

WINCHESTER TOWN FORUM

25 November 2009

WINCHESTER TOWN ACCOUNT BUDGET 2010/11

REPORT OF THE HEAD OF FINANCE

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RECENT REFERENCES:

WTF134: Winchester Town Account Financial Strategy 2010/11 – 2014/15,
30 September 2009

WTF135: Provision of Community Notice boards, 30 September 2009

CAB1919: Appendix B Maintenance Work to Council Owned Bridges (update),
12 November 2009

CAB1923: General Fund Budget Consultation 2010/11, 12 November 2009

EXECUTIVE SUMMARY:

This report provides a summary of the Winchester Town Account revenue projections, including growth and increased income options, for the period 2009/10 to 2014/15 as a basis for consideration of the Winchester Town Account Budget for 2010/11.

RECOMMENDATIONS:

1. That the Winchester Town Forum identifies any budget issues it wishes to consider further at its meeting on 20 January 2010 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.

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1. Introduction

- 1.1. The Council's General Fund Budget consultation 2010/11 has been considered by the Cabinet on 12th November 2009 and by each of the Council's Scrutiny Panels (and Principal Scrutiny Committee).
- 1.2. The revenue projections are presented for the Winchester Town Account in line with the baseline assumptions; include the impact of the budget options being consulted upon, plus growth items presented by the Informal Town Budget Review Group.
- 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 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

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 increased income options are included in Appendix 2 and are split between recurring and one-off:
 - 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
 - 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. However, the Revised Estimates for 2009/10 present a forecast closing balance deficit of £42,845. This is caused by higher costs, mainly in relation to bridge maintenance (£30,000) and lower cemeteries income (£20,000).
- 4.3. The implications of this are that costs need to be brought back into balance in 2009/10, with any balance outstanding at the year end becoming immediately repayable through the budget being set for 2010/11.
- 4.4. Going forward consideration should also be given to achieving a reserve level of 10%, in line with the strategy.

5. Taxation

- 5.1. It has been assumed that there will be no annual increase in the number of households in the town served by the Council and therefore no increase in the tax base.
- 5.2. A 1% increase in the tax rate at Band D would raise an additional c. £8,000 in 2010/11 and would add £0.58 to the tax (see foot of Appendix 1).

5.3. Increases in the Town precept have a direct impact on the overall tax for the City Council. The baseline assumptions are for tax increases of 0% for both the Town and the District. However, the Town has the flexibility to set increases higher than this.

5.4. The table following illustrates the maximum increases the Town could adopt whilst remaining within the capping levels of 5%:

ILLUSTRATIVE MAXIMUM TAX INCREASES		
District*	Town (max)	Total (CAP)
1%	33%	5%
2%	26%	5%
3%	19%	5%
4%	12%	5%
5%	5%	5%

5.5. The following table shows the impact on tax at Band D and additional income for each of the above maximum increases:

MAXIMUM LEVELS OF TAX COMBINATIONS within 5% capping									
District					Town				
Annual Increase	Increase	Band D amount	Amount collected	Annual increase in amount collected	Increase	Band D amount	Amount collected	Annual increase in amount collected	Annual Increase
0%	£0.00	£124.38	£5,910,494	£0.00	£23.65	£81.33	£1,147,212	£333,587	41.00%
1%	£1.24	£125.62	£5,969,599	£59,105	£19.04	£76.72	£1,082,122	£268,497	33.00%
2%	£2.49	£126.87	£6,028,704	£118,210	£15.00	£72.68	£1,025,168	£211,543	26.00%
3%	£3.73	£128.11	£6,087,809	£177,315	£10.96	£68.64	£968,214	£154,589	19.00%
4%	£4.98	£129.36	£6,146,914	£236,420	£6.92	£64.60	£911,260	£97,635	12.00%
5%	£6.22	£130.60	£6,206,019	£295,525	£2.88	£60.57	£854,307	£40,681	5.03%

6. Risk/uncertainty/sensitivity

6.1. 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.

7. Consultation

7.1. 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:

8. SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):

- 8.1. The Council's Financial Strategy is part of the Council's Corporate Policy Framework and is key to the achievement of the Council's Sustainable Community Strategy and Corporate Business Plan.
- 8.2. The Winchester Town Account Financial Strategy is aligned with the Council's Financial Strategy, and its budget is set within this framework.

9. RESOURCE IMPLICATIONS:

These are detailed in the body of the report.

10. RISK MANAGEMENT ISSUES

- 10.1. 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. A full risk assessment has been undertaken for the General Fund Budget consultations (CAB1923) and some of these items may affect the Town Account.

