

REPORT TITLE: GENERAL FUND BUDGET 2018/19

29 JANUARY 2018

REPORT OF PORTFOLIO HOLDER: CLLR GUY ASHTON (PORTFOLIO HOLDER FOR FINANCE)

Contact Officer: Joseph Holmes Tel No: 01962 848220 Email jholmes@winchester.gov.uk

WARD(S): ALL

PURPOSE

The budget sets the net spending and contribution levels to achieve the outcomes that align to the Council's strategy, and shows how the net spend is financed by the resources available, including Council Tax. The general fund budget is consolidated to take into account the latest known funding allocations through central government as well as from locally raised Council Tax, Business Rates (after government levies and tariffs) and fees and charges. Members are requested to consider the financial assumptions and the implication of financial changes to the overall Council Strategy.

Members are asked to consider these proposals and also the level of Council Tax to be set for next year. The current tax is £134.99 at Band D for City Council services, and £65.21 for Winchester Town, and it is proposed that both amounts are increased for 2018/19 to £138.92 at Band D for City Council services, and £67.17 for Winchester Town.

The General Fund Budget has been consulted on with The Overview and Scrutiny Committee, the business community and parish and town councils, and in finalising these proposals consideration has been given to all comments received.

RECOMMENDATIONS

That the Overview and Scrutiny Committee raises with the Leader or other relevant Portfolio Holder any issues arising from the information in this report and considers whether there are any items of significance to be drawn to the attention of Cabinet.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 The budget proposals contained in this report have been drafted using outcome based budgeting principles in order to align to the Council Strategy.

2 FINANCIAL IMPLICATIONS

- 2.1 As detailed in the main body of the report.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Any implications arising from budget options arising from this strategy will be dealt with in the individual business cases and committee papers relating to those specific decisions.

4 WORKFORCE IMPLICATIONS

- 4.1 No direct implications, any indirect implications will be addressed in the business cases relating to individual projects.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 As detailed in the main body of the report.

6 CONSULTATION AND COMMUNICATION

- 6.1 Budget considerations were consulted on with The Overview & Scrutiny Committee, the business community, and parish council representatives during the final quarter of 2017. The feedback received from this consultation has been fully reflected in finalising these proposals.
- 6.2 Feedback received from the business consultation process included support for the Leader Programme and the outcomes based budgeting process, and a strong interest in the councils major projects.
- 6.3 At the annual parish conference held at the end of November 2017, support was given for increased council housing across the district and assurance requested that the councils priorities include non town centric projects.
- 6.4 Consultation with Parish Councils to reduce the local council tax support grant (CTSG) began in December 2016 at the parish budget briefing. The council has continued to subsidise the current grant since its introduction in 2013/14 despite significant reductions in government funding (Revenue Support Grant reduces to almost zero in 2018/19).
- 6.5 In order to give Parishes time to evaluate their budget and precept options the proposal awarded a full grant in 2017/18 and proposed to reduce it to 50% in 2018/19, with complete removal from 2019/20.

- 6.6 As the grant compensates for the reduction in the council tax base caused by the council tax support scheme, some Parishes currently receive more grant funding than others.
- 6.7 A questionnaire was issued to Parish Councils as part of the 2018/19 budget process with mixed responses. The majority favoured a continuation of the current grant funding but there was also support for the removal of the grant funding or a reduction to 50% of the current grant funding.
- 6.8 Overall, the impact of the removal of the CTSG is not considered to have an undue impact on individual Parishes.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 Environmental considerations will be part of the business case supporting any budget proposals.

8 EQUALITY IMPACT ASSESSMENT

Any equality impact assessments are carried out as part of the business case for any individual proposals.

9 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Council's service priorities are not reflected in the budget</i>	<i>The use of Outcome Based Budgeting as a method of delivering the budget from 2018/19 onwards.</i>	<i>Ensure the prioritisation of resources to best meet the Outcomes of the authority</i>
<i>Failure to achieve the budget proposals presented in Appendix B</i>	<i>Budget proposals for 2018/19 have been put forward on the basis that they have a high expectation of achievement, and some of the proposals have already been achieved.</i>	
<i>Income budgets (such as car parking) are not achieved, possibly due to market or economic conditions</i>	<i>Income budgets have been set using 'central case' expectations. Robust in-year monitoring and reporting is in place which would identify any forecast shortfalls in income in time to take any necessary action to address this.</i>	

<p><i>Failure to adequately manage major contracts including planning for contract renewal</i></p>	<p><i>Ensure adequate contract management and monitoring arrangements are in place.</i></p> <p><i>Ensure sufficient time for the review of contract options prior to contract renewal.</i></p>	<p><i>Ensure contracts are aligned to the councils requirements and council strategy</i></p> <p><i>Transformational efficiency savings</i></p>
--	--	--

