business Rates Collection Fund Adjustment Account (to) / from GF Balance	(813)	(1,550)	3,831				
Council Tax Collection Fund Adjustment Account (to) / from GF Balance	(120)	103	(163)				
Other planned Movements in Reserves							
Transfers to Major Investment Reserve	1,059	0	218	0	0	0	0
Transfers (from) Major Investment Reserve	(480)	(1,553)	(826)	(328)	(300)	(300)	(300)
Transfers to or (from) Earmarked Reserves	832	3,170	(2,224)	721	701	701	701
Transfers to or (from) Winchester Town Reserve	4	(72)	(60)	(88)	(120)	(151)	(163)
FORECAST DEFICIT / (SURPLUS) - Before revenue implications of the Capital Programme	(0)	0	(467)	319	2,049	3,434	4,378
In the Capital Programme but not yet approved:							
Revenue Expenditure Consequences of Capital Programme - not approved			383	1,090	76	(380)	(379)
Minimum Revenue Provision (not approved)			100	136	303	786	786
Interest (not approved)			278	548	1,030	1,211	1,353
Rental Income (not approved)			(293)	(264)	(808)	(2,263)	(2,263)
TOTAL DEFICIT / (SURPLUS) from Capital Programme options not yet approved	0	467	1,510	600	(646)	(503)	(503)
One-off expenditure to be funded from reserves				(1,034)			
FORECAST DEFICIT / (SURPLUS) - After revenue implications of the Capital Programme	0	0	794	2,650	2,788	3,875	3,875

* Estimated Interest receivable rates

0.90%	1.35%	1.70%	2.05%	2.05%	2.05%
	3.50%	3.50%	3.50%	3.50%	3.50%

* Estimated Interest payable rates

** These figures are estimates pending final confirmation (e.g. Government funding settlement)

General Fund Revenue Options 2016/17 to 2020/21

	Expenditure Increase / (Reduction) & Income (Increase) / Reduction				
	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000
UNAVOIDABLE GROWTH & SAVINGS					
<u>Major Projects</u>					
Additional resources to supplement Major Projects resources	73	13	58	150	150
Allocation of baseline major projects budget of £150k per annum	(39)	(40)	(41)	(43)	(44)
Permanent additional employee costs in the Major Projects Team	39	40	41	43	44
Fixed Term employee costs	177	237	92		
Forecast increase in Planning income due to major projects	(100)	(100)			
New part-time Building Control post to deal with Major Projects	23	24	24	25	25
Increased Building Control Income from Major Projects	(46)	(24)	(24)	(10)	(10)
<u>High Quality Environment</u>					
There is an increasing number of Public health act funerals being referred to WCC (to over 10 per annum). The average cost is c£4k per funeral and on average less than half of this is recovered	12	12	12	12	12
River Park Leisure Centre - reduced income share to reflect latest income forecasts. A forecast of £7,600 p.a. against a budget of £17,300 p.a.	10	10	10	10	10
Environmental Services Contract - reduced contract inflation requirement from 2015/16. Inflation was budgeted at 2% and due to the lower inflation from October 2015 this is not all now required	(40)	(40)	(40)	(40)	(40)
<u>Efficient & Effective</u>					
Staff Welfare - historical increased spending pattern, in particular on-demand (counselling, health issues), plus new identifiable commitments. Increase budget to £40k per annum	20	20	20	20	20
Revised benefit forecasts reflecting a lower achieved subsidy percentage	100	100	100	100	100
Forecast reductions to Benefits admin grant (£420k in 2015/16). Not related to the welfare reforms	29	57	82	106	128
Reduced income from the South Downs National Park towards the Planning service provided by WCC	9	9	9	9	9
South East Employers - reduced service requirement	10	10	10	10	10
Electoral Reform (CAB2593) - reduction in members and therefore members allowances	(74)	(74)	(74)	(74)	(74)
Individual Electoral Registration - increase in printing, postage, and canvassing costs - on the basis that there is no further Government new burdens funding	75	75	75	75	75
Land Charges - Possible reduction in income upon transfer to the Land Registry - likely to be the end of 2017 (at the earliest)		40	85	85	85
TOTAL UNAVOIDABLE GROWTH & SAVINGS	278	369	439	478	501
OPTIONAL GROWTH & SAVINGS					
<u>Community Strategy</u>					
The Winchester Criterium and Cyclefest event attracts over 7,000 spectators to the city who watch over 600 race and ride entries. It has contributed to a significant growth in cycling participation in the district and has triggered a substantial growth in membership numbers at the Winchester cycling club, VC Venta. A budget of £25,000 is required for 2016/17 to contribute towards the £40,000 cost of running this event. Income of £15,000 will be generated via sponsorship and grants.	25	25	25	25	25