BACKGROUND DOCUMENTS:

Working papers in the Finance Division

APPENDICES:

Appendix 1: Winchester Town Revenue Projections 2009/10 – 2014/15

Appendix 2: Increased Income and Expenditure Growth options for Town Account

Appendix 3: Extract from CAB1919 -Maintenance Works to Council Owned Bridges

WINCHESTER TOWN ACCOUNT- REVENUE PROJECTIONS 2009/10 - 2014/15

Assumptions	2009/2010 Original	2009/2010 Revised	2010/11 Original	2011/12 Forecast	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
Management overheads/ recharges							
Contract inflation			1.50%	3%	3%	3%	3%
Percentage increase in tax	4.8%	4.8%	0.00%	0.0%	0.0%	0.0%	0.0%
Tax Base	14,005.38	14,005.38	14,005	14,005	14,005	14,005	14,005

2009/10 levels have been assumed pending budget decisions which may also impact on the Town Account

	2009/2010 Original £	2009/2010 Revised £	2010/11 Forecast £	2011/12 Forecast £	2012/13 Forecast £	2013/14 Forecast £	2014/15 Forecast £
Expenditure							
Recreation Grounds & Open Spaces	542,954	574,755	569,064	578,067	587,362	596,960	606,872
Maintenance Work to Council Owned Bridges	0	30,000	0	0	0	0	0
Cemeteries	45,188	69,166	45,686	48,596	51,600	58,081	57,903
Community Wardens (Contribution)	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Grants	46,760	47,388	41,760	41,760	41,760	41,760	41,760
Footway Lighting	35,849	37,047	36,401	37,065	37,786	38,572	39,428
Bus Shelter Cleaning & Maintenance	12,670	15,970	15,970	15,970	15,970	15,970	15,970
Town Forum Support	13,150	5,595	5,595	5,595	5,595	5,595	5,595
Christmas Lights	16,275	14,936	14,936	14,936	14,936	14,936	14,936
Allotments	(1,550)	(1,018)	(1,018)	(1,018)	(1,018)	(1,018)	(1,018)
Public Conveniences (Contribution)	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Theatre Royal (Contribution)	20,000	20,000	20,000	20,000	20,000	20,000	20,000
20mph Speed Limit	10,000	10,000	0	0	0	0	0
Total Baseline Expenditure	826,295	908,839	833,394	845,970	858,991	875,856	886,446
Options							
Revenue Expenditure Growth Options-see Appendix 2			10,000	10,000	10,000	10,000	10,000
Increased Income Options -see Appendix 2			(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Total Annual net Recurring Expenditure before one-off items			837,394	849,970	862,991	879,856	890,446
One-off expenditure - funded from Reserves							
Revenue Expenditure Growth Options-see Appendix 2			36,500	0	0	0	0
Total Net Expenditure	826,295	908,839	873,894	849,970	862,991	879,856	890,446
Funding							
Proceeds of Council Tax	(807,857)	(807,830)	(807,808)	(807,808)	(807,808)	(807,808)	(807,808)
Interest on Balances	(3,391)	(3,391)	(3,391)	(3,391)	(3,391)	(3,391)	(3,391)
Total Income	(811,248)	(811,221)	(811,199)	(811,199)	(811,199)	(811,199)	(811,199)
Reserves							
(Surplus added to Reserves) / Deficit taken from Reserves	15,047	97,618	62,694	38,771	51,792	68,656	79,247
Opening Fund Balance (at 1st April)	(85,649)	(54,773)	42,845	105,539	144,310	196,102	264,758
Closing Fund Balance (carried forward)	(70,602)	42,845	105,539	144,310	196,102	264,758	344,005
Reserves as % of net expenditure	10%	6%	-5%	-12%	-17%	-22%	-30%
TAX							
Tax at Band D	£57.68	£57.68	£57.68	£57.68	£57.68	£57.68	£57.68
Increase over previous year (£)			£0.00	£0.00	£0.00	£0.00	£0.00
Sensitivity							
£' required to maintain 10% reserves			130,234	190,536	230,609	284,087	353,803
Council tax % increase required to fund £10,000 expenditure			1.24%				
Council tax £ increase required to fund £10,000 expenditure			£0.71				
+/- 1% increase in Council Tax (£'s)			8,078				
Band D equivalent (£) per +/- 1% increase in Council Tax			£0.58				

INCREASED INCOME/EXPENDITURE GROWTH OPTIONS FOR WINCHESTER TOWN ACCOUNT**INCREASED INCOME OPTIONS**

<u>Title</u>	<u>Description</u>		<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>Total</u>
			<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cemeteries Income (CAB1923)	Increased interment fee income	Possible	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(30,000)
Total Increased Income			(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(30,000)

EXPENDITURE GROWTH OPTIONS

<u>Title</u>	<u>Description</u>		<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>Total</u>
			<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Public Conveniences (CAB1923)	Increase repair and improvement expenditure (50% Town)	Priority	5,000	5,000	5,000	5,000	5,000	25,000
Public Conveniences (CAB1923)	NNDR payments (50% Town)	Unavoidable	5,000	5,000	5,000	5,000	5,000	25,000
Total Recurring Revenue Expenditure Growth			10,000	10,000	10,000	10,000	10,000	50,000
Maintenance Works to Council Owned Bridges (WTF133 & CAB1919)	Urgent repair works	Priority	30,000	0	0	0	0	30,000
Community Notice Boards (WTF135)	Provision of boards and maintenance	Priority	5,000	0	0	0	0	5,000
Urban Neighbourhood Plans	Community involvement work in Stanmore, Winnall & Weeke areas	Priority	1,500	0	0	0	0	1,500
Total One-off Revenue Expenditure Growth to be funded from Reserves			36,500	0	0	0	0	36,500