10 SUPPORTING INFORMATION:

Background

- 10.1 The budget is strongly aligned to the Council Strategy and the outcomes that the council wish to achieve. There are areas of significant investment contained within the budget to deliver new services to residents. For example, the council is investigating options to deliver a kerbside glass collection for residents on a monthly basis. The council is also investing in an additional bus for park and ride services to reduce waiting times at peak periods of operation. There is also investment for planning services to improve our services and utilise the additional income through Government changes to planning fees. The council is seeking to provide different services through digital means to support our services offering to visitors and residents.
- 10.2 This investment is support through a variety of savings programmes. These items have been carefully considered and seek to enable the Council to continue to deliver its core services and protect our valued frontline delivery whilst matching the financial demands of disappearing government funding. We are ensuring that we drive out further efficiencies through a relentless focus on budgets and reviewing historic patterns of spend. We are seeking new opportunities, for example through providing additional funding for new homes in our 'HRA' and moving assets into the general fund to provide a long term rental stream to the taxpayer.
- 10.3 We are also raising Council Tax by 2.9%. The Council has the option of increasing this by £5 compared to the previous year, but are recommending a lower rise to reflect the work we are progressing to re-focus our finances whilst facing the reality of a major reduction in funds from central government and a need to be financially self-reliant.
- 10.4 The Council Strategy 2017 - 2020 sets out four strategic themes which are helping the council shape its activities and resources up until 2020. Outcome based budgeting principles have been used in the preparation of the 2018/19 budget, with proposals identified in CAB2985 Outcome Based Budgeting which went to December Cabinet.

- 10.5 The 2018/19 financial year is the third year of the four year local government funding settlement which the council signed up to. As such the local government finance settlement announcements in December, relating to 2018/19, were in line with expectations. The reductions in Revenue Support Grant and New Homes Bonus amount to a reduction in funding of c£1m from 2017/18.
- 10.6 Capital and Revenue budget considerations were consulted by The Overview & Scrutiny Committee, the business community, and parish council representatives during the final quarter of 2017. The feedback received from this consultation has been fully reflected in finalising these proposals.
- 10.7 A summary of the General Fund revenue budget is now presented for final consideration and Members are asked to consider the total level of General Fund Budget and the Council Tax for 2018/19.

General Fund Budget Estimates

	2017/18 Original Estimate	2018/19 Forecast*
	Net contribution / (spend)	
	£000	
Total Housing	(1,257)	(1,287)
Total Environment	(2,018)	(1,862)
Total Health & Happiness	(2,362)	(2,402)
Total Business	(1,735)	(1,756)
Total Operational Delivery	(5,698)	(5,642)
Total Investment Activity	2,322	2,655
Total Organisational Management Corporate	(6,206) 778	(6,406) 988
	(16,176)	(15,712)
Total Tax and Grant Income	15,196	14,115
Total Financing & Treasury Activity	(159)	(517)
Total Reserve Related Movements	1,139	2,114
Total Funding	16,176	15,712

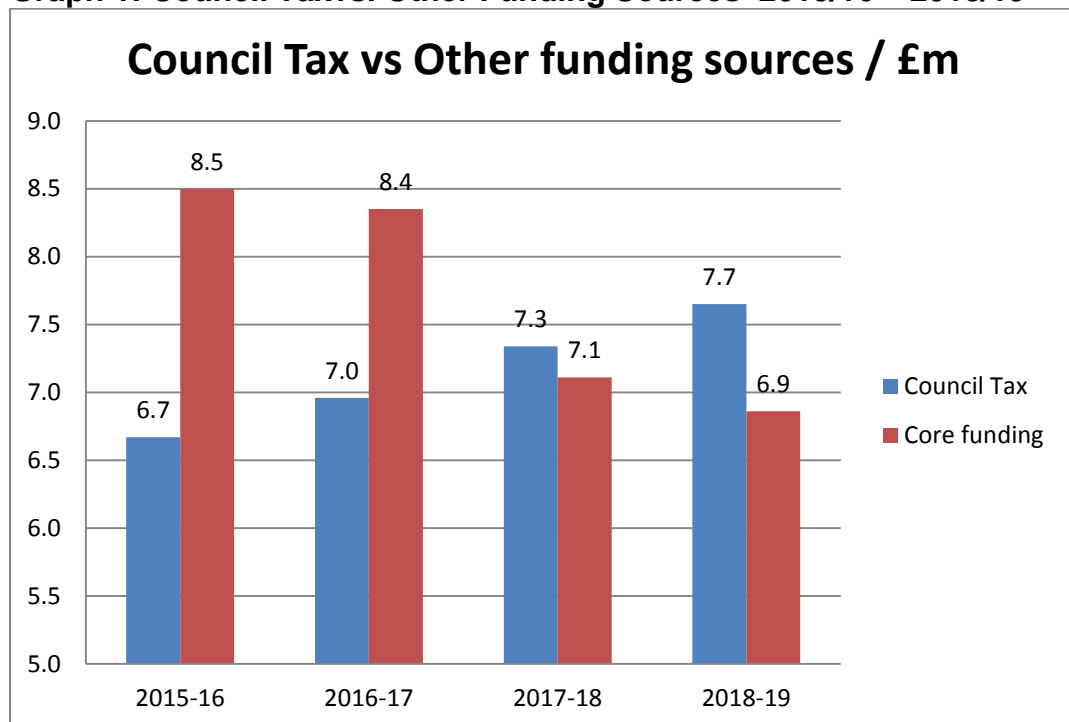
Total Surplus / (Deficit)

* Final detailed budgets will be presented in the 2018/19 budget book

Identifying Resources

- 10.8 Graph one below shows the breakdown of the Council's core spending power over the four year period from 2015/16 to 2018/19. The clear shift from central government grant can be seen, with significant reductions to the new homes bonus and the settlement funding assessment (which includes the revenue support grant).
- 10.9 Locally generated income is a key focus of the medium term financial strategy, which identifies how the council is looking to replace the reductions in government funding with new and innovative income sources. These income sources are identified under the themes of; Asset Management, Income Generation, Transformation, and Investment.