General Fund Revenue Options 2016/17 to 2020/21

	Expenditure Increase / (Reduction) & Income (Increase) / Reduction				
	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000
For the remodelling of the ground floor of the Museum (including Displaying the Roger Brown Model) - contribution to the Hampshire Cultural Trust (Total project estimated to be £160k)	40				
<u>High Quality Environment</u>					
<u>Landscape & Open Spaces</u> - there is a need to bring in consultants to supplement the team when large scale unplanned work is required eg planning inquiries	10	10	10	10	10
Target reduction in Recreation Grounds and Open Spaces expenditure (Winchester Town)	(10)	(10)	(10)	(10)	(10)
<u>Environmental Services Contract</u>					
Street Cleansing of Winchester High Street - There are an increasing number of complaints regarding the condition of the High Street including representations from the Winchester Bid. The current street cleansing regime only covers sweeping and litter removal. The Growth bid is to cover yearly manual washing of the area to remove staining of the surface. Pressure washing is not possible because of damage to the underlying bedding material.	16	16	16	16	16
Litter Picking of Commuter Routes - These routes receive far greater littering than other rural routes so the standard litter picking frequency is inadequate to keep these routes to an acceptable standard. It is proposed to increase the frequency of litter picking and there will also be additional costs from the new traffic management requirements for highway works.	15	15	15	15	15
New traffic management (TM) requirements have been brought during the last 12 months which increases the degree of road closures required and therefore contractor costs, for the following roads: A31, A32, & A33.	30	30	30	30	30
Ad-hoc works budget significantly reduced to to the majority of the original works now undertaken within the core works budget	(25)	(25)	(25)	(25)	(25)
<u>Income - Review of Fees & Charges</u>					
Introduce charging for Historic Environment pre-application advice	(4)	(4)	(4)	(4)	(4)
Planning - Introduce charging for householder and small pre-application advice 20 per month at £70.00 incl VAT (for 2 hours)	(17)	(17)	(17)	(17)	(17)
Planning - Increase pre-application fees for planning advice - average 100 transactions x £30.00 (incl VAT)	(3)	(3)	(3)	(3)	(3)
Increase in Cemetery Fees & Charges (Winchester Town)	(20)	(20)	(20)	(20)	(20)
Target savings resulting from the Transformation Project. A number of posts are currently being held vacant pending the conclusion of the project and the savings from these vacant posts will meet the savings target in 2016/17	(150)	(250)	(250)	(250)	(250)
Private Hire Operator Licence Fees (LR457) - introduction of 5 year licence	7	7	7	7	7
Revenues - Various reductions to Advertising, Stationery, and Postage budgets	(14)	(14)	(14)	(14)	(14)
<u>Efficient & Effective</u>					
Discount for voluntary early payment to the Hampshire Pension Fund	(?)	(?)	(?)	(?)	(?)
TOTAL OPTIONAL GROWTH & SAVINGS	(100)	(240)	(240)	(240)	(240)
Optional Growth	136	96	96	96	96
Optional Savings	(243)	(343)	(343)	(343)	(343)

