

WINCHESTER TOWN FORUM

21 JANUARY 2015

WINCHESTER TOWN ACCOUNT BUDGET 2015/16

REPORT OF CHIEF FINANCE OFFICER

Contact Officer: Darren Kennedy Tel No: 01962 848464 Email:
dkennedy@winchester.gov.uk

RECENT REFERENCES:

CAB2646: Proposed Grant Allocations for 2015/16, 21 January 2015

CAB2629: General Fund Budget 2015/16 - Capital and Revenue Considerations, 03 December 2014

WTF207: Winchester Town Account Budget 2015/16, 19 November 2014

WTF205: Winchester Town Account Financial Strategy 2015/16 to 2019/20, 24 September 2014

CAB2606: Financial Strategy 2015/16 to 2019/20, 10 September 2014

EXECUTIVE SUMMARY:

This report presents the current financial projections for the Town Account for the period 2014/15 to 2019/20 and financial sensitivities, in order that recommendations can be made to the Cabinet on the budget to be set within the Winchester Town area for 2015/16.

RECOMMENDATIONS:

That the Town Forum:

1. considers the detailed budget for 2015/16 and the indicative projections for the strategy period.
2. recommends a freeze in Council Tax for the Town area should it be eligible for the 2015/16 freeze funding (unless Council resolves to increase the Winchester City Council Tax in which case an increase of at least one percent is recommended for the Town area in order to maintain its funding position).
3. makes recommendations to Cabinet on the budget to be set for the Winchester Town area for 2015/16.

WINCHESTER TOWN FORUM

21 January 2015

WINCHESTER TOWN BUDGET 2015/16

REPORT OF CHIEF FINANCE OFFICER

1 Introduction

1.1 The Council's Financial Strategy as set out in report CAB2606 (10 September 2014) provides guidance and key budget principles to be applied in setting the Council's budgets.

1.2 The Financial Strategy for the Winchester Town Account for 2015/16 to 2019/20 (report WTF205 refers) adopts the principles of the Council's Financial Strategy, and includes the following agreed budget principles for the Winchester Town Budget:

- The revenue budget for the forthcoming year will be balanced – this may include Revenue contributions to specific reserves for future extraordinary spending plans, and/or releases from specific reserves to fund such items.
- Reserves will not be used to fund annual, recurring, expenditure.
- Earmarked reserves will only be created where there are specific future spending plans.
- Income from fees and charges will be optimised.
- Capital and Revenue grant applications which impact on the Town Centre will go through a rigorous assessment process prior to being considered in detail by an informal group of the Town Forum. This group will make recommendations to the Town Forum concerning the level of funding and those groups they consider should be funded through the grant process.
- Growth proposals will not create a revenue deficit in future financial years.
- Value for money and efficiency savings will be sought at every opportunity.
- The Town Tax increase will not take the total for the Council above any capping constraints set by Government.

The Council's General Fund Budget has been considered and the Government has now announced the provisional grant settlements.

1.3 There remain a number of items that have yet to be finalised, but these are not expected to impact on the Town Account.

1.4 The final Budget proposals will be considered by the Cabinet on 11 February 2015. The Forum is reminded that the Winchester Town budget is set by the Council and therefore any recommendations from the Forum are subject to approval by full Council in February.

1.5 This report presents the current financial projections for the Town Account and financial sensitivities, in order that recommendations can be made to the Cabinet on the budget to be set for the Winchester Town area for 2015/16.

2 Revenue Budget 2015/16

2.1 The Town Forum considered budget proposals at its meeting in November 2014.

2.2 The growth proposals are listed below, and reflected in Appendix 1. They are largely unchanged from those proposed in November 2014, the proposal for an increased £5,000 per annum towards Grounds Maintenance Reactive has been removed as after review it was determined that this could be met from existing resources.

- a) Tree Care (one-off £12,000 growth in 2015/16). This additional budget is required to ensure there is sufficient budget available to continue to respond to the legacy of the winter floods of 2013/14. The existing budget is £11,000 so the proposed budget for the year would be £23,000.
- b) Tree Planting and Maintenance (£5,000 growth per annum from 2015/16). This additional budget is required to address the issue of a slow loss of trees due to insufficient planting of new trees. This annually recurring budget will enable investment in the long term benefits that trees provide the City.
- c) Community Speed Watch (£500 growth per annum from 2015/16). An additional £500 per annum (taking to the total budget up to £1,000 per annum) is required to get the scheme up and running.
- d) Cycle Café (one-off £1,000 growth in 2015/16). A budget of £1,000 in 2015/16 is proposed to be used as pump prime funding for the Cycle Café Project. (Report WTF214 elsewhere on this agenda refers.)
- e) Solar PV Survey (Roof) (one-off £7,500 growth in 2015/16). A budget of £7,500 in 2015/16 is proposed to be used for solar PV surveys for public buildings. This follows from the £1,000 2014/15 one-off budget approved at the November Town Forum meeting.

