

WINCHESTER TOWN FORUM (COUNCILLORS' MEETING)

20 January 2010

WINCHESTER TOWN ACCOUNT BUDGET 2010/11

REPORT OF HEAD OF FINANCE

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RECENT REFERENCES:

[WTF134](#) – Winchester Town Account Financial Strategy 2010/11 - 2014/15, 30 September 2009

[CAB1923](#) – General Fund Budget Consultation 2010/11, 12 November 2009

[WTF137](#) – Winchester Town Account Budget 2010/11, 25 November 2009

EXECUTIVE SUMMARY:

This report provides a summary of the Winchester Town revenue projections for the period 2009/10 to 2014/15.

RECOMMENDATIONS:

That the Town Forum:

1. notes the Revised Estimates for the Town Account for 2009/10,
2. considers the detailed budget for 2010/11 and the indicative projections for the strategy period,
3. considers the request from the Winchester Round Table as set out in paragraph 3.4 , and
4. makes recommendations to the Cabinet on the budget and the level of council tax to be set within the Winchester Town area for 2010/11.

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1 Introduction

- 1.1 The Council's financial strategy as set out in report [CAB1863](#) (8 July 2009) 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 ([WTF134](#)) 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 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
- 1.3 The Council's General Fund budget will be considered by the Cabinet on 3 February 2010 following a period of consultation with various bodies including; all Scrutiny panels, Principal Scrutiny Committee, parish and town councils, and the business community and LSPs. The Forum is reminded that the Winchester Town budget is set by the City Council and therefore any recommendations from the Forum are subject to approval by full Council.
- 1.4 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 and the level of council tax to be set within the Winchester Town area for 2010/11.

2 Revised Budget 2009/10

- 2.1 The Revised budget for 2009/10 is detailed in Appendix 1.
- 2.2 The Revised Estimates for 2009/10 present a forecast closing balance deficit. This is caused by both higher costs (mainly in relation to bridge maintenance) and lower cemeteries income.
- 2.3 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.
- 2.4 Fund balances brought forward in 2009/10, reflecting the 2008/09 outturn position, are £55,000 compared with an Original Budget of £86,000.

3 Revenue Budget 2010/11

- 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 key budget principles previously agreed by the Town Forum in the Financial Strategy for the Winchester Town Account.
- 3.2 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.
- 3.3 Appendix 2 contains items of growth and potential savings identified by officers following the discussions of the Winchester Town Account Informal Group, led by the Chairman of the Town Forum, which met before Christmas. The Informal Group asked officers to find savings in areas which did not directly affect the level of service provision in areas such as sport or maintenance of parks and play areas with a target of reducing total growth in the budget by 50% - which amounts to approximately £50,000. This has not been possible but savings totalling £30,000 have been identified. In the next financial year additional savings above this level could only be achieved by reducing service levels – for instance withdrawing sports pitches or the number of play areas. In the longer term savings in contracted services are possible as the Council's large maintenance contracts are re-let.
- 3.4 At the last meeting of the Forum the Winchester Round Table made a presentation which included a request for the consideration of financial assistance as a 'fallback' in the event of a crisis affecting the funding of the annual bonfire event. To provide an 'up front' guarantee would be unusual and would require the Town Forum to make provision in its annual budget even though it was not expecting the finance to be required. There would therefore be a cost in tax terms. If the Town Forum were so minded an alternative would be that, if the bonfire event is faced with financial difficulties, to indicate to the Round Table that the Town Forum would consider on its merits a request for a possible contribution towards emergency funding from

Town Account reserves, taking into account the Council's own financial position at the time. This would not be a guarantee since the request would have to be considered on its merits.

4 Capital Expenditure

- 4.1 The Capital Programme will be considered by the Cabinet at its meeting in February. 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.

5 Fund Balance

- 5.1 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.
- 5.2 For 2010/11 the opening balance is forecast to be a deficit and Cabinet have requested that the budget is set to redress this position.
- 5.3 Going forward consideration should also be given to achieving a reserve level of 10%, in line with the strategy.