General Fund Capital Expenditure Options 2016/17 to 2020/21

	<i>Financed By:</i>	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000	Comments
Revised Estimate (CAB2732)									
Total Spending and Committed	<i>Various</i>	4,964	825	873	832	810	796	9,100	Revised Estimate approved by Council and presented at summary level.
Total Approved* - Not Committed	<i>Various</i>	242	3,708	601	-	-	-	4,551	
Total Programmed But Not Yet Approved*	<i>Various</i>	5,752	8,442	18,490	15,400	4,900	4,700	57,684	
Total Revised Estimate (CAB 2732)		10,958	12,975	19,964	16,232	5,710	5,496	71,335	

Proposed Changes to Existing Programme (Programmed But Not Yet Approved)									
Changing Pavilions (North Walls)	<i>Winchester Town Account / Open Spaces</i>	-	(57)	-	-	-	-	(57)	The current building has reached the end of its serviceable life and it is now necessary to replace the building. The facilities are not energy efficient and have little heating or insulation, and are of poor standard. In addition the current building is not capable of meeting the access obligations set out in the Equality Act 2010. A new facility will have the benefit of attracting new users to the area, and consideration will be given to maximising income opportunities once the building
Changing Pavilions (North Walls)	<i>Winchester Town Account / Open Spaces</i>	-	300	-	-	-	-	300	
City Offices & Annexe Works	<i>Capital Receipts / Property Reserve</i>	(250)	(322)	-	-	-	-	(572)	Updated forecast of minimum required works to the City Offices.
City Offices & Annexe Works	<i>Capital Receipts / Property Reserve</i>	-	350	290	-	-	-	640	
Enterprise Centre managed workspace	<i>Unfinanced</i>	(40)	(960)	-	-	-	-	(1,000)	Following surrender of the lease by the tenants at the Good's Shed, cost consultants were appointed to prepare budget cost estimates; the revised budgets reflect these estimates. There has also been an increase in the forecast rent receivable.
Matley's Yard	<i>Capital Receipts</i>	(10)	(490)	-	-	-	-	(500)	
New Streetcare/Pest Control Depot	<i>Capital Receipts</i>	(10)	(190)	-	-	-	-	(200)	
Enterprise Centre, Matley's Yard, Streetcare Depot	<i>Unfinanced / Capital Receipts</i>	345	1,945	-	-	-	-	2,290	
River Park Leisure Centre - Essential Repairs	<i>Capital Receipts / Major Investment Reserve</i>	(1,000)	(2,000)	(1,190)	-	-	-	(4,190)	Refurbishment of the existing facility to provide enhanced facilities including new reception and café, extended learner pool and fitness.
River Park Leisure Centre - Refurbishment	<i>Capital Receipts / Major Investment Reserve</i>	-	1,500	4,500	-	-	-	6,000	
Total Proposed Changes		(965)	76	3,600	-	-	-	2,711	

New Total		9,993	13,051	23,564	16,232	5,710	5,496	74,046	
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General Fund Capital Expenditure Options 2016/17 to 2020/21

