

WINCHESTER TOWN FORUM

27 November 2013

WINCHESTER TOWN ACCOUNT BUDGET 2014/15

REPORT OF CHIEF FINANCE OFFICER

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

RECENT REFERENCES:

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

CAB2502: Financial Strategy 2014/15 – 2018/19, 11 September 2013

WTF189: Winchester Town Account Financial Strategy 2014/15 to 2018/19, 11 September 2013

CAB2523: General Fund Budget Consultation 2014/15, 23 October 2013

EXECUTIVE SUMMARY:

This report provides a summary of the Winchester Town Account revenue projections, for the period 2013/14 to 2018/19 as a basis for consideration of the Winchester Town Account Budget for 2014/15.

RECOMMENDATIONS:

1. That the Winchester Town Forum identifies any budget issues it wishes to consider further in advance of recommending a Town Account Budget to Cabinet.
2. That the Winchester Town Forum considers any feedback it wishes to give to Cabinet as part of the consultation on the current budget proposals in relation to the Town Account.

WINCHESTER TOWN FORUM

27 November 2013

WINCHESTER TOWN BUDGET 2014/15

REPORT OF CHIEF FINANCE OFFICER

1. Introduction

- 1.1. The Council's General Fund Budget position for 2014/15 is currently being consulted on (CAB2523 refers).
- 1.2. The revenue projections are presented for the Winchester Town Account in line with the baseline assumptions.
- 1.3. The work undertaken to date of the Informal Budget Review Group is reflected, although some work is ongoing which may impact on the final budget to be recommended to Cabinet.

2. Winchester Town Account – Financial Strategy

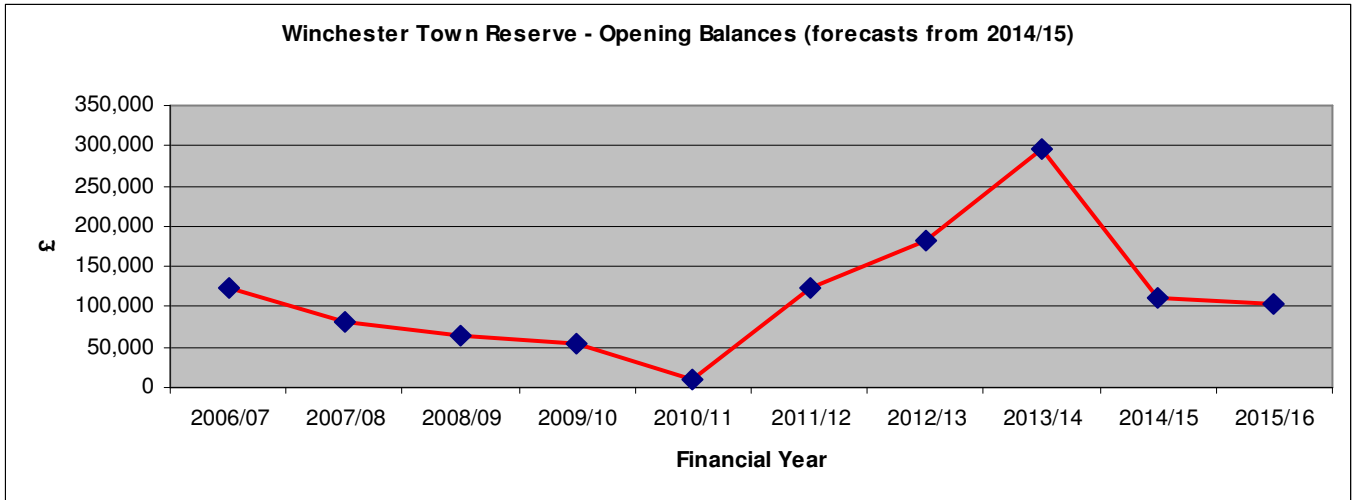
- 2.1. The financial strategy for the Winchester Town Account (agreed by the Town Forum at its meeting in September) set the following key budget principles:
 - The revenue budget for the forthcoming year will be balanced – this may include Revenue contributions to specific reserves for future extraordinary 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 informal 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.

