

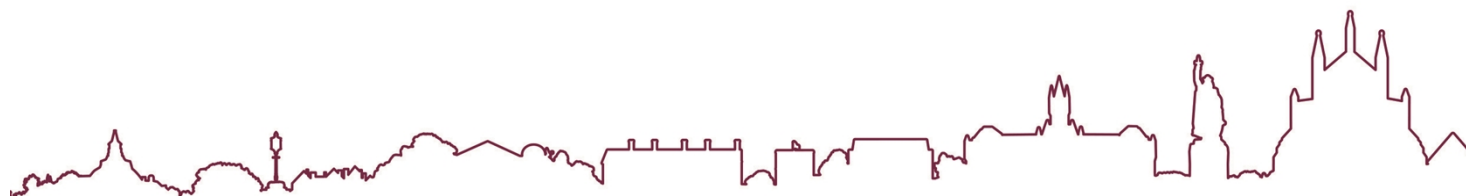


**Meeting** Cabinet

**Date and Time** Wednesday, 13th February, 2019 at 4.30 pm.

**Venue** Walton Suite, Winchester Guildhall

- a) **Presentation from Portfolio Holder for Finance (Cllr Ashton) - Budget Statement 2019/20 (Pages 3 - 26)**



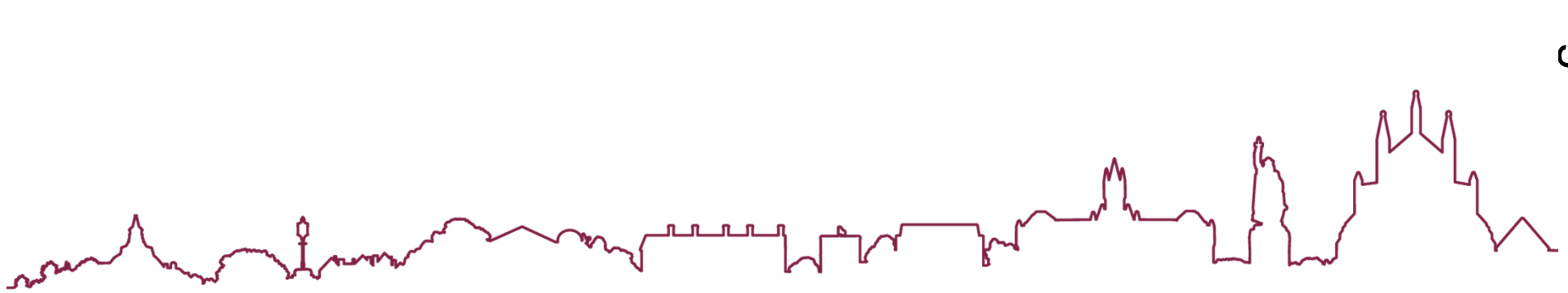
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**Winchester**  
City Council

# Budget Statement 2019/20

Page 3



# 2019/20 FINANCIAL MANAGEMENT

## The Medium to Long Term view

-  Medium Term Financial Strategy (MTFS)

