

WINCHESTER TOWN FORUM

23 November 2011

WINCHESTER TOWN ACCOUNT BUDGET 2012/13

REPORT OF HEAD OF FINANCE

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RECENT REFERENCES:

[WTF161: Winchester Town Account Financial Strategy 2012/13 to 2014/15, 5 October 2011](#)

[CAB2212: Capital Strategy and Programme 2011/12 – 2014/15, 12 October 2011](#)

[CAB2249: Change Plans 2012/13 – Consultation Draft](#)

[CAB2250: General Fund Budget Consultation, 9 November 2011](#)

[CAB2251: Capital Programme 2012/13 to 2014/15 – General Fund Budget Requirements, 9 November 2011](#)

EXECUTIVE SUMMARY:

This report provides a summary of the Winchester Town Account revenue projections, for the period 2011/12 to 2014/15 as a basis for consideration of the Winchester Town Account Budget for 2012/13.

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 or change plans in relation to the Town Account.

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1. Introduction

- 1.1. The Council's General Fund Budget proposals for 2012/13 are currently being consulted on (CAB2250 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 October) 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

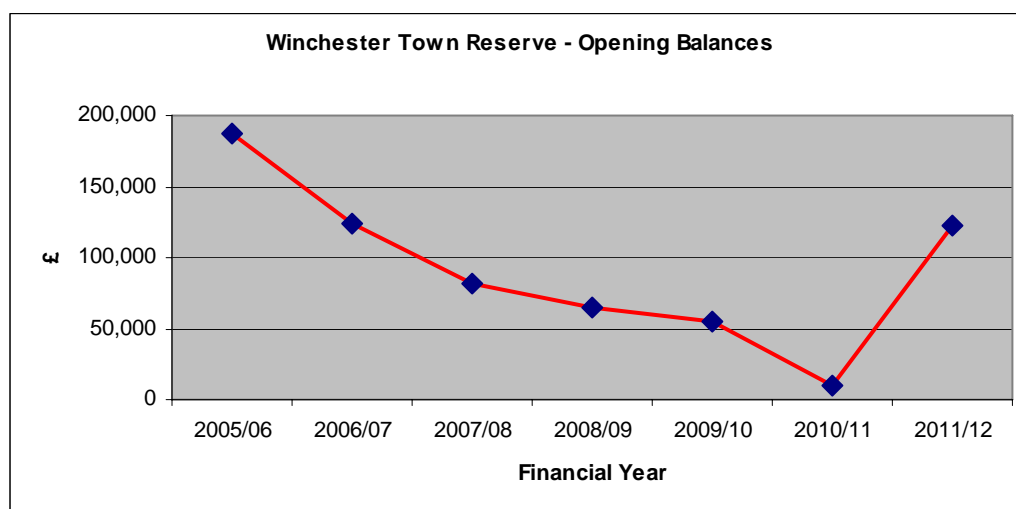
- 3.1. In order that the Winchester Town Forum can consider specifically the implications for the Winchester Town Area, updated projections for the

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 identified as recurring or 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.
 - 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 2011/12 present a forecast closing balance of £117,606 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 seven 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. Last year, the Government introduced a new grant scheme, open to all billing and major precepting authorities that decided to freeze or reduce their council tax for 2011/12; providing additional funding in 2011-12, equivalent to raising their 2010-11 council tax by 2.5 per cent. The scheme was voluntary but every council signed up to the scheme for 2011/12 and this provided £21,704 Council Tax freeze grant to the Town Account for this year.
- 5.2. Councils were subsequently notified that although the Spending Review concluded that funding could only be provided to support a council tax freeze in 2011/12, the Government intends to provide supplementary funding to Local Authorities in subsequent years of the Spending Review via specific section 31 grants to compensate them for the council tax income foregone during the period of the freeze.
- 5.3. The Government has now announced its intention to support a further council tax freeze for next year – 2012/13. Councils that freeze or reduce their 2012/13 basic council tax level (Band D) will receive an additional grant equivalent to 2.5% increase on their council tax for that year. This also applies to the Winchester Town Account, providing additional one-off support in 2012/13 of c£22,000.
- 5.4. The forecasts are currently calculated on the Council Tax base for 2011/12. The final budget will be updated when the forecast Council Tax Base is approved by the Cabinet in December. The cumulative effect of increases to the base on income are illustrated below:

	2012/13	2013/14	2014/15
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 Strategy ([CAB2212](#)) noted in October that there remained a number of potentially significant items where no financial provision had yet been made, and that it would be necessary to prioritise the Council's future capital requirements and to determine how these can be financed. The Capital Programme Requirements paper ([CAB2251](#)), which was considered by Cabinet this month, has highlighted a number of Capital Requirements. Two of these requirements, Chesil footpath Pedestrian Bridge fencing (See 6.4 below) and Changing Pavilions - KGV 1 & 2, & North Walls (See Appendix 4), are within the town account. A third project, River Itchen Maintenance (See

6.5 below), is currently under review to determine which parts of the project are within the town account.

- 6.3. These three projects have both been proposed as 'high priority' requirements, with funding yet to be determined. With limited General Fund Capital Receipts available to fund any additional projects the Town Account has the option to recommend that funding is made available from the Town Reserve as the expenditure is incurred, instead of the historical capital financing charge where the Town Account effectively repays the General Fund over the deemed life of the works.
- 6.4. **Chesil Footpath Pedestrian Bridge Fencing** - To provide screening along the pedestrian bridge over Barfield Close adjacent to the entrance to Chesil Street MSCP. This will prevent the throwing of items off the bridge and causing damage to cars. This matter has been raised by Hampshire Police and the Bridge is owned by the City Council.
- 6.5. **River Itchen Maintenance** was first identified as a capital requirement in November 2008 ([CAB1711](#)). The works have been further reviewed and are now identified as essential; further delay of this project could increase the future project costs.
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 is key to the achievement of the Council's Sustainable Community Strategy and emerging Change Plans.
- 9.2. The Winchester Town Account Financial Strategy is aligned with the Council's Financial Strategy, and its budget is set within this framework.
10. RESOURCE IMPLICATIONS:

These are detailed in the body of the report.

11. EQUALITIES

- 10.1 The Financial Strategy supports the Council's Change Plans which in turn support the Winchester District Sustainable Community Strategy (WDSCS). The WDSCS was subjected to an equalities impact assessment and it is expected that the Council's new integrated equality impact assessment model will be 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:

Working papers in the Finance Team

APPENDICES:

Appendix 1: Winchester Town Revenue Projections 2011/12 – 2014/15

Appendix 2: Budget Requirements & Capital Programme Extract

Appendix 3: Budget Review & Options from Informal Sub Group meetings

Appendix 4: Council Owned Bridge Maintenance Programme

Appendix 5: Changing Pavilions - KGV 1 & 2, & North Walls

WINCHESTER TOWN ACCOUNT - REVENUE PROJECTIONS 2011/12 - 2014/15						
	Per CAB2175	Per CAB2125	Per CAB2211			
Assumptions	2010/2011 Outturn	2011/2012 Original	2011/2012 Revised	2012/13 Original	2013/14 Forecast	2014/15 Forecast
Contract inflation				5.0%	5.0%	5.0%
Utilities				10.0%	5.0%	5.0%
Percentage increase in tax	6.30%	0.00%	0.00%	0.0%	0.0%	0.0%
Tax Base	14,081.66	14,157.94	14,157.94	14,157.94	14,157.94	14,157.94
Expenditure	2010/2011 Outturn £	2011/2012 Original £	2011/2012 Revised £	2012/13 Forecast £	2013/14 Forecast £	2014/15 Forecast £
Recreation Grounds & Open Spaces	522,792	586,386	583,925	535,965	549,698	564,118
Maintenance Work to Council Owned Bridges	8,726	15,000	29,882	0	0	0
Support Costs to Council Owned Bridges	0	1,000	1,000	0	0	0
Cemeteries	21,254	71,081	24,206	10,034	13,611	17,566
Community Wardens (Contribution)	45,000	45,000	45,000	45,000	45,000	45,000
Grants	27,813	41,813	65,813	31,813	31,813	31,813
Footway Lighting	32,836	26,275	29,797	27,970	28,302	28,651
Bus Shelter Cleaning & Maintenance	4,476	10,970	10,970	10,970	10,970	10,970
Town Forum Support	4,798	5,595	4,798	4,798	4,798	4,798
Christmas Lights	13,899	14,640	14,740	15,155	15,155	15,155
Allotments	(1,454)	(1,624)	(1,365)	(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	0	10,000	10,000	0	0	0
Urban Neighbourhood Plans	1,500	0	0	0	0	0
Grit Bins	0	2,000	6,000	2,000	2,000	2,000
Revised Forecast Environmental Contract Savings		(40,000)				
Total Expenditure	751,640	858,136	894,766	752,059	769,701	788,425
Funding						
Proceeds of Council Tax	(863,506)	(868,165)	(868,165)	(868,165)	(868,165)	(868,165)
Council Tax Freeze Funding (2.5%)		(21,704)	(21,704)	(43,704)	(21,704)	(21,704)
Interest on Balances	(101)	(224)	(224)	(1,408)	(2,788)	(4,018)
Total Funding	(863,607)	(890,093)	(890,093)	(913,277)	(892,657)	(893,887)
Reserves						
(Surplus added to Reserves) / Deficit taken from Reserves	(111,967)	(31,957)	4,673	(161,218)	(122,956)	(105,462)
Opening Fund Balance (at 1st April)	(10,313)	(22,366)	(122,280)	(117,606)	(278,825)	(401,781)
Closing Fund Balance (carried forward)	(122,280)	(54,323)	(117,606)	(278,825)	(401,781)	(507,242)
Closing Reserves forecast as % of net expenditure	16%	6%	13%	37%	52%	64%
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
Sensitivity						
Council tax % increase required to fund £10,000 expenditure				1.15%		
Council tax £ increase required to fund £10,000 expenditure				£0.71		
+/- 1% increase in Council Tax (£'000s)				9		
Band D equivalent (£) per +/- 1% increase in Council Tax				£0.61		

BUDGET REQUIREMENTS & CAPITAL PROGRAMME EXTRACT

	2011/12	2012/13	2013/14	2014/15	TOTAL
<u>Capital Programme (CAB2251) - Town Extract</u>					
Magdalen Hill Cemetery - Extension	30,000	170,000			200,000
<u>Capital Requirements (CAB2251) - Town Extract</u>					
River Itchen Maintenance *		40,000	35,000	100,000	175,000
Chesil footpath Pedestrian Bridge fencing		15,000			15,000
Changing Pavilions - KGV 1 & 2, & North Walls		44,000	38,000	29,000	111,000
Changing Pavilions - Funded by Open Spaces		13,000	13,000	25,000	51,000
Changing Pavilions - TOTAL		57,000	51,000	54,000	162,000
Total Capital Requirements		112,000	86,000	154,000	177,000

* Town Account element of this project is currently under review

	2011/12	2012/13	2013/14	2014/15	TOTAL
<u>Revenue Growth Options</u>					
Maintenance Programme for Council Owned Bridges **		5,500	5,500	5,500	16,500

** Includes 10% = £500 for internal staff time charge

Budget Review & Options - from Informal Member Sub Group Meetings

a) Budget Growth Proposals

1) Mobile Flashing Speed Signs

WCC has two speed indicator devices which flash the speed limit at drivers exceeding the limit (30 or 40mph). These are several years old and are in need of repair or replacement. It would cost up to **£15k (one-off)** to get them replaced or repaired, replacement cost would vary dependant on the type of device chosen. An **annual budget of £5k** to cover the cost of the Streetcare team who would arrange erection / repositioning and maintenance of the signs (up to 10 times per year). This could vary depending upon the amount of times they are repositioned.