3. Projections

- 3.1. In order that the Winchester Town Forum can consider specifically the implications for the Winchester Town Area, updated projections for the financial strategy period are included at Appendix 1, together with the key assumptions and sensitivity analysis.
- 3.2. Estimates are presented pending budget decisions which may impact on the Town Account. Those budget options that are clearly identifiable with the Town have been included. Any further refinement will be included in the figures presented to the Forum in January.
- 3.3. 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.
- 3.4. Growth and proposals for further review are included in Appendix 2.
 - recurring items, if approved, would be included in the baseline budgets and would need to be funded by annual tax to achieve a balanced budget.
 - only one-off items can be funded by reserves.

4. Reserves

- 4.1. To cover the inherent uncertainty in the projections, the Town Account financial strategy sets a target to maintain reserves at a level of 10% of the total annual net expenditure.
- 4.2. In line with this strategy, the Revised Estimates for 2013/14 present a forecast closing balance of £112,073 which is above 10% of the total annual net expenditure.
- 4.3. Going forward, consideration should also be given to maintaining a reserve level of 10%, in line with the strategy. This is particularly important when considering the growth and savings options. The ten year graph below shows the result of pressures on the town account reserve in recent years, highlighting the need for a sufficient balance to cover one-off expenditure and in year budget pressures.



5. Taxation

- 5.1. In 2014/15 the Town Account share of Council Tax Freeze funding is forecast to be £29,628 before any decision is made in relation to any further freezes in Council Tax from 2014/15 onwards. This is made up of £21,704 of 2011/12 freeze funding which is due to be received up until the end of 2015/16, and 2013/14 freeze funding of £7,924 is to be treated as 'baselined' funding as announced in the 2013 Spending Round. The 2013/14 freeze grant will therefore continue to be received beyond the 2010 Spending Review Period (i.e. beyond 2015/16).
- 5.2. The Government has now announced its intention to support a further council tax freeze for next year (2014/15) and also the year after (2015/16). Councils that freeze or reduce their basic Council Tax level (Band D) in 2014/15 will receive an additional grant equivalent to 1 percent increase on their Council Tax for that year and the following year (2014/15 & 2015/16). Councils that freeze or reduce their basic Council Tax level (Band D) in 2014/15 and 2015/16 will receive a further grant of 1 percent in 2015/16. This also applies to the Winchester Town Account, providing additional one-off support in 2014/15 of approximately £8,000 and approximately £16,000 in 2015/16, should Council Tax be frozen in both years.
- 5.3. The decision on whether to raise Council Tax for 2014/15 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 the Town may therefore wish to consider what rise it would recommend in this situation. For example the Town may wish to increase tax by one percent to balance the loss of one off support in years 2014/15 and 2015/16, with the subsequent ongoing baseline uplift.
- 5.4. The forecasts are currently calculated on the Council Tax base for 2013/14. The final budget will be updated when the forecast Council Tax Base is

approved by the Cabinet in December. The effect of increases to the base on income are illustrated below:

Increase in Properties	50	150	250
(Increase) to Council Tax (£000)	(3)	(9)	(15)

6. Capital Expenditure

6.1. Capital expenditure appropriate to the Town Account has historically been included in the Council's capital programme with capital financing costs being recharged to the Town Account in accordance with the Council's accounting policies. However, in line with the financial strategy, where this is seen as a constraint the Town Forum may consider accumulating its own reserves, over a period for specific capital spending plans.

6.2. The Capital Programme currently contains a number of projects chargeable to the Winchester Town Account (see appendix 1). These include 'Changing Pavilions' currently budgeted for in 2014/15, which is subject to a further detailed report back to the Town Forum before commencement. 'Footway Lighting' at North Walls which is due to conclude in 2013/14, 'Magdalen Hill Cemetery Extension' budgeted in 2013/14, and 'Open Spaces and Recreation Facilities' budgeted over 2013/14 and 2014/15.

7. Risk/uncertainty/sensitivity

7.1. The Council's budget and projections will be influenced by various factors that cannot be quantified or assessed fully at this stage and these may impact on the Town Account projections. These will be kept under review and appropriate adjustments made if necessary before the final projections are presented in January.

