

WINCHESTER TOWN FORUM

15 January 2008

WINCHESTER TOWN ACCOUNT BUDGET 2008/09

REPORT OF HEAD OF FINANCE

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RECENT REFERENCES:

CAB1483 - Financial Strategy 2008/09 to 2012/13 -23 July 2007

WTF99 – Winchester Town Account 2008/09 Budget Preparation– 11 October 2007

CAB1556 – General Fund Budget 2008/09 – Proposal for Consultation – 14 November 2007

WTF104 – Winchester Town Account Budget 2008/09 – 21 November 2007

EXECUTIVE SUMMARY:

This report provides a summary of the Winchester Town revenue projections for the period 2007/08 to 2012/13.

For 2007/08 net expenditure in the Revised Estimate is higher than in the Original Estimate for reasons explained in the report, and the closing reserve balance for the year is now forecast to be £5,000 lower than the Original Estimate.

For 2008/09 net expenditure is forecast to be almost the same as 2007/08 with reductions to expenditure and increases to income directly compensating for increases to expenditure and reductions to income. For 2008/09 the Opening balance is forecast to be only 6% of net expenditure for the year although the position is projected to be recovered within the Strategy period.

RECOMMENDATION:

That the detailed budget for 2008/09 and revised budget for 2007/08 be considered and recommendations made to Cabinet on the budget and the level of council tax to be set within the Winchester Town area for 2008/09.

WINCHESTER TOWN FORUM15 January 2008WINCHESTER TOWN BUDGET 2008/09REPORT OF HEAD OF FINANCE1 Introduction

- 1.1 The Council's financial strategy as set out in report CAB1483 (23 July 2007) provides guidance and key budget principles to be applied in setting the Council's budgets.
- 1.2 During the year an Informal Budget Review Group has undertaken some detailed review of the Town Account budget and a draft financial strategy containing the key budget principles to be applied to the Town Account was agreed by the Town Forum in October 2007 (as set out in WTF99).
- 1.3 The Council's General Fund budget will be considered by the Cabinet on 13 February 2008 following a period of consultation with various bodies including; all Scrutiny panels, Principal Scrutiny Committee, parish and town councils, and the business community.
- 1.4 This report presents the current financial projections for the Town Account and financial sensitivities, in order that recommendations can be made to Cabinet on the budget and the level of council tax to be set within the Winchester Town area for 2008/09.

2 Revised Budget 2007/08

- 2.1 The Revised budget for 2007/08 is detailed in Appendix 1, and summarised below.

2007/08	Original Budget £000	Revised Budget £000	Variance favourable / (adverse) £000
Total Baseline net expenditure	749	762	(13)
Proceeds of Council Tax	(728)	(728)	-
From balances	20	33	(13)
Fund Balance Brought Forward	(73)	(81)	8
Fund Balance Carried Forward	(53)	(48)	(5)

- 2.2 Total baseline net expenditure is forecast to be higher than Original Budget by £13,000. The main increases are as follows:

2007/08 Variances - Revised v Original Budget	£000
Lower Cemeteries income	(15)
Higher Grants expenditure - relates to amounts brought forward from 2006/07 of £10,000 of which £2,600 is not known required (although proposed to be used in 2008/09).	(7)
Offset by; a net reduction in the costs for Recreation grounds & Open Spaces (proportion)	9
Net increase in amounts to be taken from reserves/balances	(13)

2.3 Fund balances brought forward were £8,000 higher than budgeted reflecting the 2006/07 outturn position (as detailed in CAB1476). As a result the projected opening fund balance for 2008/09 is now £48,000 as opposed to £53,000.

### 3 Revenue Budget 2008/09

3.1 The Revenue budget projections are presented at Appendix 1. These have been prepared in accordance with the Council's main budgeting assumptions and in accordance with the Budget principles previously agreed by the Town Forum for the Town Account. Items to note are:

- a) Grants Budget - The baseline budget assumption is £25,000 per annum. Any ongoing increase to this spending would require commensurate savings or income. Grant proposals for 2008/09, totalling £30,311, are presented in papers WTF104 and WTF105 elsewhere on this agenda. The proposed increases in 2008/09 have not been assumed to continue in the future years. To add £5,000 to the budget would equate to 0.7% in Tax or £0.36p.
- b) St Faith's Meadow - This budget is for a contribution towards the restoration of St Faiths Meadow approved for three years ending in 2007/08.
- c) Proposed growth includes and assumption that the lower cemeteries income will continue, only partially offset by the proposed increases to charges reported elsewhere on this agenda.

### 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. For 2008/09 the Opening balance is forecast to be only 6% of net expenditure for the year although the position is projected to be recovered within the Strategy period.