2) Work with the BID to improve Property Management

The Council's Historic Environment Team ran a campaign of letters and media releases to encourage building owners to carry out repairs when the High Street refurbishment was being planned. However, the issue is that the building owners are often hard to track down and often do not see that kind of improvement as a major priority, which can be frustrating to the businesses based in them as well as others. The BID officers advise that this can best be done by the Council directly, as opposed to waiting for owners to take action themselves. The Economic Development Team is therefore setting up a meeting between the BID, Winchester Trust, the Town Forum Chair and other council officers (the Historic Environment and Street Care teams) to discuss the potential for a prioritised programme of minor repairs and maintenance to address the worst areas. The Town Forum could set aside a budget of **£10,000 per annum** to pay for this programme, potentially with an additional contribution from the BID, to pay for hire of a cherry picker, basic repair materials and contractor time. The Council has powers to serve notices requiring work to be undertaken in serious cases, with the opportunity to undertake works in default of action by the owner. This can be a time-consuming process and costs of works in default can be difficult to recover. In some instances grant aid may be appropriate. However, the Council cannot do works on private land, other than under the limited cases where default procedures apply, without the agreement of the landowner concerned. The default procedures in some instances carry the risk that the owner can start a process to require the Council to acquire a building. Careful consideration will have to be given as to how this suggestion can be taken forward.

3) Neighbourhood Wardens (extra support)

One FTE NHW would be on scale 4 of the Council's salary range, with scale point determined by experience between £19,621 and £25,472. This is exclusive of on costs/overheads, and there may be a requirement for an additional vehicle/transport depending on the deployment required. The total cost would be up to **£35,000 per annum**.

The role and scope of the team is currently being considered as part of the Council's wider service redesign programme. This is likely to be by way of offering more

formalised support to other teams (eg the Animal Welfare Service) or covering a wider geographical area.

Town Forum could consider funding more dedicated resource for the Town area to focus on specific neighbourhoods, projects or priorities, either on a short or a long term basis. Alternatively, they might like to consider an 'enforcement' role linked to fly tipping, graffiti and other environmental nuisance activities.

4) Neighbourhood Design Statements

NDSs tend to be initiated/led by local neighbourhood groups, and at the moment the Head of Strategic Planning is not aware of any that are being proposed or in production (St Giles' Hill NDS was the most recent, and that was agreed in September). Given this low level of demand, an **annual budget of £1,000 - £2,000** should be adequate.

5) Unmanaged Land at St Cross (Clausentum Fen)

Clausentum Fen (an area of relict water meadow covering approx. 1.9ha) was acquired by Hampshire County Council in 2003 and is now managed by HCC Countryside Service. The City Council contributed £10,000 to the original purchase cost, but has since had minimal involvement.

The land at Clausentum Fen does have the potential to become a more valuable community facility. It could make a good Local Nature Reserve offering benefits for biodiversity, education and community well-being. However, this is very much dependent upon resources and the support of the community. A **one-off budget of £500 – 1,000** could be made available to proceed with a feasibility study of the area.

6) Footway Lighting @ North Walls

There is a proposal from St Bartholomew ward members to add lighting to the route from Hillier Way (end) towards North Walls RPLC (near the Football Club then turn into Nuns Walk footpath alongside the stream and then along the stream to the end of the footpath). This is around 350 metres, requiring 12 columns, at a **one-off cost of approx £45k**.

b) Proposals for Further Strategic Review

1) CCTV Coverage (additional cameras)

A new camera was added recently at Junction of Jewry St and City Road as this was considered to be a 'hot spot' for antisocial behaviour. There would need to be consensus about any additional cameras (eg through discussions with the Police, Community Safety Partnership, BID). One possible contender would be Hyde Abbey Garden, in view of the damage to the interpretation panel last year – at a cost of £8,000, plus additional landscaping. New cameras and radio links are around **£10k each** and there are ongoing fibre optic cable costs in some cases.

2) Waterways Strategy / River Itchen Maintenance

The Council commissioned 'river doctor' Simon Cain produced 'River Channel Enhancement' report some years ago which itemised actions totalling around **£175,000** for enhancement work to waterways in the city centre. The report and actions were approved in principle, subject to provision of funding. The Capital Programme Requirements Paper ([CAB2251](#)) has proposed that these works are now 'high priority'. A review is currently taking place to identify which parts of these works relate to the Town Account.

3) Additional Street Cleansing Support

The Winchester Business Improvement District already plays a role in tackling graffiti, fly posting and unkempt areas of the City Centre. However, the Town Forum could establish a small fund to tackle reported 'grot spots' – for example, the space opposite Habels Beds on St George's Street, which regularly looks unsightly.

4) Sports / Changing Pavilions (See Appendix 5)

To review the available options, and funding opportunities, for the required works to the Sports / Changing Pavilions at KGV 1 & 2, & North Walls.

c) Possible Changes to Existing Services

Officers have considered the Town Forum budget line by line. Whilst it is understood that Members would like to consider alternative ways of delivering services which may in turn lead to savings, it is worth noting that this is not the first year that new approaches have been considered and savings harvested as a result.