Graph 1: Council Tax vs. Other Funding Sources 2015/16 – 2018/19



- Other funding sources = Revenue Support Grant, New Homes Bonus and Business Rates retention

Funding

10.10 Non- Ring fenced Government Grants

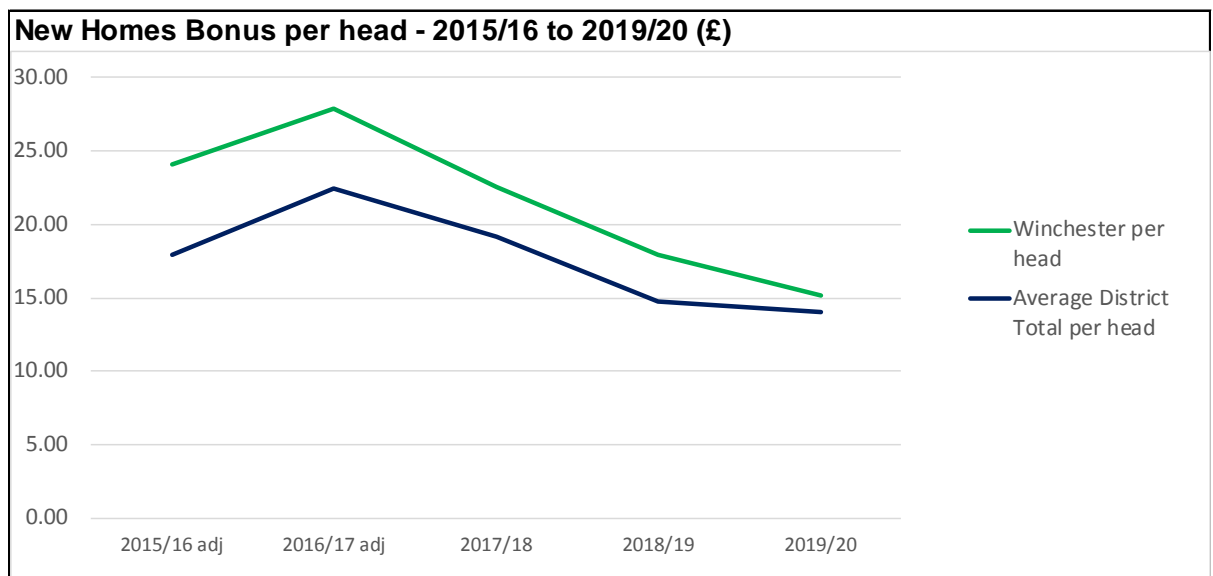
- (i) The budget has been set using the local government finance Settlement Funding Assessment (SFA) of £2.15m for 2018/19 (£2.46m in 2017/18). This includes; Total Revenue Support Grant of £7,561 (£381,012 in 2017/18) and a Baseline Funding Level (for Business Rates retention) of £2.14m (£2.08m in 2017/18).

- (ii) The settlement allocations announced in December 2017 confirmed the end of the Transition Grant in 2017/18 and a slight increase in the expected Rural Services Delivery Grant which has now been maintained at the same level as 2017/18 (£37k).

10.11 New Homes Bonus

- (i) No further changes to the scheme have been announced for 2018/19, other than the already confirmed reduction in legacy payments from the interim five years in 2017/18, to four years from 2018/19.
- (ii) The total 2018/19 reward of £2,115,591 (£412,399 relates specifically to 2018/19) is £545,805 lower than the 2017/18 reward of £2,661,396.
- (iii) The table below shows that Winchester currently receives a higher than average proportion of new homes bonus (per head of population).

Graph 2 – Winchester New Homes Bonus compared to other Districts



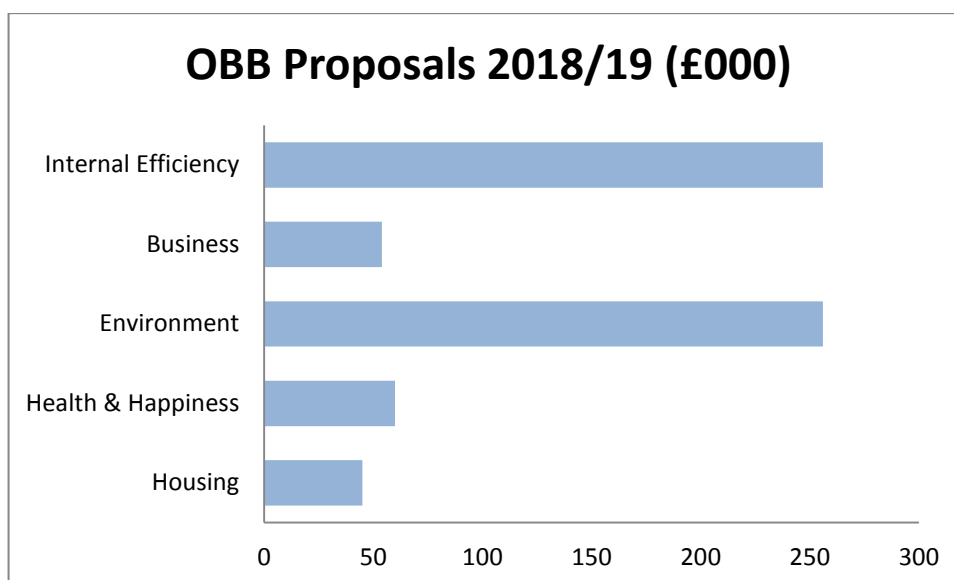
10.12 Business Rates Retention

- (i) There are no significant changes proposed to the current 50% retention system for 2018/19.
- (ii) It has been confirmed that the current 100% business rate pilot areas will continue in 2018/19 alongside an additional ten new pilot areas and the London Boroughs. Winchester will continue with its aspiration to be part of a pilot for 2019/20.