8. Consultation

8.1. The opportunity for consultation on the budget proposals with the Winchester Town community is provided by means of open budget meetings of the Winchester Town Forum.

OTHER CONSIDERATIONS:

9. SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

9.1. The Council's Financial Strategy is part of the Council's Corporate Policy Framework and underpins the delivery of the Community Strategy outcomes.

9.2. The Winchester Town Account Financial Strategy is aligned with the Council's Financial Strategy, and its budget is set within this framework. Sound financial management practices of this kind support the corporate outcome of being an Efficient and Effective Council.

10. RESOURCE IMPLICATIONS:

10.1. These are detailed in the body of the report.

11. EQUALITIES

11.1. The Financial Strategy supports the Council's Change Plans which in turn support the Sustainable Community Strategy. The Sustainable Community Strategy was subjected to an equalities impact assessment the Council's integrated equality impact assessment model is used for Change Plan projects and revenue changes as they are developed.

12. RISK MANAGEMENT ISSUES

12.1. 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.

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix 1: Winchester Town Revenue Projections 2013/14 – 2018/19 & Capital Programme Extract

Appendix 2: Budget Review & Options from Informal Group meetings

Appendix 3: Grant allocations for 2013/14 (extract from CAB2432)

WINCHESTER TOWN ACCOUNT - Financial Projections

	Per CAB2493	Per CAB2454	2013/2014 Forecast	2014/2015 Forecast	2015/2016 Forecast	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast
Assumptions:								
Contract inflation				3%	3%	3%	3%	3%
Utilities				10%	10%	10%	10%	10%
Percentage increase in tax				0%	0%	0%	0%	0%
Tax Base				12,922	12,922	12,922	12,922	12,922
	2012/13 Outturn	2013/14 Original	2013/14 Forecast	2014/2015 Forecast	2015/2016 Forecast	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast
Expenditure	£	£	£	£	£	£	£	£
Recreation Grounds & Open Spaces	542,019	573,547	611,676	592,551	600,748	609,651	618,380	627,831
Maintenance Work to Council Owned Bridges	0	5,687	14,082	5,500	5,500	5,500	5,500	5,500
Cemeteries	15,249	34,708	22,499	32,039	33,678	35,366	37,105	38,897
Community Wardens (Contribution)	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Grants	60,600	62,000	92,000	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
Footway Lighting	29,888	28,997	29,018	29,371	28,964	29,377	29,810	30,265
Bus Shelter Cleaning / Maintenance / New Provision	8,816	13,600	13,600	7,600	7,600	7,600	7,600	7,600
Town Forum Support	4,028	4,798	4,798	4,798	4,798	4,798	4,798	4,798
Christmas Lights	8,717	15,189	15,360	15,189	15,189	15,189	15,189	15,189
Allotments	(1,049)	(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	1,000	0	4,156	0	0	0	0	0
Neighbourhood Plans	0	12,000	18,598	2,000	2,000	2,000	2,000	2,000
Grit Bins	425	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Night Bus Contribution	3,984	10,000	10,000	10,000	10,000	10,000	10,000	10,000
St Maurice's Covert		10,000	10,000	10,000	10,000	10,000	0	0
Historic Environment Projects Officer		22,500	22,500	22,500				
Community Speed Watch	0	500	500	500	500	500	500	500
Total NET Expenditure	788,677	910,880	986,488	909,402	896,332	907,336	908,237	919,934
Funding								
Proceeds of Council Tax	(872,826)	(792,379)	(792,379)	(792,379)	(792,379)	(792,379)	(792,379)	(792,379)
Council Tax Support Funding		(80,447)	(80,447)	(68,943)	(62,049)	(55,844)	(50,260)	(45,234)
Council Tax Freeze Funding 2011/12 (2.5%)	(43,525)	(21,704)	(21,704)	(21,704)	(21,704)			
Council Tax Freeze Funding 2013/14 (1.0%)		(7,924)	(7,924)	(7,924)	(7,924)	(7,924)	(7,924)	(7,924)
Council Tax Freeze Funding 2014/15 (1.0%)				(7,924)	(7,924)			
Council Tax Freeze Funding 2015/16 (1.0%)					(7,924)			
Interest on Balances	(1,310)	(1,612)	(1,612)	(1,121)	(1,027)	(1,073)	(571)	(0)
Total Funding	(917,661)	(904,066)	(904,066)	(899,994)	(900,930)	(857,219)	(851,134)	(845,537)
Reserves								
(Surplus added to Reserves) / Deficit taken from Reserves	(128,984)	6,814	82,422	9,408	(4,598)	50,116	57,103	74,397
Capital Expenditure funded by Town Reserve	16,201	44,000	100,799					
Opening Fund Balance (at 1st April)	(182,511)	(161,214)	(295,294)	(112,073)	(102,665)	(107,263)	(57,147)	(44)
Closing Fund Balance (carried forward)	(295,294)	(110,399)	(112,073)	(102,665)	(107,263)	(57,147)	(44)	74,353
Closing Reserves forecast as % of net expenditure (Target = 10%)	37%	12%	11%	11%	12%	6%	0%	-8%