## 5 Tax

- 5.1 Tax Base - The tax base for the Winchester Town area is estimated at 14,003 in 2008/09 and has been assumed to increase by 100 p.a. for subsequent years.
- 5.2 Effect of increases to tax - As reported in November, a 1% per annum increase in the tax rate at Band D would raise an additional £7,000 per annum. The projections include illustrative Council Tax increases over the Strategy period of 4%. Increases in the Town precept have a direct impact on the overall tax for the City Council as illustrated in the table below:

	Base assumption	Maximum charge if tax is same	Effect of 0.1% on base	Maximum Town charge
Winchester District tax increase	4.0%	4.9%	3.9%	4.0%
Winchester Town tax increase	4.0%	4.9%	3.9%	11.0%
Weighted Average tax increase	4.1%	5.01%	4.01%	4.95%

### OTHER CONSIDERATIONS:

#### 6 CORPORATE STRATEGY (RELEVANCE TO):

- 6.1 Although there are no specific references in the current Corporate Strategy the need to make the best use of all available resources by continued clear financial planning within the City Council is an integral part of the Council's policies.

#### 7 RESOURCE IMPLICATIONS:

- 7.1 As detailed in the body of the report.

### BACKGROUND DOCUMENTS:

Working papers in the Finance Department

### APPENDICES:

Appendix 1 Winchester Town Revenue Projections 2007/08 – 2012/13

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

<u>Assumptions</u>	2007/2008	2007/2008	2008/09	2009/10	2010/11	2011/12	2012/13
	Original	Revised	Original	Forecast	Forecast	Forecast	Forecast
<i>Contract inflation</i>			4%	4%	4%	4%	4%
<i>Income increases</i>			4%	4%	4%	4%	4%
<i>Percentage increase in tax</i>			4%	4%	4%	4%	4%
<b>Tax Base</b>	<b>13,765</b>	<b>13,765</b>	<b>14,003</b>	<b>14,103</b>	<b>14,203</b>	<b>14,303</b>	<b>14,403</b>

	<u>2007/2008</u>	<u>2007/2008</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
	Original	Revised	Forecast	Forecast	Forecast	Forecast	Forecast
<u>Expenditure</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Recreation Grounds & Open Spaces (Proportion)	574	565	572	568	574	590	612
Cemeteries	32	33	38	39	40	40	41
Community Wardens (Contribution)	45	45	45	45	45	45	45
Grants	25	35	25	25	25	25	25
Footway Lighting	37	37	37	36	35	34	33
Bus Shelter Cleaning	13	13	13	14	14	15	15
Town Forum Support	13	13	13	13	14	14	14
Christmas Lights	9	9	9	9	10	10	10
St.Faith's Meadow	5	5	0	0	0	0	0
Allotments	(1)	(1)	(1)	(1)	(1)	(1)	(1)
<b>Total Baseline Expenditure</b>	<b>752</b>	<b>753</b>	<b>752</b>	<b>749</b>	<b>755</b>	<b>771</b>	<b>794</b>
<b>Proposed Growth Bid/reduced Income</b>							
Cemeteries Income		15	10	10	10	10	10
Revenue Grants		(3)	5				
<b>Total Expenditure</b>	<b>752</b>	<b>766</b>	<b>767</b>	<b>759</b>	<b>765</b>	<b>781</b>	<b>804</b>
<b>Income</b>							
Proceeds of Council Tax	(728)	(728)	(771)	(807)	(845)	(885)	(927)
Interest on Balances	(3)	(4)	(2)	(3)	(4)	(4)	(4)
<b>Total Income</b>	<b>(731)</b>	<b>(732)</b>	<b>(773)</b>	<b>(810)</b>	<b>(849)</b>	<b>(889)</b>	<b>(931)</b>
<b>Reserves</b>							
(Surplus added to Reserves) / Deficit taken from Reserves	20	33	(6)	(52)	(84)	(108)	(128)
<b>Opening Fund Balance (at 1st April)</b>	<b>(73)</b>	<b>(81)</b>	<b>(48)</b>	<b>(53)</b>	<b>(105)</b>	<b>(189)</b>	<b>(297)</b>
<b>Closing Fund Balance (carried forward)</b>	<b>(53)</b>	<b>(48)</b>	<b>(53)</b>	<b>(105)</b>	<b>(189)</b>	<b>(297)</b>	<b>(425)</b>
Reserves as % of net expenditure	10%	11%	6%	7%	14%	24%	37%

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

<u>Sensitivity</u>							
£'000 required to maintain 10% reserves			29	22	(29)	(111)	(217)
Council tax % increase required to fund £10,000 expenditure			1.35%				
Council tax £ increase required to fund £10,000 expenditure			£0.71				
+/- 1% increase in Council Tax (£'000s)			7				
Band D equivalent (£) per +/- 1% increase in Council Tax			£0.53				