- (iii) The Council's share of the forecast retention of Business Rates for 2018/19 amounts to £4.6m.
- (iv) The opening 2017/18 balance of the provision for appeals, representing the forecast backdated cost of existing lodged appeals, was £3.8m. It is now forecast that a closing appeals provision balance of £5.2m is required. This highlights the continuing trend of higher costs of appeals which are very difficult to predict due to the large backlog of outstanding cases and the high cost of the substantial backdating of these. There have been very few appeals so far against the new 2017 valuation list but a significant number are expected and there are currently no time limits to when these appeals need to be raised by.

Outcome Based Budgeting

10.13 Appendix B shows the budget proposals for 2018/19, with the savings from the four headings listed under 10.11. The total savings are £1.1m, less investments of £0.4m, giving net total savings of £0.7m. These savings enable a balanced budget for 2018/19 and also help towards the savings targets for future years.



- 10.14 The below summary financial position shows how the budget has been balanced for 2018/19:

Summary Financial Position

General Fund Revenue Budget (£m)	2018/19 / £m
Baseline resources c/f from 2017-18	-15.2
Collection Fund Impact	-0.4
One-off Budgets & Reserves	-0.9
Additional Financial Pressures:	
Contract Inflation	-0.3
Employee (Pay and Pension) Inflation	-0.6
Investment Proposals	-0.4
Baseline resources adjusted for 2018-19	-17.7
Savings Proposals	1.1
Baseline resources for 2018-19	-16.6
Financed by:	
Funding	14.5
Investment Activity	2.1
Total funding resources	16.6

- 10.15 Key Assumptions used in the 2018/19 budget are shown below:

Income / Funding			Sensitivity
	%	£000	+/- 1%
Council Tax Increase	2.91%	190	63
Interest Receivable	0.25%	100	400
Expenditure			
Contractual Inflation	3.0%	300	100
Employee Pay Inflation	2.0%	312	156

Collection Fund

- 10.16 *Council Tax* - Regulations require the Council to approve the Collection Fund balance at 31 March, calculated at 15 January preceding. For Council Tax a surplus of £503,661.80 is estimated, shared between the County Council (£362,892.80), the Police & Crime Commission (£52,991.12), the Fire & Rescue Authority (£20,445.75) and this Council (£67,332.13). This must be credited to the Council Tax for the District for 2018/19. The City Council's budget for 2018/19 can therefore be set including the £67,332.13 surplus.

- 10.17 *Business Rates* – The Business Rates Collection Fund balance is estimated to be a deficit of £966,071 at the end of 2017/18. The Winchester share of this deficit is £386,428 (40%) and will be distributed from the collection fund in 2018/19.

Council Tax

- 10.18 The Council Tax Referendum limits have been confirmed at 3% for lower tier authorities, in line with CPI inflation. However, shire districts (such as Winchester) will be able to increase their precept by not more than £5 (equivalent to 3.26% for this council). Central Government spending power projections assume that all authorities will increase their precepts by the maximum amount.
- 10.19 At present the projections reflect a 2.9% increase in Council Tax for the District and an estimated increase of 3% for the Winchester Town Area, in 2018/19.
- 10.20 The current level of Tax for the District is £134.99 (Band D equiv.). This is proposed to increase to £138.92 from 2018/19 and will generate an additional £190k of income per annum.
- 10.21 In considering the level of District tax, regard has to be had to the Tax for the Town area in order to ensure that the overall increase does not exceed the referendum limits.
- 10.22 The current level of Tax for the Town is £65.21 (Band D equiv.). An increase of 3% would increase this to £67.17

Fees and Charges

- 10.23 Fees and charges are reviewed on an individual basis with the aim of achieving fair charges which limit any burden to the council tax payer. An inflationary uplift is a primary consideration (CPI is currently 3% as at December 2017) along with the following considerations:
- i) **External competition** – services offered by the council are subject to differing levels of market competition. It is important that market prices are taken into consideration when reviewing pricing levels especially as increasing council prices too high could actually have the effect of reducing overall income through reduced volume.
 - ii) **Neighbouring authorities** – benchmarking with other authorities is a useful exercise to determine how the council is positioned, what the reasons are for this, and this aligns to the councils pricing strategy.

- iii) **Inflation** – inflationary indexes, such as CPI, are a useful starting point as they give a broad indication of the increase in the costs of living and also the increase in the costs of providing the service.
- iv) **Council strategy** – not all charges meet the target of full cost recovery because the benefits derived from providing those services are part of the Council Strategy.
- v) **New charges** – are there any opportunities to offer any additional services which would both be valued by the customer and deliver an income to the council. This is possible even where a services charges are mainly set by statute, as there is sometimes scope for additional discretionary services e.g. planning pre-app fees.

10.24 Fees and charges are budgeted to generate income of approximately £10.5m in 2017/18.

10.25 With the introduction of Outcome Based Budgeting from 2018/19, income generation has been identified (see CAB2985 Outcome Based Budgeting) as one of four key themes each contributing towards achieving a balanced budget over the medium term.

10.26 The General Fund seeks to review fees and charges over the life of the medium term financial strategy, through seeking new opportunities to trade, understanding subsidies and increasing activity. It is expected that fees and charges will make a positive contribution towards this target.