Extract from CAB1919 (Appendix B)

Maintenance Work to Council Owned Bridges (update)

1 BACKGROUND

- 1.1 Report WTF 133 on the above subject was considered by Winchester Town Forum on 10th June 2009, Cabinet on 17th June 2009 and Principal Scrutiny Committee on 22nd June 2009.
- 1.2 The report detailed the Council's maintenance responsibilities in relation to 24 road and foot bridges throughout the district, and following consultant engineers Upton McGoughan primary condition surveys approximate cost estimates of £100,000 were anticipated (WTF 133 para. 2.8 refers).
- 1.3 In relation to certain bridges, the report stated that owing to the type and complexity of works, especially any Environment Agency requirements, access and Health & Safety needs would ultimately be determined by detailed risk assessments when contractors are pricing the works to submit competitive tenders. Further, it was proposed that if the total cost of works exceeded the budget provision, then works up to the budget would be commissioned in condition priority order on a site by site basis. A further report would be made as appropriate to Cabinet about any further funding requirements.
- 1.4 Following consideration by Town Forum, Cabinet and Principal Scrutiny Committee in June the following was resolved: -

Town Forum – recommended to Cabinet that £30,000 be charged to the 2009/10 Town Account under Section 35 Local Government Finance Act 1992 (special expenses), for repairs to the urgent works towards bridges identified at paragraph 2.2 of the report, subject to Principal Scrutiny Committee satisfying itself that the bridges are the responsibility of the Town Account.

Cabinet – that the requirement of £100,000 be approved from the Capital programme to the revenue budget for 2009/10, of which £40,000 would be funded by a release from the Property Repairs and Renewals Reserve, and £30,000 for the highest priority works identified in 2.3 and 2.4 of the report will be charged to the Town Account, with a report brought back for any further works required in relation to the remaining £30,000 to be spent in the Town area subject to the decision not being called in by the Principal Scrutiny Committee.

Principal Scrutiny Committee – (1) that the decision by Cabinet to vire £100,000 was not called in for review; (2) that the Winchester Town Forum consider undertaking a review of the section 35 allocations to identify which future liabilities may fall to the Town Account and make any recommendations to Cabinet.

- 1.5 As a result of the aforementioned resolutions £70,000 is available for works expenditure and design fees in 2009/10, £40,000 for District Expense works and £30,000 for Town Account works.

2 Current Position

2.1 District Account Works

- 2.1.1 Officers and engineering consultants where appropriate have progressed the procurement of the most urgent work, together with obtaining Environment Agency consents and liaising with Planning Officers where necessary. Officers have also consulted with the County Council's Engineers concerned with bridges under their ownership with a view to bringing consistency of approach and pragmatism in the proposed works to WCC owned bridges to be undertaken at this time.
- 2.1.2 Works have commenced to the Chesil Street footbridge and subject to liaison and notice to Elected Members and the public at large in Bishops Waltham it is proposed to let works to the North Pond footbridge at Bishops Waltham. These works together with design fees are likely to spend the approved budget of £40,000.
- 2.1.3 Having now substantially completed all design works, obtained firm prices for the works and consents from the Environment Agency, the cost of all remaining works will exceed this year's budget by approximately £20,000. It will therefore be necessary to include a growth bid in 2010/11 in the Revenue budget proposals and this has been included for consideration in the General Fund budget consultation report being considered elsewhere on this agenda (CAB1923 refers).

2.2 Town Account Works

- 2.2.1 Officers and engineering consultants where appropriate have progressed the procurement of the most urgent works including design works, together with Environment Agency consents where necessary. At the time of drafting this report alternative designs for future work are being completed with regard to the Duttons Bridge and a further site meeting is required with the Environment Agency to agree site related issues regarding both Duttons and Nuns Road bridges.
- 2.2.2 However and subject to definitive works costs on the Duttons Bridge and confirmation of practical issues concerned with the Environment Agency the total budget requirement is likely to be in the region of £60,000. After deduction of the £30,000 approved within the 2009/10 budget a further sum of approximately £30,000 will be required to complete all works. It will therefore be necessary to include a growth

bid in 2010/11 in the Winchester Town Account budget options for consideration by the Town Forum in November.

2.3 District & Town Account Works

2.3.1 In total therefore the total estimated Revenue cost of all works to bridges including fees is £120,000 (£60,000 District Account: £60,000 Town Account of which £70,000 -2009/10 and £50,000 2010/11) .