For example:

- the Private Finance Initiative with the County Council led to savings in the costs of footway lighting, in 2011/12;
- the new joint depot contract with East Hampshire has led to a drop in around £50,000 (almost 10%) in the forecast budget for 2012/13 compared with the revised budget for 2011/12;
- the bus shelter cleaning and maintenance regime was reviewed and the budget halved in 2011/12;
- contributions by corporate sponsors fully fund work across all the roundabouts in the Town area.

As a result of the systematic annual review of Town Forum activities, it is not a simple matter to propose service changes which would free up budgetary provision for other initiatives. A number of lines are tied up with existing contracts, such as the Christmas lights and Grounds Maintenance.

The biggest single line in the Town Forum budget is Recreation, Grounds and Open Spaces and this is mainly committed through the depot contract. A line of £7,000 for building maintenance could be reduced, but most corporate maintenance budgets are very modest to start with, as significant repairs are funded via the capital

programme or growth bids. Other lines in this budget are very small operational sums. A list showing which elements of this budget are fixed through contractual arrangements and which more flexible is attached.

The Grounds maintenance budgets have been updated to reflect the new contract. The Head of Team suggests that it might usefully be reviewed at the end of 2012/13 after a year of operation of the new contract to determine whether any further efficiency savings can be made.

d) Proposals for New Actions from Officers

Significant new actions for the Town area are being proposed as part of the Change Planning process. It is recommended that Town Forum Members review the consultation draft approved yesterday by Cabinet and consider how they may wish to enhance or amend suggested actions. Actions have only been included in the draft Plans where there is a reasonable chance of being able to fund them by channelling existing budgets into them or securing partnership/external funding.

Winchester City Council Bridges

Proposed Future Expenditure

Town Account

YEAR	Bridge No	Gen Insp	Principal Insp	Vegetation control	Paint	Timber Treatment	Masonry Repairs	Totals for each year
2012		£2,000						£ 2,000.00
	11. Duttons Bridge				£ 500.00		£ 500.00	£ 1,000.00
	18. Dutton Bridge				£ 500.00		£ 500.00	£ 1,000.00
	20. Durngate			£ 200.00	£ 800.00			£ 1,000.00
							Total for 2012	£ 5,000.00
2013	Contingency for works raised from 2012 General Inspection						Total for 2013	£ 5,000.00
2014		£ 3,700.00						£ 3,700.00
	12. Banana Bridge			£ 200.00			£ 450.00	£ 650.00
	13. North Walls			£ 150.00			£ 200.00	£ 350.00
	26. North Walls			£ 100.00			£ 200.00	£ 300.00
							Total for 2014	£ 5,000.00
2015	14. Monks Road			£ 200.00	£ 1,000.00		£ 200.00	£ 1,400.00
	15. Nuns Road			£ 300.00	£ 300.00		£ 200.00	£ 800.00
	Contingency for works raised from 2014 Principal Inspection							£ 2,800.00
							Total for 2015	£ 5,000.00
2016		£ 2,000.00						£ 2,000.00
	17 N.E of Banana Bridge (White Bridge)			£ 200.00	£ 1,500.00			£ 1,700.00
	Contingency							£ 1,300.00
							Total for 2016	£ 5,000.00
2017	Contingency for works raised from 2016 General Inspection						Total for 2017	£ 5,000.00

Sports/Changing Pavilions**King George V Playing Fields - Cricket Pavilion No.1**

Total Cost £54,000

OSF* Eligible Works - **£13k** (Building Regs Part M Compliance, New Grounds Store)

King George V Playing Fields - Cricket Pavilion No.2

Total Cost £51,000

OSF Eligible Works - **£13k** (Building Regs Part M Compliance, New Grounds Store)

North Walls Recreation Ground - Cricket Pavilion

Total Cost £57,500

OSF Eligible Works - **£25k** (Building Regs Part M Compliance)

Garrison Ground – Pavilion

Requires demolition and rebuild – Cost unknown but likely eligible for OSF

* OSF = Open Space Fund