10.27 Inflation has been increasing at a relatively high level in recent months with a CPI of 3% in December 2017. It is important to ensure that fees and charges are kept under regular review to ensure that charges remain reflective of the costs of providing those services.

10.28 The most significant forecast increase in fees and charges for 2018/19 relates to the expected 20% increase in planning fees. Full cost recovery is forecast to be maintained in those services not exempt from this policy.

10.29 The Tourist Information Centre refurbishment project (see CAB2931) is expected to be complete for 2018/19. The purpose of this project is to further increase usage of the TIC and to expand the services it offers. The additional income generated from these plans is expected to pay for the costs of the refurbishment over the medium term.

10.30 The opportunity to introduce new charges is kept under review and opportunities will come forward with a business case as appropriate.

Summary of Changes 2018/19

	£000 Increase		
	Volume	Price	Total
4.2 Car Parking	100		100
5.2 Outdoor Sports		1	1
5.4 Tourist Information Centre	28		28
6.1 Planning Fees		160	160 *
7.3 Pest Control	10	2	12
7.6 Licensing		5	5
8.2 Street Naming & Numbering	-4	4	0
	134	172	306

* *Government set fees - forecast increase*

Winchester Town Charge – Section 35

- 10.31 In accordance with Section 35 of the Local Government Finance Act 1992 the Council has taken the decision in previous years to treat all expenses of the Council as general expenses other than those identified as special expenses. The Council endorsed this policy on 23 February 2017.
- 10.32 Special expenses are costs incurred for the provision of an amenity or service that is primarily for the benefit of one locality. In the Winchester District these expenses are levied by the Council to cover the costs of local services in the Winchester Town area which elsewhere would be dealt with by parish councils.
- 10.33 The services currently covered by special expenses are listed in Appendix D.
- 10.34 It is recommended that the policy as previously agreed by the Council on 14 July 1999 (minute 186), and confirmed in the budget and council tax report for 2017/18 (CAB2896, February 2017) is endorsed again. That is to treat all expenses of the Council as General Expenses other than those specifically identified and itemised in the Winchester Town Account. In consequence of which the sum of £927,735 will be treated as Special Expenses under Section 35 of the Local Government Finance Act, 1992 in respect of the Winchester Town area, summarised in Appendix D.
- 10.35 The Winchester Town Forum will meet on 24 January 2018. The proposed budget is set out in Appendix D including a proposed Council Tax increase of 3% for 2018/19.

Reserves

- 10.36 A summary of earmarked reserves is included at Appendix C. These have all been reviewed as part of the budget process and the levels are considered to be appropriate.
- 10.37 The Major Investment Reserve is a revenue funded reserve that supports the delivery of the Council's priorities; both capital and revenue. The opening 2018/19 balance on this reserve is forecast to be £6.6m, reducing to £4.5m by the end of the year due to planned expenditure on major projects such as Station Approach and the Leisure Centre.
- 10.38 The proposed baseline budget for 2018/19 also includes fixed annual contributions to various earmarked reserves including: Property – Asset Management £300k; Car Parks Property £200k, and IMT Strategy £200k.
- 10.39 Total General Fund Earmarked Reserves (excluding the £2m General Fund Balance) are forecast to reduce from £20.2m at 01 April 2018 to £15.2m at 31 March 2019. The forecast closing balances (31/03/19) of key earmarked reserves are summarised below;
- I. Business Rates - £1.0m, is a risk based reserve to be used to mitigate the additional risks caused by business rates retention.
 - II. Community Infrastructure Levy District and Town - £4.3m, must be used for infrastructure projects and plans to utilise this forecast balance are currently under development.
 - III. Property – Asset Management Plans - £2.5m, will be used to fund the Asset Management Plan.
 - IV. Major Investment Reserve - £2.1m, is available to fund one-off capital or revenue expenditure. Capital projects require significant upfront investment before returns commence, the Major Investment Reserve could be used to fund the revenue consequences of the upfront investment.
- 10.40 Central Winchester Regeneration – additional £105k revenue budget
- I. The draft SPD for the Central Winchester Regeneration (CWR) Project is in the final stages of Consultation, with a view to being adopted by the Council in early Summer 2018. As such, the Project is moving from a Planning to a Delivery phase. Additional budget will be needed for this next stage for fees to cover Legal, Commercial, Procurement and Delivery advice, including from a QC, to ensure a comprehensive and robust approach is taken to the process of selecting a Development Partner(s), establishing a vehicle for achieving the development(s) and procuring construction services for delivering development, minimising any risk of challenge re procurement or implementation.

- II. The approach to the process by which development is undertaken (i.e. whether elements are undertaken direct by the Council, or in Partnership with a developer or sold for a developer to undertake) is currently being considered, with the professional inputs for which the above request is being sought, supporting this work.
- 10.41 The general fund has a forecast £1m underspend in 2017/18. It is proposed to utilise this underspend towards supporting key council projects such as Central Winchester Regeneration and key project resourcing and support.

General Fund Working Balance

- 10.42 The council also holds a general balance which is held to mitigate against any potential financial risks, these could be known risks or completely unforeseen risks. As a general guide the minimum balance will be 10% of net revenue expenditure and so the current balance of £2m can give some additional cushion particularly against the uncertainty of government funding over the medium term projections.
- 10.43 In addition, a minimum balance of £1m is held within the business rates retention reserve in order to provide mitigation against the short term risks of a reduction in income, for example an unexpected increase in successful appeals.