## Operational income and expenditure

-  Housing Revenue Account (HRA) Budget

-  General Fund Budget

## Capital investment

-  HRA Capital Strategy

-  General Fund Capital Strategy

## Cash, debt and investment management

-  Treasury Strategy

-  Balance sheet



# THE COUNCIL'S STRATEGY AND CHALLENGE

## Winchester District:

 A premier business location

 Delivering quality housing options

 Improving the health and happiness of our community

 Improving the quality of the environment

 ...in the context of reducing government funding



# COUNCIL SERVICES




## Housing provision

-  5,000 social houses
-  8,000 tenants
-  Enabling new build

## Environment

-  Planning
-  Waste
-  Licensing

## Health & Happiness

-  Landscapes & spaces
-  Culture
-  Sport & Health

## Business

-  Economic growth
-  Tourism

## Estate Management

## Legal & Democratic services

## Benefits administration

-  Universal Credit










## Revenue collection

-  Rates, council tax



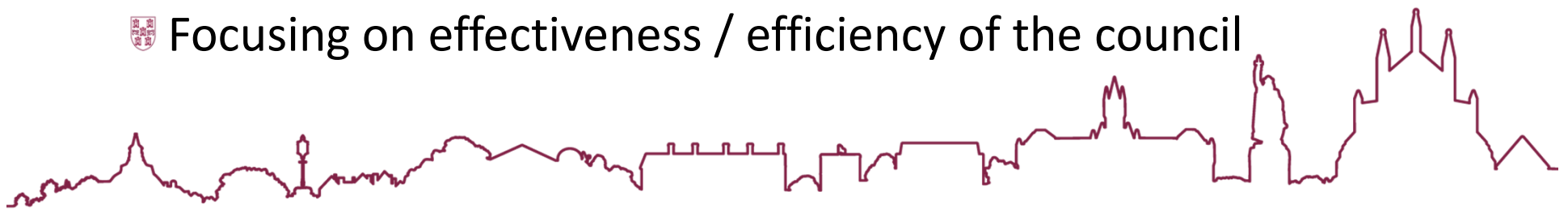
# 2019-20 BUDGET

## **Maintaining and improving** services and infrastructure to meet Council's strategic aims

-  1,000 council homes
-  Doorstep glass recycling
-  Movement strategy, Local Plan
-  Parking / P&R in Alresford, Winchester, Bishop's Waltham
-  S&L centre
-  Central Winchester, Station Approach
-  Flood prevention
-  TIC, Guildhall reception services
-  Grants for charities











## Entrepreneurial approach to new income streams

## Focusing on effectiveness / efficiency of the council



# INCOME, EFFICIENCY AND INVESTMENT

## Investments and Income generation

-  Bishops Waltham Depot
-  Parking in Winchester, Alresford, Bishops Waltham
-  Friarsgate Surgery
-  Partnered Home Purchase
-  Increasing P&R and Car Park utilisation
-  Sport & Leisure Centre, Sports Hall in Southern parishes
-  Central Winchester
-  Station approach
-  Transfer of garages to General Fund from HRA
-  Review of fees and charges, (pest control, licensing, etc)

## Council efficiencies

-  Digital action plan
-  Travel, catering, employee benefits, audit fees



# SO, WE ARE FREEZING COUNCIL TAX

## Winchester City Council 2019/20

**Band D £138.92 p.a., a 0% increase on 2018/19**




Page 9

	Band D 2019/20	%age increase
HCC	£1,236.87	3.0%
Police	£201.46	13.5%
Fire	£67.71	3.0%
Winchester Town Forum	£69.19	3.0%
Parishes (average)	£91.27	4.7%



# WCC COUNCIL TAX - NEW POLICIES

## Vacant properties

-  100% premium on Council Tax for properties vacant for 2 or more years
-  200%, and 300% premium for 5 and 10 year vacant properties
-  Abolish 1 month discount

## Care leavers

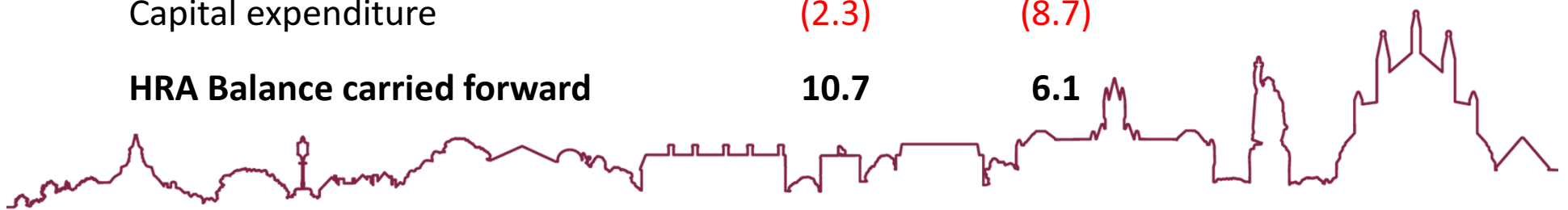
-  No Council Tax until their 25<sup>th</sup> birthday