2.3 The savings proposals are listed below and are unchanged from those proposed in November 2014.

- f) Neighbourhood Plans (£2,000 per annum saving from 2015/16 onwards). As there are not currently any neighbourhood plans anticipated it is proposed to remove this baseline budget.
- g) Grit Bins (£1,000 per annum saving from 2015/16 onwards). As fewer grit bins were required to be funded by the Town Account there is also an annual saving proposed from the existing baseline budget of £2,000 per annum.

2.4 The informal member group have also identified four budget areas that will be subject to specific review in the year ahead. These cover the headings:

Recreation Grounds and Open Spaces, Cemeteries, Footway Lighting, and the Night Bus Contribution. These were identified either due to the size of the budget or due to the potentially optional nature of those services, and have also been selected in light of the future deficits forecast in Appendix 1.

- 2.5 Setting the baseline for the Town Account is an integral part of the General Fund Budget setting exercise for the whole Council; the baseline has been set using consistent assumptions to that for the General Fund.

3 Capital Expenditure

- 3.1 The capital expenditure plans and associated revenue implications relating to the Town Account are reflected in the projections in Appendix 1.

- 3.2 There is currently £77,000 of Capital Expenditure Budget proposed to be funded by the Winchester Town Reserve in 2015/16.

- £44,000 relates to North Walls Pavilions
- £33,000 relates to King George V Pavilions

- 3.3 Individual schemes within the Capital Programme each require appropriate approval by Cabinet or Portfolio Holders in accordance with the Council's Constitution before any funds are committed. Schemes with direct implications for the Town Account will also be brought forward to the Town Forum.

4 Fund Balance

- 4.1 The Winchester Town Account reserve is targeted to be maintained at a level of approximately 10% of the total annual expenditure on the Town Account, to allow for inherent uncertainty in the projections. The forecast 2015/16 closing balance is £101,347, meeting this target of 10%.

- 4.2 The forecast balance, shown in Appendix 1, reduces to a deficit position by 2019/20. This will need to be addressed through either reductions in expenditure, increased income, or an increase in Council Tax.

5 Council Tax

- 5.1 The Council Tax Base for the Winchester Town area is now reflected in the estimates at 13,193.31 in 2015/16.

- 5.2 The Government has announced its intention to support a further council tax freeze for next year – 2015/16. Councils that freeze or reduce their 2015/16 basic council tax level (Band D) will receive an additional grant equivalent to 1 per cent increase on their council tax. This also applies to the Winchester Town Account, and would provide additional support in 2015/16 c£8,000.

- 5.3 The decision on whether to raise Council Tax for 2015/16 or to freeze and receive the one off freeze funding grants will be taken at Council in February. If a freeze is approved then the Town will also be required to freeze and will

therefore receive the support explained in 5.2 above and forecast in Appendix 1. If a rise is approved then this support will not be received and therefore recommendation two proposes that if the City Council Tax is increased then the Town Tax is increased by at least one percent in order to maintain its funding position.

- 5.4 The financial projections shown in Appendix 1 include a line relating to forecast future Council Tax Freeze Funding from 2016/17 onwards. This line is included for forecasting purposes and could for example be replaced by an increase in Council Tax instead of Freeze Funding (which has not yet been confirmed for future years).

OTHER CONSIDERATIONS:

6 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 6.1 In order that limited resources are matched most appropriately to the Council's priorities the budget options should be considered in the context of the Winchester District Community Strategy and the approved Portfolio Plans for 2015/16.
- 6.2 The Winchester Town Account Financial Strategy is aligned with the Council's Financial Strategy, and its budget is set within this framework.
- 6.3 A robust and transparent budget setting process supports our corporate objective of being an efficient and effective Council.

7 RESOURCE IMPLICATIONS:

- 7.1 As detailed in the body of the report.

8 RISK MANAGEMENT ISSUES

- 8.1 The budget for next year and the forward projections will be influenced by various factors that cannot be quantified or assessed fully at this stage.
- 8.2 The Town Account maintains a reserve to help mitigate against uncertainties if they arise over the course of the financial year although this has been substantially depleted and should be replenished. The final decision on the City Council's budget for 2015/16 may impact on the Town budget as a result of the interrelationship between aspects of spending at a Town and District level.