Adequacy of Reserves and Robustness of Estimates

- 10.44 There are specific requirements under Section 25 of the Local Government Act, 2003, for the Chief Finance Officer to provide a positive assurance statement about the adequacy of proposed financial reserves and the robustness of estimates made for the purposes of the Budget calculation.
- 10.45 Reserves are detailed in this report and specific comment is made on the most significant balances. The General Fund working balance is discussed above and is considered to be adequate. The Major Investment Reserve is available to support specific projects, both revenue and capital, and a forecast balance remains throughout the Strategy period (assuming the forecast deficits are covered by savings).
- 10.46 When considering the robustness of estimates for the budget calculation for the current year savings and increased income proposals included in the budget must be considered to be achievable. Considerable savings have been achieved to date, and the recent experience has been that compensating savings have been found to cover unforeseen growth pressures. Given the complex nature of the organisation, the significant turnover, the cautious approach to budgeting and the sensitivity to income, these variations are to be expected. The purpose of reserves, in particular

the General Fund working balance, is to provide a cushion for these variations.

- 10.47 Within the context of the overall budget and reserve levels, the S151 officer is able to provide positive assurance on the robustness of the estimates made for the purposes of the budget calculation for next year.

11 OTHER OPTIONS CONSIDERED AND REJECTED

- 11.1 The council must prepare a balanced budget for 2018/19. Traditional “Salami Slicing” of budgets has been rejected in favour of an Outcome Based Budgeting approach.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

Medium Term Financial Strategy – CAB3012 – February 2018

Outcome Based Budgeting – CAB2985 – December 2017

Council Strategy Refresh – CAB2980 – December 2017

Medium Term Financial Plan - CAB2955 – September 2017

Efficiency Plan 2016 – 2020 - CAB2827 – September 2016

Other Background Documents:-

None

APPENDICES:

Appendix A: General Fund Budget Summary 2018/19

Appendix B: Outcome Based Budgeting Financial Summary

Appendix C: Reserves

Appendix D: Winchester Town Account

	Sensitivities	1% (£m)	Forecast
Council Tax Base		0.07	
Council Tax - Band D £		0.07	2.9%
Contractual Inflation		0.10	3.0%
Pay Inflation		0.14	2.0%
General Fund Revenue - Medium Term Forecast (£m)		Original Estimate	Original Estimate
		2017/18	2018/19
Funding			
Council Tax (excluding Parish Precepts)		7.340	7.650
Retained Business Rates		3.936	4.601
New Homes Bonus		2.661	2.116
Revenue Support Grant & Other Grants		0.513	0.144
		14.450	14.511
Investment Activity			
Interest (Payable) / Receivable		0.567	0.225
Minimum Revenue Provision		-0.129	-0.225
Net Investment Property Income		1.688	2.138
Resources available		16.576	16.648
Baseline Net Expenditure			
Gross Income		12.773	13.393
Gross Expenditure		-27.935	-28.771
Baseline resource requirements		-15.162	-15.378
One-off budgets & Reserve Related Movements		-1.414	-1.271
Total net resource requirements		-16.576	-16.648
Budget Surplus / (Shortfall)		0.000	0.000

Item	Theme	Council Strategy	2018/19 Saving / (Investment) (£000)
1 Removal of ISDN line Removal of older BT lines and moving the Council's telephony services through to an internet based service.	Efficiency	Internal efficiency	45
2 External audit fee reduction Further reduction in the main audit fee due to recent national procurement through the PSAA (Public Sector Appointments Agency). Ernst and Young (EY) will remain the Council's auditor but the fee will reduce. There is also a reduced audit fee in respect of the benefits audit where the Council are completing some of the testing on behalf of EY on a risk assurance basis to reduce costs.	Efficiency	Internal efficiency	25
3 Internal audit fee reduction Reduction of the audit fee in line with the re-focussed internal audit strategy from 2017-18. The number of audit days have been reduced and have been more targeted to focus on three areas; i) the Corporate Risk Register ii) the delivery of the Council Strategy and iii) key areas of work reviewed by EY (External auditors).	Efficiency	Internal efficiency	20
4 Change MRP to the annuity basis Moving the Council's Minimum Revenue Payment (MRP) basis from a straight line repayment method to an annuity one to reflect the changes in value and cost to schemes through the life of the asset.	Efficiency	Internal efficiency	43
5 Benefits restructure Savings through restructure approved at personnel committee in Summer 2017. Transforming the service to focus on benefits and welfare with the introduction of Universal Credit in full from 2018 onwards.	Transformation	Housing	25
6 Un-utilised transport budget removed The January 2017 "Revised Car Parking Charges" report (CAB2885(TP)) introduced some significant changes to central car parking charges, in line with the car parking strategy policy of encouraging parking on the edges of the city rather than the centre. An additional transport budget was provided for 2017/18 for potential increases in demand (for example additional P&R buses). Based on current usage levels (as at September 2017) this additional budget has not been required, usage will be continue to be monitored to ensure this remains the case.	Efficiency	Environment	217
7 Internal Managed Vacancy Factor moved to 2% The current vacancy savings target is £200k per annum. A percentage target is considered to be more appropriate to ensure a direct link between the total employee budget and the target vacancy savings. A careful review of historic and existing trends has shown that a 2% vacancy factor would be a reasonable central case forecast, which equates to full year savings of £305k in total based on current budgets (+£105k per annum compared to the existing budget target).	Efficiency	Internal efficiency	105
8 Review of Print Services A review of the print room is underway in order to establish the print requirements (including plans for digitilisation) and the optimal delivery method. This review has already established that the current space occupied as the print room is much larger than necessary and could be put to better use either internally or externally leased.	Transformation	Business	20
9 IT - GIS Support Technician An efficiency review of the current resources deployed in this area has achieved recurring savings of £18k.	Efficiency	Internal efficiency	18
10 HRA / GF asset transfer Movement of some assets in the HRA to move into the General Fund and be managed centrally. This will mean a capital receipt to the HRA and an ongoing revenue stream to the GF. This will be done on a phased basis over a three year period to enable adjustments in the HRA to offset decreased income from these assets.	Income Generation	Housing	100
11 Customer Services / Digitalisation Review Review of how we deliver services to our customers, how we can take advantage of digital channels to reduce costs and improve customer satisfaction. Review internal processes to ensure these are automated wherever possible to reduce cost and improve speed of processes.	Transformation	Business	50
12 Review of Grants and Commissioning Following a review of existing budgets the savings of £140k per annum identified commencing 2018/19 relate solely to existing and uncommitted budgets (mainly commissioning budgets).	Transformation	H&H	140
13 New trading opportunities In the first year, some greater cost recovery / small trading opportunities for services such as Environmental Health and Regulatory Services.	Income Generation	Business	25
14 Increased Planning Fees Government has indicated that it will allow councils to increase planning fees by 20% provided an assurance is provided that additional income will be re-invested in planning services.	Income Generation	Environment	160
15 Increased Car Parking Income Increase in car parking income arising from the continued increase in usage of car parks (in particular the park and ride).	Income Generation	Environment	100

