

WINCHESTER TOWN FORUM

23 JANUARY 2013

WINCHESTER TOWN ACCOUNT BUDGET 2013/14

REPORT OF HEAD OF FINANCE

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RECENT REFERENCES:

CAB2432 - Proposed Grant Allocations for 2013/14, 23 January 2013

CAB2434 - General Fund Budget Update 2013/14, 16 January 2013

CAB2407 - Council Tax Base 2013/14, 5 December 2012

WTF181 - Winchester Town Account Budget 2013/14, 21 November 2012

CAB2414 - General Fund Budget Considerations 2013/14, 9 November 2012

WTF178 - Winchester Town Account Financial Strategy 2013/14 to 2015/16, 12 September 2012

WTF176 - Streetscene in the Retail Centre, 12 September 2012

EXECUTIVE SUMMARY:

This report presents the current financial projections for the Town Account for the period 2012/13 to 2015/16 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 2013/14.

RECOMMENDATIONS:

That the Town Forum:

1. considers the detailed budget for 2013/14 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 2013/14 freeze funding (unless Council resolves to increase the Winchester City Council Tax in which case the same increase should be applied 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 2013/14.

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23 January 2013

WINCHESTER TOWN BUDGET 2013/14

REPORT OF HEAD OF FINANCE

1 Introduction

- 1.1 The Council's Financial Strategy as set out in report CAB2362 (4 July 2012) 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 2013/14 to 2015/16 (report WTF178 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 sub-group of the Town Forum. This sub-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.
- 1.3 The Council's General Fund Budget has been considered and the Government has now announced the provisional grant settlements (see CAB2434).
- 1.4 There remain a number of items that have yet to be finalised, but these are not expected to impact on the Town Account.
- 1.5 The final Budget proposals will be considered by the Cabinet on 13 February 2013. 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.

- 1.6 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 within the Winchester Town area for 2013/14.
- 2 Revenue Budget 2013/14
 - 2.1 The Town Forum considered budget proposals at its meeting in November 2012.
 - 2.2 The Revenue budget projections are presented at Appendix 1. There are five additional revenue growth proposals and one savings proposal presented in Appendix 2. These proposals amount to a net saving of £4,400 of recurring net revenue expenditure, and £101,000 of one-off growth in revenue expenditure. These have been prepared in accordance with the Council's main budgeting assumptions and in accordance with the key budget principles previously agreed by the Town Forum in the Financial Strategy for the Winchester Town Account.
 - 2.3 The expenditure growth options and savings proposal are presented in Appendix 2, and reflected in the budget projections shown in Appendix 1. Options one to four were considered at the November Town Forum meeting (WTF181), and option five (New Bus Shelter on Worthy Lane) has been brought forward after that meeting.
 - 2.4 At the November Town Forum meeting an alternative community based option was considered in place of the Mobile Flashing Speed Signs project. This 'speed watch' scheme would require significantly less expenditure (both upfront and ongoing) and therefore the saving proposal presented in Appendix 2 reflects this alternative scheme.
 - 2.5 A full review of the current Cemeteries fees and charges has been undertaken with the aim of recommending a strategy for 2013/14.
 - 2.5.1 The balance of the fees was considered, specifically relating to the double fee for burials from outside of the Town area. However, after modelling a number of different levels and options it was concluded that any changes from the existing model would reduce rather than increase income levels.
 - 2.5.2 Comparisons with other Local Authorities have been made and it is considered appropriate to raise the existing fees and charges across the board. However, as income levels in the year to December 2012 are below budget, this will only aim to ensure that the existing baseline income budget is met in 2013/14.
 - 2.6 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 relating to the Town Account are provided at Appendix 3 and the revenue implications are reflected in the projections at Appendix 1.
- 3.2 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 balance is projected to reduce to £35,098 (or 4%) by the end of 2015/16 should all the budget options in Appendix 2 be recommended in full.

5 Council Tax

- 5.1 The Council Tax Base for the Winchester Town area is now reflected in the estimates at 12,921.81 in 2013/14. This is a significant reduction to the 2012/13 base of 14,233.95 and results from the changes effected by the Localisation of Council Tax Support (CAB2415 refers). The reduction of £80,460 (1,312.14 Band D equivalent properties) will be substituted by an allocation of the Council Tax Support Grant which is due to be received in the General Fund. The net impact is therefore a zero change from 2012/13, with net receipts of £872,826 remaining constant.
- 5.2 The Government has now announced its intention to support a further council tax freeze for next year – 2013/14. Councils that freeze or reduce their 2013/14 basic council tax level (Band D) will receive an additional grant equivalent to 1 per cent increase on their council tax for that year and the following year (2013/14 & 2014/15). This also applies to the Winchester Town Account, providing additional one-off support in 2013/14 and 2014/15 of c£9,000 per annum (c£17,500 in total).
- 5.3 The decision on whether to raise Council Tax for 2013/14 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 one off support explained in 5.2 above and forecast in Appendix 1. If a rise is approved then this one-off support will not be received and therefore recommendation two proposes that if the City Council Tax is increased then the Town Tax is also increased by the same percentage.