TAX									
Tax at Band D	£61.32	£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	£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				

Capital Programme (CAB2502) - Town Extract	BUDGETS			FUNDING			
	2013/14	2014/15	TOTAL	Earmarked Reserve	Open Spaces Fund	External Contributions	General Fund *
	£000	£000	£000	£000	£000	£000	£000
Magdalen Hill Cemetery - Extension	135		135				135
Changing Pavilions:							
North Walls	57		57	44	13		
King George V	400		400	33	167	200	
Footway Lighting @ North Walls*	24		24	24			
Open Spaces and Recreation Facilities	47	330	377		206	171	
TOTAL - Town Extract	663	330	993	101	386	371	135

* Where Town capital expenditure is funded by the General Fund this is repaid annually through revenue contributions over the life of the asset

Budget Review & Options - from Informal Member Group Meetings

a) Budget Growth Proposal

1) Winchester Town Evening Bus Service – (Recurring £3k per annum)

The Town Forum agreed in September (WTF194 refers) to extend the existing evening bus service for a twelve month period to the end of September 2014. It is proposed to increase the baseline budget by £3,000 per annum (£13,000 in total, subject to inflation) in order to cover the entire cost of the service. This will be subject to further review in order to determine the future of the service.

b) Proposals for further Strategic Review:

1) Recreation Grounds & Open Spaces

The Recreation Grounds & Open Spaces budget is the most significant area of expenditure for the Town Account, making up c65% of the total forecast net revenue expenditure for 2014/15. This budget has been the subject to a number of reviews in recent years and there is limited flexibility due to the significant amount of contractual expenditure. However, it is considered important to keep this budget under annual review due to its size and importance to the Town Account.

2) Bridges

A review of expenditure to-date and future projected spend on Council owned bridges has been requested. The current budget is £14,082 in 2013/14, with a recurring forecast of £5,500 per annum from 2014/15 onwards.

3) Grants (Existing recurring budget forecast of £60,000 per annum plus £2,000 support costs)

The Town Forum Grants Panel is due to meet in late November to review the grants and budgets for 2014/15. The final allocations will be presented in a report to the Town Forum in January, then on to Cabinet in February. 2014/15 is the 3rd year of a 3 year run based on the outgoing community strategy priorities so there are unlikely to be any significant changes.