Item	Theme	Council Strategy	2018/19 Saving / (Investment) (£000)
16 Increased Development Management (Planning) resource	Investment	Housing	-80
Staff resource to maintain the current service taking into account high levels of demand based on the projected work profile over the next few years (major applications associated with Local Plan allocations, major projects in Winchester and the New Homes Delivery Team development programme). Linked to 14 above (increased planning fees).			
17 Apprentices	Investment	H&H	-50
Additional budget is required, on top of the existing £90k per annum, in order to meet the minimum apprentice numbers (2.3% of our total workforce, to include 'upskilling'). This financial requirement reduces annually over the medium term as the higher requirement in 2018/19 is partly due to the timing of apprentice contracts (specifically 18 month contracts).			
18 Additional Park & Ride bus	Investment	Environment	-71
An additional bus to increase capacity in order to deal with the continued increase in usage of the park and ride service, particularly during peak times.			
19 Smart City app development	Investment	Business	-41
Winchester City Council is leading an initiative to digitally enable the City Centre. We believe that this initiative could drive greater footfall, supporting the high street and the local economy, and at the same time make it easier for visitors to access information about the city centre, such as retail and leisure.			
20 Review of pay and benefits	Investment	H&H	-30
Additional costs onto the Council's staffing costs following the national pay review and any decision to make pay packages more competitive			
21 Estates	Investment	Environment	-100
Re-organisation of the Estates team in order to support the major projects plan and the asset management plan.			
22 Environmental Enhancements	Investment	Environment	-50
The council is investigating options to deliver a kerbside glass collection service for residents.			
		Net Savings	671

GENERAL FUND EARMARKED RESERVES (£000s)	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	OUTTURN	FORECAST Closing Balances										
Major Investment Reserve *	(7,581)	(6,638)	(4,546)	(3,729)	(2,104)	(2,075)	(2,075)	(2,075)	(2,075)	(2,075)	(2,075)	(2,075)
Business Rates Retention	(1,242)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Car Parks Property	(1,969)	(1,937)	(321)	(321)	(321)	(321)	(321)	(321)	(321)	(321)	(321)	(321)
Community Grants & Commissions	(172)	(172)	(172)	(172)	(172)	(172)	(172)	(172)	(172)	(172)	(172)	(172)
Community Infrastructure Levy - General Fund	(1,724)	(3,699)	(4,099)	(4,099)	(4,099)	(4,099)	(4,099)	(4,099)	(4,099)	(4,099)	(4,099)	(4,099)
Community Infrastructure Levy - Winchester Town	(168)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Council Strategy Support	(649)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)
Flood Support Schemes	(85)	(57)										
Homelessness Prevention	(489)	(464)	(344)	(199)	(179)	(179)	(179)	(179)	(179)	(179)	(179)	(179)
Information Management and Technology	(493)	(522)	(424)	(348)	(212)	(250)	(277)	(157)	(107)	(91)	(65)	(83)
Insurance	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)	(41)
Landscape Mitigation	(100)											
Local Development Framework (LDF)	(454)	(454)	(229)	(214)	(199)							
Municipal Mutual Insurance	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)
Museums Acquisitions	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Museums Publications	(38)											
New Burdens	(217)											
Organisational Development	(1,337)	(484)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Planning Deposits (Interest)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)
Property - Asset Management Reserve	(3,540)	(2,938)	(2,454)	(2,454)	(2,454)	(2,454)	(2,454)	(2,454)	(2,454)	(2,454)	(2,454)	(2,454)
Winchester Town Reserve	(468)	(425)	(69)	(118)	(131)	(130)	(99)	(135)	(180)	(332)	(494)	(494)
Total General Fund Earmarked Reserves	(20,943)	(20,157)	(15,226)	(14,221)	(12,438)	(12,247)	(12,244)	(12,159)	(12,154)	(12,291)	(12,427)	(12,444)
General Fund Balance	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Usable Capital Receipts Reserve - General Fund	(7,035)	(6,002)	(4,223)	(4,542)	(4,744)							

* Nb. The forecast Major Investment Reserve balance does not include any call on this reserve to cover future forecast deficits.