Potential Projects	Financed By:	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000	Comments
Cycle Café - capital grant	<i>Capital Receipts</i>	-	50	-	-	-	-	50	Proposals for a Cycle Café on the Viaduct Way were instigated by Town Forum (WTF214 refers), and are at pre-application planning enquiry stage. Initial costings are estimated at £250k, but much of this is expected to be found from commercial sponsorship and fundraising which is already in hand.
Community Football Facility	<i>External grant / Capital Receipts</i>	-	1,200	-	-	-	-	1,200	Improvements to Winchester Football Ground pitches, club house and changing rooms to provide wider community benefit as part of the Abbots Barton development/Hillier Way New Build programmes.
Flood Prevention Schemes	<i>Capital Receipts</i>	-	250	-	-	-	-	250	For the implementation of key flood defence measures: The Park Avenue / North Walls Park scheme will protect residential properties, the leisure centre, St Bedes School and the Winchester School of Art. This scheme also draws funding from Hampshire County Council, the Environment Agency, and the Winchester School of Arts. The growth bid will also provide funding to other schemes under consideration in the District and will help to lever Government, Environment Agency and County Council funding.
Purchase of Garrison Ground	<i>Capital Receipts</i>	-	300	-	-	-	-	300	Purchase of the Garrison Ground for playing field use only.
South Winchester Coach Park	<i>Car parks reserve</i>	-	200	-	-	-	-	200	Coach parking serving the southern part of the Town has been a long term objective and is an action in both the Council's Car parking strategy and the Winchester Town Access Plan. The facility will reduce the amount of cross town coach trips to access the only coach parking area at Worthy Lane to the North of the City.
Station Approach - Public Realm Works	<i>LEP grant</i>	-	-	2,500	2,500	-	-	5,000	A bid of £5m has been made to the EM3 Local Enterprise Partnership for Local Growth Funding to support public realm works and accessibility improvements in the Station Approach area of Winchester. These works would be delivered in partnership with the County Council and other stakeholders such as bus and rail operating companies. The works will complement the Station Approach
Total Potential Projects		-	2,000	2,500	2,500	-	-	7,000	

Total Programme incl. Options		9,993	15,051	26,064	18,732	5,710	5,496	81,046	
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General Fund Capital Expenditure Options 2016/17 to 2020/21

Other Potential Projects

City Offices - new build/refurbishment	The City offices are in a poor state of repair and need major refurbishment if they are to continue to serve their purpose. Officers will be drawing up a business case for either a major refurbishment or a new build on the current site. This will be reported to Members in early summer 2016.
Open Spaces - play areas	There are several open spaces projects without identified funding due to insufficient funding available (CAB2666 (Revised) refers). Alternative funding sources are currently being identified.
RPLC - new build	The Council is considering whether a replacement leisure centre is an affordable and feasible option to pursue, in order to provide facilities that would cater for the sporting needs of the Winchester District for the next 40 years. Current estimates are that this would be in the region of £26m and the Council is exploring potential funding options including working with partners.
Rural Enterprise Centre	This is a possible future project to provide an enterprise centre in one of the market towns to provide small units for rent for start up businesses. No sites have at this stage been identified.
Silver Hill Car Park	There is an opportunity to purchase the rights to the public car parking within the Silver Hill Development. The terms are set out in the Development Agreement between the City Council and the Developer. This will enable the Council to run the car parking and to receive the income generated from it.
Solar City Project	The Town Forum's Solar City project seeks to encourage owners of non-residential buildings in the Town area to install solar photovoltaics on their roofs (WTF218 refers). Initial approaches are currently being made to building owners, and a range of funding models explored. Some of the Council's own buildings are being considered at this stage too. The intention of the project would be to increase Winchester's contribution to renewable energy targets and also to provide a payback for the Council.
Winchester Town Access Plan	This expenditure will be in the form of a contribution towards the delivery of enhancements to St Georges Street as part of a wider Traffic Management Scheme to be delivered by the County Council. It is not anticipated that this will be required until Silver Hill has been determined and completed in around 2 years time when it will be considered again.

* Under the Council's Financial Procedure Rule 6.4, the inclusion of a scheme in the capital programme does not constitute authority to incur the expenditure. Such authority is obtained subject to the various conditions and limits as set out in the Constitution.

Revenue Consequences of General Fund Capital Options 2016/17 to 2020/21

Notes:

Revenue consequences are estimates and are subject to change. More detailed analysis is carried out prior to actual expenditure being approved.

To be consistent with the presentation in the published financial statements, negative figures (in brackets) represent income or savings.