OTHER CONSIDERATIONS:

6 COMMUNITY STRATEGY AND CHANGE 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 Sustainable Community Strategy and the draft Change Plans.
- 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 2013/14 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 2012/13 – 2015/16

Appendix 2: Expenditure Growth and Savings Options for the Town Account

Appendix 3: Capital Programme extract for the Town area

Appendix 1**WINCHESTER TOWN ACCOUNT - Revenue Projections**

	Per CAB2343	Per CAB2297	2012/13 Revised	2013/2014 Forecast	2014/2015 Forecast	2015/2016 Forecast
Assumptions:						
Contract inflation				3%	3%	3%
Utilities				10%	10%	10%
Percentage increase in tax				0%	0%	0%
Tax Base			14,234	12,922	12,922	12,922

	2011/12 Outturn	2012/13 Original	2012/2013 Revised	2013/2014 Forecast	2014/2015 Forecast	2015/2016 Forecast
Expenditure	£	£	£	£	£	£
Recreation Grounds & Open Spaces	536,698	566,302	582,925	573,547	581,147	588,979
Maintenance Work to Council Owned Bridges	8,090	5,000	8,395	5,000	5,000	5,000
Support Costs to Council Owned Bridges	652	500	500	687	687	687
Cemeteries	90,064	10,034	15,034	34,708	34,708	34,708
Community Wardens (Contribution)	45,000	45,000	45,000	45,000	45,000	45,000
Grants	25,108	60,000	90,000	60,000	60,000	60,000
Support Costs for Grant Scheme				2,000	2,000	2,000
Footway Lighting	32,239	28,770	28,770	28,997	29,371	29,764
Bus Shelter Cleaning & Maintenance	7,282	10,970	10,970	7,500	7,500	7,500
Town Forum Support	4,139	4,798	4,798	4,798	4,798	4,798
Christmas Lights	7,722	15,155	15,155	15,189	15,189	15,189
Allotments	(1,817)	(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
Theatre Royal (Contribution)	20,000	20,000	20,000	20,000	20,000	20,000
20mph Speed Limit	4,845	0	5,156	0	0	0
Neighbourhood Plans	0	2,000	7,000	2,000	2,000	2,000
Grit Bins	885	2,000	2,000	2,000	2,000	2,000
Night Bus Contribution	0	10,000	10,000	10,000	10,000	10,000
Mobile Flashing Speed Signs (Before Savings Proposal)	0	20,000	15,000	5,000	5,000	5,000
Total Baseline Expenditure	830,908	848,883	909,057	864,780	872,754	880,980
Growth Proposals (Appendix 2)				48,600	32,600	10,100
Savings Proposals (Appendix 2)			(10,000)	(4,500)	(4,500)	(4,500)
TOTAL NET EXPENDITURE			899,057	908,880	900,854	886,580

Appendix 1 (cont.)

WINCHESTER TOWN ACCOUNT - Revenue Projections

	2011/12 Outturn	2012/13 Original	2012/2013 Revised	2013/2014 Forecast	2014/2015 Forecast	2015/2016 Forecast
<u>Expenditure</u>	£	£	£	£	£	£
Funding						
Proceeds of Council Tax	(868,165)	(872,826)	(872,826)	(792,365)	(792,365)	(792,365)
Council Tax Support Funding				(80,447)	(80,447)	(80,447)
Council Tax Freeze Funding (2.5%)	(21,704)	(43,525)	(43,525)	(21,704)	(21,704)	0
Council Tax Freeze Funding (1.0%)				(7,924)	(7,924)	0
Interest on Balances	(1,270)	(1,408)	(1,408)	(1,612)	(1,124)	(771)
Total Funding	(891,139)	(917,759)	(917,759)	(904,052)	(903,564)	(873,583)
Reserves						
(Surplus added to Reserves) / Deficit taken from Reserves	(60,232)	(68,876)	(18,702)	4,828	(2,709)	12,996
Capital Expenditure funded by Town Reserve		89,000	40,000	44,000	38,000	29,000
Opening Fund Balance (at 1st April)	(122,280)	(117,606)	(182,511)	(161,214)	(112,385)	(77,095)
Closing Fund Balance (carried forward)	(182,511)	(97,483)	(161,214)	(112,385)	(77,095)	(35,098)
Closing Reserves forecast as % of net expenditure (Target = 10%)			18%	13%	9%	4%
TAX						
Tax at Band D	£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
Sensitivity						
Council tax % increase required to fund £10,000 expenditure				1.26%		
Council tax £ increase required to fund £10,000 expenditure				£0.77		
+/- 1% increase in Council Tax (£'000s)				8		
Band D equivalent (£) per +/- 1% increase in Council Tax				£0.61		

Appendix 2Expenditure Growth & Savings Options for the Town Account

REVENUE GROWTH PROPOSALS		2013/14	2014/15	2015/16	2016/17	TOTAL
		£	£	£	£	£
1	Winnall Planning Framework	5,000				5,000
2	Weeke Planning Framework	5,000				5,000
3	St Maurice's Covert (WTF176)	10,000	10,000	10,000	10,000	40,000
4	Historic Environment Projects Officer (WTF176)	22,500	22,500			45,000
5	New Bus Shelter - Worthy Lane	6,100	100	100	100	6,400
		48,600	32,600	10,100	10,000	101,400

REVENUE SAVINGS PROPOSALS		2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL
		£	£	£	£	£	£
1	Mobile Flashing Speed Signs	-10,000	-4,500	-4,500	-4,500	-4,500	-28,000
		-10,000	-4,500	-4,500	-4,500	-4,500	-28,000

One-off	-10,000	48,500	32,500	10,000	10,000	91,000
Recurring		-4,400	-4,400	-4,400	-4,400	-17,600

Appendix 3Capital Programme extract for the Town area

Capital Programme - Town Extract		2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL
		£	£	£	£	£	£
	Magdalen Hill Cemetery - Extension		135,000				135,000
	Changing Pavilions		57,000	51,000	54,000		162,000
	Footway Lighting @ North Walls*	40,000					40,000
TOTAL		40,000	192,000	51,000	54,000		337,000

* Revised from the original budget of £45,000