WINCHESTER TOWN ACCOUNT - Financial Projections

	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast	2020/2021 Forecast	2021/2022 Forecast	2022/2023 Forecast	2023/2024 Forecast	2024/2025 Forecast	2025/2026 Forecast	2026/2027 Forecast
Assumptions:										
Contract inflation		3%	2.5%	2%	2%	2%	2%	2%	2%	2%
Utilities		5%	5%	5%	5%	5%	5%	5%	5%	5%
Percentage increase in tax		3%	3%	2%	2%	2%	0%	0%	0%	0%
Tax Base		13,812	13,977	14,145	14,315	14,487	14,661	14,837	15,015	15,195

	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast	2020/2021 Forecast	2021/2022 Forecast	2022/2023 Forecast	2023/2024 Forecast	2024/2025 Forecast	2025/2026 Forecast	2026/2027 Forecast
	£	£	£	£	£	£	£	£	£	£

Cost of Services										
Recurring Budgets:										
Allotments	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)
Bus Shelter Cleaning / Maintenance / New Provision	7,304	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cemeteries	8,240	34,565	36,694	38,734	40,825	42,967	45,161	47,410	49,713	52,074
Christmas Lights	8,500	8,740	8,946	9,115	9,287	9,463	9,642	9,825	10,012	10,202
Community Speed Watch	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Community Wardens (Contribution)	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Footway Lighting	20,112	20,370	20,642	20,927	21,226	21,540	21,870	22,216	22,580	22,962
Grants	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Support Costs for Grant Scheme	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Grit Bins	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Maintenance Work to Council Owned Bridges	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Night Bus Contribution	12,344	12,714	13,545	13,816	14,092	14,374	14,661	14,954	15,254	15,559
Public Conveniences (Contribution)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Recreation Grounds & Open Spaces	574,078	603,459	611,486	611,093	624,230	623,958	637,491	637,352	651,298	651,303
Theatre Royal (Contribution)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Town Forum Support	4,798	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Recurring Budgets	817,012	877,485	888,948	891,321	907,296	909,938	926,462	929,393	946,492	949,735
One-off Budgets:										
St Maurice's Covert	60,000									
Community Infrastructure	50,000	50,000								
Historic Environment Projects Officer	12,999									
Green Infrastructure	3,000									
Total One-off Budgets	125,999	50,000								
Total Cost of Services	943,011	927,485	888,948	891,321	907,296	909,938	926,462	929,393	946,492	949,735

WINCHESTER TOWN ACCOUNT - Financial Projections

	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast	2020/2021 Forecast	2021/2022 Forecast	2022/2023 Forecast	2023/2024 Forecast	2024/2025 Forecast	2025/2026 Forecast	2026/2027 Forecast
Assumptions:										
Contract inflation		3%	2.5%	2%	2%	2%	2%	2%	2%	2%
Utilities		5%	5%	5%	5%	5%	5%	5%	5%	5%
Percentage increase in tax		3%	3%	2%	2%	2%	0%	0%	0%	0%
Tax Base		13,812	13,977	14,145	14,315	14,487	14,661	14,837	15,015	15,195

	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast	2020/2021 Forecast	2021/2022 Forecast	2022/2023 Forecast	2023/2024 Forecast	2024/2025 Forecast	2025/2026 Forecast	2026/2027 Forecast
Taxation and Non-specific grant income										
Council Tax Income	(888,242)	(927,735)	(962,350)	(993,418)	(1,025,380)	(1,058,401)	(1,071,101)	(1,083,955)	(1,096,962)	(1,110,126)
Council Tax Support	(12,134)	0	0	0	0	0	0	0	0	0
Council Tax Freeze	(9,811)	0	0	0	0	0	0	0	0	0
Interest on Balances	(3,410)	(3,185)	(518)	(885)	(982)	(975)	(746)	(1,012)	(1,353)	(1,667)
Total Taxation and Non-specific grant income	(913,597)	(930,919)	(962,868)	(994,303)	(1,026,362)	(1,059,376)	(1,071,848)	(1,084,966)	(1,098,316)	(1,111,793)
Transfers to/(from) Earmarked reserves										
(Surplus added to Reserves) / Deficit taken from Reserves	29,414	(3,435)	(73,920)	(102,983)	(119,067)	(149,438)	(145,386)	(155,573)	(151,823)	(162,058)
Capital Expenditure funded by Town Reserve	64,000	409,000	25,000	90,000	120,000	180,000	110,000	110,000	110,000	110,000
Release from Town Community Infrastructure Levy Reserve	(50,000)	(50,000)								
Opening Reserve Balance (at 1st April)	(468,062)	(424,648)	(69,083)	(118,002)	(130,985)	(130,051)	(99,490)	(134,875)	(180,449)	(222,272)
Closing Reserve Balance (carried forward)	(424,648)	(69,083)	(118,002)	(130,985)	(130,051)	(99,490)	(134,875)	(180,449)	(222,272)	(274,330)
Closing Reserves forecast as % of net expenditure (Target = 10%)	45%	7%	13%	15%	14%	11%	15%	19%	23%	29%