* Under the Council's Financial Procedure Rule 6.4, the inclusion of a scheme in the capital programme does not constitute authority to incur the expenditure. Such authority is obtained subject to the various conditions and limits as set out in the Constitution.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000	£000	£000
Revised Estimate (CAB2732)							
(Surplus)/Deficit - spending and committed	(28)	(38)	(2)	(2)	(2)	1	(2)
(Surplus)/Deficit - approved* not committed	91	195	(71)	(55)	(57)	(59)	(61)
(Surplus)/Deficit - programmed but not yet approved*	455	122	560	686	(561)	(419)	(1,680)
TOTAL (SURPLUS)/DEFICIT at Revised Estimate (CAB2732)	518	279	487	629	(620)	(477)	(1,743)

Budget Considerations Impact							
Income	-	(53)	(24)	(24)	(24)	(24)	(24)
Expenditure	(250)	383	947	(87)	(87)	(86)	(101)
Net Cost of services	(250)	330	923	(111)	(111)	(110)	(125)
<u>Financing & Investment Income & Expenditure</u>							
Rental Income	-	-	-	-	-	-	-
Interest payable	-	16	16	15	15	15	14
(Surplus)/ deficit on Provision of Services	(250)	346	939	(96)	(96)	(95)	(111)
<u>Adjustments between accounting basis and funding basis under regulations</u>							
Minimum Revenue Provision	-	-	11	11	11	11	11
Revenue Contribution to Capital	-	-	-	-	-	-	-
(Surplus)/Deficit - Budget Considerations	(250)	346	950	(85)	(85)	(84)	(100)

TOTAL (SURPLUS)/DEFICIT incl. Budget Considerations	268	624	1,437	545	(705)	(561)	(1,842)
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General Fund Usable Reserves Forecasts - General Fund Balances

	Bal. @ 01/04/2015	2015/16 FORECAST Closing Bal.	2016/17 FORECAST Closing Bal.	2017/18 FORECAST Closing Bal.	2018/19 FORECAST Closing Bal.	2019/20 FORECAST Closing Bal.	2020/21 FORECAST Closing Bal.
	£000	£000	£000	£000	£000	£000	£000
Building Control							
Business Rates Retention	(1,000)	(3,840)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Car Parks Property	(1,178)	(1,029)	(799)	(819)	(839)	(859)	(1,079)
Community Grants	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Developer Contributions	(6)	(306)	(806)	(806)	(806)	(806)	(806)
Flood Support Schemes	(105)	(85)					
Homelessness Gold Standard	(1,006)						
Homelessness Prevention	(484)	(432)	(373)	(311)	(311)	(311)	(311)
Income Equalisation	(244)	(830)	(547)	(547)	(547)	(547)	(547)
Information Management and Technology	(215)	(190)	(143)	(63)	(54)	(37)	(34)
Insurance	(40)	(40)	(40)	(40)	(40)	(40)	(40)
Local Development Framework (LDF)	(173)	(101)					
Local Elections	(30)	(30)		(70)	(58)	(46)	(34)
Municipal Mutual Insurance	(157)	(157)	(157)	(157)	(157)	(157)	(157)
Museums Acquisitions	(8)	(8)	(8)	(8)	(8)	(8)	(8)
Museums Publications	(38)						
New Homes Bonus							
Organisational Development	(432)	(789)	(789)	(789)	(789)	(789)	(789)
Planning Deposits (Interest)	(91)	(91)	(91)	(91)	(91)	(91)	(91)
Property Repairs	(1,938)	(1,641)	(1,183)	(493)	(493)	(493)	(493)
Winchester Town Reserve	(298)	(196)	(59)	28	148	298	462
Total General Fund Earmarked Reserves *	(7,454)	(9,776)	(6,006)	(5,177)	(5,056)	(4,897)	(4,938)
General Fund Balance	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)

* Major Investment Reserve is shown in Appendix F part 2

General Fund Usables reserves forecasts - Major Investment Reserve and Usable Capital Receipts Reserve