# THE COST OF HOUSING SERVICES

## Housing Revenue Account 2019/20 budget

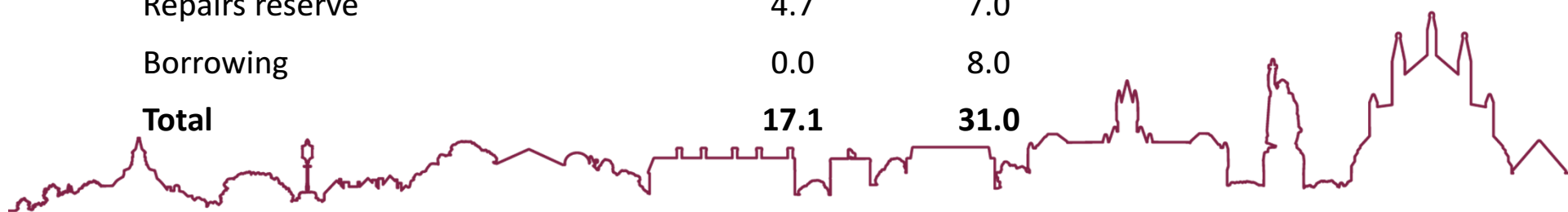
£m	2018/19	2019/20
<b>HRA Balance brought forward</b>	<b>9.1</b>	<b>10.7</b>
Housing Management	(6.6)	(6.2)
Repairs	(5.2)	(5.3)
Depreciation	(6.6)	(6.9)
Interest	(5.1)	(5.2)
Rents and other income	27.4	27.7
<b>Total income / (expense)</b>	<b>3.9</b>	<b>4.1</b>
Capital expenditure	(2.3)	(8.7)
<b>HRA Balance carried forward</b>	<b>10.7</b>	<b>6.1</b>



# HOUSING CAPITAL PROGRAM

£m	2018/19	2019/20
Major external works	(2.9)	(4.6)
Major internal works	(3.3)	(2.2)
Improvements & conversions	(0.7)	(1.3)
Disabled adaptations & other	(0.8)	(0.8)
New Build	(9.4)	(22.0)
<b>Total</b>	<b>(17.1)</b>	<b>(31.0)</b>
<i>funded by:</i>		
HRA Revenue Account	2.3	8.6
Garage transfers	1.9	1.9
Right-to-buy & new build sales	7.0	4.3
Grants and S.106	1.3	1.7
Repairs reserve	4.7	7.0
Borrowing	0.0	8.0
<b>Total</b>	<b>17.1</b>	<b>31.0</b>

Page 12



# THE COST OF GENERAL SERVICES

£m	2018/19 Net	2019/20 Income	2019/20 Expenditure	2019/20 Net
Housing (General fund)	(1.6)	0.2	(1.8)	= (1.6)
Environment	(3.5)	10.4	(14.5)	= (4.1)
Health & happiness	(2.0)	0.4	(2.4)	= (2.0)
Business	(1.4)	0.2	(1.6)	= (1.4)
Estates, Revenue, benefits, projects	(4.0)	3.4	(7.2)	= (3.8)
Mgt, Financial, Tech, Legal, Democratic	(6.8)	0.5	(7.2)	= (6.7)
Investment income (non-treasury)	2.6	3.0	(0.4)	= 2.6
<b>Total income / (expense)</b>	<b>(16.7)</b>	<b>18.1</b>	<b>(35.1)</b>	<b>= (17.0)</b>