WTF195
Appendix 3

Organisation	Actuals for 2012/13			Requested	Recommendations for 2013/14			Description
	General	Town	Awarded		General	Town	Recommended Award	
Partner Organisations								
Theatre Royal	148000	20000	168000	168000	135000	20000	155000	Reflects reduction target set in 2010/11
Hat Fair	28000	3500	31500	31500	21000	3500	24500	Reflects reduction target set in 2010/11 (ring fenced for delivery of the Hatfair pending discussions with the Theatre Royal)
Trinity	87900	11100	99000	99000	83000	11100	94100	Represents 5% reduction in GF allocation (no reduction in 2012/13)
WACA	89100		89100	89100	84500		84500	Represents 5% reduction in GF allocation - payable pro rata, subject to further Cabinet paper in the spring
CAB Winchester & District	156000	20000	176000	176000	148200	20000	168200	Represents 5% reduction in GF allocation
Carroll Centre	11000	4000	15000	15000	11000	4000	15000	No change
KAYAK (Youth Options)	9000	3000	12000	12000	9000	3000	12000	No change
Home Start Meon Valley	12000		12000	12000	10000		10000	Represents 17% reduction in GF allocation-comfortable reserves
Winnall Rock School	5000	3000	8000	12000	5000	3000	8000	No change
Home Start Winchester & District	5000	1700	6700	8000	5000	1700	6700	No change
Age UK	5000	1500	6500	6500	5000	1500	6500	No change
Winchester Live at Home	5500	500	6000	6000	5500	500	6000	No change
Winchester Young Carers	2000	2000	4000	4000	2000	2000	4000	No change
Activ8 Holiday Club (held @ Winnall Com Assoc)	3000	1200	4200	4200	3000	1200	4200	No change
Blue Apple	2000	3000	5000	8500	3500	3000	6500	Represents 75% increase in GF allocation - to reflect growing demand
Meon Valley Carers	2000		2000	4000	3000		3000	Represents a 50% increase - reflects transport costs around Meon Valley
Winnall Junior Youth Club	1000	1000	2000	2000	1000	1000	2000	No change
NWYCA	1500	500	2000	0	0	0	0	Withdrew application for core funding
	573000	76000	649000	657800	534700	75500	610200	
Other Organisations								
South Wonston Table Tennis Club				200	0		0	New this year - referred to small grants programme
Winchester Local Area DofE Committee				500	0	0	0	New this year - referred to small grants programme
12th Winchester Green Jackets Scout Group				600	0	0	0	New this year - referred to small grants programme
Winchester MayFest 2013	500	500	1000	1000	500	0	500	No core funding from TF
Beat Winchester				1290	0	0	0	Not prioritised for core funding
Denmead Community assoc				1600	0		0	New this year - not eligible for core funding
Bishops Waltham Festival	2000		2000	2000	2000		2000	No change
Bumps to Bundles	1500	0	1500	2400	0	0	0	Not prioritised for core funding
Winchester Festival	2000	1000	3000	3000	2000	0	2000	No core funding from TF
Relate	3500	0	3500	3000	1500	0	1500	43% decrease in GF allocation - low priority
Olive Branch	1000	100	1100	3000	1000	0	1000	No core funding from TF
Winchester Youth Counselling	2000	1000	3000	5000	3000	0	3000	50% increase from GF allocation but no TF contribution
Brendoncare Club Hampshire				6220	0	0	0	New this year - referred to Active Communities Project Grants
Rural Theatre and Dance	7500		7500	7500	7500		7500	No change (ring fenced)
Winchester Detached Youth Project (Street Reach)	5000	1000	6000	12544	5000	0	5000	No core funding from TF
Winchester Street Dance Academy				13300	0	0	0	New this year - referred to Active Communities Project Grants
WinACC				14400	0		0	To be funded via commissioning budgets to support sustainability programme
	25000	3600	28600	77554	22500	0	22500	

WTF195
Appendix 3

Organisation	Actuals for 2012/13			Recommendations for 2013/14			Description	
	General	Town	Awarded	Requested	Recommendation General	Recommendation Town		Recommended Award
Other Proposed Grant Schemes								
Active Communities Project Grants	25000		25000		30000		30000	Reflects 20% increase - reflects pressure on Project Grants programme
Small Grants	15000		15000		15000		15000	
Town Forum Small Grants						5000	5000	New this year
Micro Business Development Grants	10000		10000		10000		10000	Programme introduced mid-year 2012/13 and not reflected in full year grants budget. They were funded with £5k from eco dev budget and additional £5k from General Fund later in the year.
Apprenticeship Incentive Grants	10000		10000		10000		10000	
2012 Legacy Programme Small Grants					17000		17000	New this year
	60000		60000		82000	5000	87000	
Totals								
Partner Organisations	573000	76000	649000	657800	534700	75500	610200	
Other Organisations	25000	3600	28600	77554	22500		22500	
Other Grant Schemes	60000		60000		82000		87000	
	658000	79600	737600	735354	639200	80500	719700	