<u>MAJOR INVESTMENT RESERVE</u>	2015/16 FORECAST £000	2016/17 FORECAST £000	2017/18 FORECAST £000	2018/19 FORECAST £000	2019/20 FORECAST £000	2020/21 FORECAST £000
Opening Balance	(9,057)	(4,476)	(3,843)	(1,805)	(1,475)	(1,175)
Transfers (to)		(218)				
REVENUE Transfers from	1,553	826	328	300	300	300
CAPITAL Transfers from	3,028	25	1,710	30		
Forecast Closing Balance	(4,476)	(3,843)	(1,805)	(1,475)	(1,175)	(875)
Revenue Implications of the Capital Programme						
Programmed but not yet approved - (to) / from		467	1,510	600	(646)	(503)
Forecast Closing Balance *	(4,476)	(3,377)	171	1,101	755	552
(Surplus) / Deficit - Appendix C		(467)	319	2,049	3,434	4,378
Forecast Closing Balance *	(4,476)	(3,844)	22	3,002	6,090	10,265

* A highlighted debit balance means there are insufficient reserve balances

<u>CAPITAL RECEIPTS RESERVE - General Fund</u>	2015/16 FORECAST £000	2016/17 FORECAST £000	2017/18 FORECAST £000	2018/19 FORECAST £000	2019/20 FORECAST £000	2020/21 FORECAST £000
Opening Balance	(2,766)	(6,532)	(4,688)	(3,869)	(4,136)	(4,409)
Forecast Receipts	(4,614)	(1,309)	(13,996)	(322)	(328)	(337)
Forecast Utilisation	848	3,153	14,815	55	55	55
Forecast Closing Balance	(6,532)	(4,688)	(3,869)	(4,136)	(4,409)	(4,691)

Collection Fund Statement

	2015/16 Original Budget			2015/16 Estimate at Oct. 2015			2016/17 forecast		
	Business Rates		Council Tax	Business Rates		Council Tax	Business Rates		Council Tax
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income									
Income receivable	(57,853)	#####	(125,652)	(57,434)	#####	(125,919)	(58,394)		(58,394)
Expenditure									
<i>Precepts and Shares (see note 1)</i>									
Central Government	28,352		28,352	28,352		28,352	27,921		27,921
Hampshire County Council	5,103	48,210	53,313	5,103	48,210	53,313	5,026		5,026
General Fund (WCC)	22,682	9,084	31,766	22,682	9,084	31,766	22,337	NOTE 1	22,337
Fire	567	2,851	3,418	567	2,851	3,418	558		558
Police		7,308	7,308		7,308	7,308			0
<i>Distribution of previous years surplus</i>									
Central Government	2,033		2,033	2,033		2,033	2,721		2,721
Hampshire County Council	366	646	1,012	366	646	1,012	490	862	1,352
General Fund (WCC)	1,626	120	1,746	1,627	60	1,687	2,177	163	2,340
Fire	41	38	79	41	38	79	54	51	105
Police		96	96		96	96		131	131
<i>Charges to Collection Fund</i>									
Less write offs of uncollectable amount:									
Allowance for impairment	289	160	449	65	15	80	75		225
Release of Provision				150	150	300	150		
Provision for Appeals	531		531	(1,113)		(1,113)	1,816		1,816
Cost of Collection	198		198	2,580		2,580	199		199
Renewable Energy	130		130	198		198	300		300
Interest				296		296	12		
				10					
Total Expenditure	61,918	68,513	130,431	62,957	68,458	131,405	63,836	1,207	65,031
(Surplus) / deficit for year	4,065	714	4,779	5,523	(27)	5,486	5,442	1,207	6,637
(Surplus) / deficit for year brought forward	(4,065)	(714)	(4,779)	(81)	(1,180)	(1,261)	(5,442)		(5,442)
(Surplus) / deficit carried forward	0	0	0	5,442	(1,207)	4,225	0	1,207	1,195

Note 1 - the Council Tax base will be available in December to allow a split of the Preceptor shares on the 2016/17 base