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix 1: Winchester Town Revenue Projections 2014/15 – 2019/20

Appendix 1

WINCHESTER TOWN ACCOUNT - Financial Projections								
	Per CAB2595	Per CAB2555	2014/15 Forecast	2015/2016 Forecast	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
Assumptions:								
Contract inflation				2%	2%	2%	2%	2%
Utilities				5%	5%	5%	5%	5%
Percentage increase in tax				0%	0%	0%	0%	0%
Tax Base				13,193	13,193	13,193	13,193	13,193
	2013/14 Outturn	2014/15 Original	2014/2015 Forecast	2015/2016 Forecast	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
Expenditure	£	£	£	£	£	£	£	£
Recreation Grounds & Open Spaces	624,118	588,551	597,011	599,324	607,114	615,080	623,226	631,558
Maintenance Work to Council Owned Bridges	0	5,500	9,000	5,500	5,500	5,500	5,500	5,500
Cemeteries	28,280	32,039	22,980	29,376	30,940	32,549	34,205	35,908
Community Wardens (Contribution)	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Grants	59,484	60,000	90,000	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
Footway Lighting	20,653	29,371	29,210	28,964	29,377	29,810	30,265	30,743
Bus Shelter Cleaning / Maintenance / New Provision	8,081	7,600	7,600	7,600	7,600	7,600	7,600	7,600
Town Forum Support	4,798	4,798	4,798	4,798	4,798	4,798	4,798	4,798
Christmas Lights	15,073	15,189	10,480	10,549	10,796	11,051	11,313	11,583
Allotments	(1,145)	(1,646)	(1,299)	(1,646)	(1,646)	(1,646)	(1,646)	(1,646)
Public Conveniences (Contribution)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Theatre Royal (Contribution)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
20mph Speed Limit	768	0	3,389	0	0	0	0	0
Neighbourhood Plans	11,598	2,000	9,000	2,000	2,000	2,000	2,000	2,000
Grit Bins	1,264	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Night Bus Contribution	12,994	13,390	13,390	13,390	13,792	14,205	14,632	15,071
St Maurice's Covert	0	10,000	20,000	10,000	10,000	0	0	0
Historic Environment Projects Officer	5,264	22,500	22,500	17,236	0	0	0	0
Community Speed Watch	0	500	500	500	500	500	500	500
Proposed Growth & Savings								
a) Tree Care			26,500	12,000	0	0	0	0
b) Tree Planting & Maintenance				5,000	5,000	5,000	5,000	5,000
c) Community Speed Watch				500	500	500	500	500
d) Cycle Café				1,000				
e) Solar PV Survey				7,500				
f) Neighbourhood Plans				(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
g) Grit Bins				(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Total NET Expenditure	908,229	908,792	984,059	929,592	902,271	902,947	913,893	925,115

Appendix 1 (cont.)

WINCHESTER TOWN ACCOUNT - Financial Projections								
	2013/14	2014/15	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	Outturn	Original	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£	£	£	£	£	£	£	£
Funding								
Proceeds of Council Tax	(792,379)	(795,261)	(795,261)	(809,014)	(809,014)	(809,014)	(809,014)	(809,014)
Council Tax Support Funding	(80,447)	(68,943)	(68,943)	(55,154)	(44,124)	(35,299)	(28,239)	(22,591)
Council Tax Freeze Funding 2011/12 - 2014/15				(36,536)	(35,701)	(28,561)	(22,849)	(18,279)
Council Tax Freeze Funding 2015/16 (1.0%)				(8,090)				
Council Tax Freeze Funding (Forecast)					(8,090)	(8,090)	(8,090)	(8,090)
Interest on Balances	(2,640)	(1,561)	(2,771)	(1,561)	(1,013)	(970)		
Total Funding	(905,094)	(903,345)	(904,555)	(910,356)	(897,942)	(881,934)	(868,192)	(857,974)
Reserves								
(Surplus added to Reserves) / Deficit taken from Reserves	3,135	9,447	79,503	19,236	4,329	21,013	45,701	67,140
Capital Expenditure funded by Town Reserve	15,073	44,000		77,000				
Opening Fund Balance (at 1st April)	(295,294)	(156,073)	(277,086)	(197,583)	(101,347)	(97,018)	(76,005)	(30,304)
Closing Fund Balance (carried forward)	(277,086)	(102,626)	(197,583)	(101,347)	(97,018)	(76,005)	(30,304)	36,836
Closing Reserves forecast as % of net expenditure (Target = 10%)		11%	20%	11%	11%	8%	3%	-4%
TAX								
Tax at Band D	£61.32	£61.32	£61.32	£61.32	£61.32	£61.32	£61.32	£61.32
Increase over previous year (£)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Sensitivity								
Council tax % increase required to fund £10,000 expenditure				1.24%				
Council tax £ increase required to fund £10,000 expenditure				£0.76				
+/- 1% increase in Council Tax (£'000s)				8				
Band D equivalent (£) per +/- 1% increase in Council Tax				£0.61				