6 Tax

- 6.1 Tax Base - The forecast tax base for the Winchester Town area is now reflected in the estimates at 14,081.66 in 2010/11. For the purposes of the financial projections no increase has been assumed for subsequent years.
- 6.2 Effect of increases to tax – A 1% per annum increase in the tax rate at Band D would raise an additional £8,122 per annum.
- 6.3 The projections at Appendix 1 do not include any increases to Council Tax for the Town.
- 6.4 The required rate of tax will be determined by the growth and savings items to be adopted. Appendix 4 provides a sliding scale of possible tax options.
- 6.5 Increases in the Town precept have a direct impact on the overall tax for the City Council. The table following illustrates the maximum increases the Town could adopt whilst remaining within the capping levels of below 3%:

ILLUSTRATIVE MAXIMUM TAX INCREASES		
District*	Town (max)	Total (CAP)
1%	17.9%	3%
2%	10.6%	3%
3%	3.3%	3%

*calculations include the forecast Council tax base for the Town and the District.

OTHER CONSIDERATIONS:

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

- 7.1 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.
- 7.2 The Winchester Town Account Financial Strategy is aligned with the Council's Financial Strategy, and its budget is set within this framework.

8 RESOURCE IMPLICATIONS:

- 8.1 As detailed in the body of the report.

9 RISK MANAGEMENT ISSUES

- 9.1 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.
- 9.2 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 depleted and should be replenished. The final decision on the City Council's budget for 2010/11 may impact on the Town budget as a result of the interrelationship between aspects of spending at a Town and District level as it does in parished areas.

BACKGROUND DOCUMENTS:

Working papers in the Finance Division

[Minutes](#) of the Town Forum meeting on 25 November 2009

APPENDICES:

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

Appendix 2: Expenditure Growth & Savings/Increased Income Options for the Town Account

Appendix 3: Capital programme extract for the Town area.

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

Assumptions	2009/10	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	Original	Revised	Original	Forecast	Forecast	Forecast	Forecast
2009/10 levels have been assumed pending budget decisions which may also impact on the Town Account							
Management overheads/ recharges							
Contract inflation			1.50%	3%	3%	3%	3%
Electricity & Gas			10%	10%	10%	10%	10%
Income increases-cemeteries & pitch hire only			0%	0%	0%	0%	0%
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	14,081.66	14,082	14,082	14,082	14,082

	2009/10	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	Original	Revised	Forecast	Forecast	Forecast	Forecast	Forecast
Expenditure	£	£	£	£	£	£	£
Recreation Grounds & Open Spaces	542,954	574,755	569,233	579,573	588,866	598,462	608,373
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	41,813	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	833,616	847,477	860,495	877,358	887,946
Options							
Revenue Expenditure Growth Options-see Appendix 2			10,000	10,000	10,000	10,000	10,000
Revenue Savings Options-see Appendix 2			(30,271)	(30,271)	(30,271)	(30,271)	(30,271)
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			807,345	821,206	834,224	851,087	861,675
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	843,845	821,206	834,224	851,087	861,675
Funding							
Proceeds of Council Tax	(807,857)	(807,857)	(812,230)	(812,230)	(812,230)	(812,230)	(812,230)
Interest on Balances	(3,391)	(548)	0	0	0	0	0
Total Income	(811,248)	(808,405)	(812,230)	(812,230)	(812,230)	(812,230)	(812,230)
Reserves							
(Surplus added to Reserves) / Deficit taken from Reserves	15,047	100,434	31,615	8,975	21,994	38,857	49,445
Opening Fund (Balance) / Deficit - at 1st April	(85,649)	(54,773)	45,661	77,276	86,251	108,246	147,103
Closing Fund Balance (carried forward)	(70,602)	45,661	77,276	86,251	108,246	147,103	196,548
Reserves as % of net expenditure	10%	6%	-5%	-9%	-10%	-13%	-17%
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			130,046	159,396	169,674	193,354	233,270
Council tax % increase required to fund £10,000 expenditure			1.23%				
Council tax £ increase required to fund £10,000 expenditure			£0.71				
+/- 1% increase in Council Tax (£'s)			8,122				
Band D equivalent (£) per +/- 1% increase in Council Tax			£0.58				

CAPITAL PROGRAMME EXTRACT FOR THE TOWN AREA

<u>Proposal</u>		<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>Total</u>
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Magdalen Hill Cemetery	Extension to include detailed design work, construction and landscape work	0	30,000	10,000	0	40,000
Total Capital		0	30,000	10,000	0	40,000