Page 13

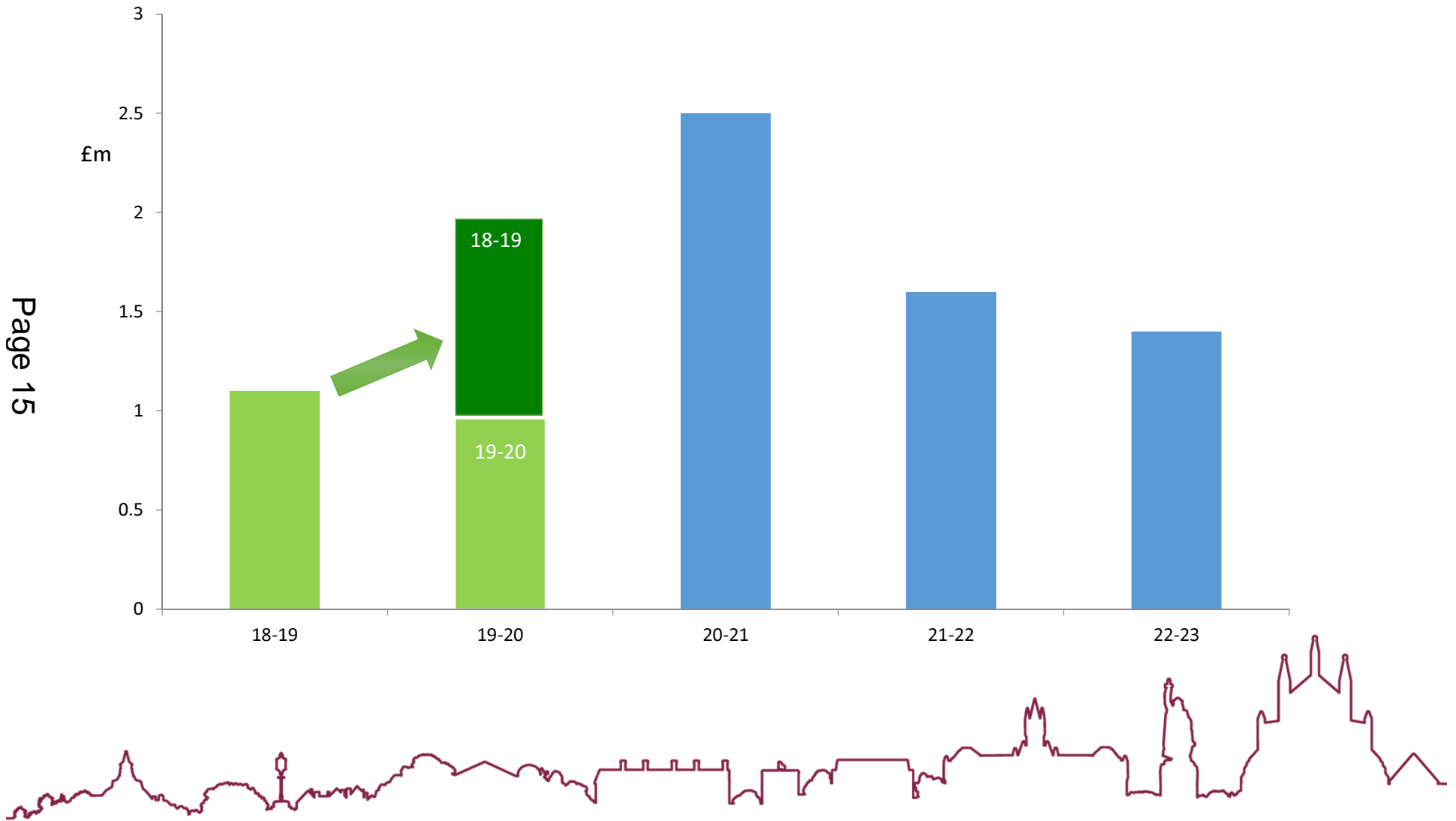


# THE FUNDING OF GENERAL SERVICES

£m	2019/20
Council Tax	7.8
Retained business rates	4.9
New Homes Bonus	2.4
Central Govt grants	0.3
Reserve movements & other	1.7 (CIL, MIR, MRP, EMR, CFA)
<b>Total Funding</b>	<b>17.1</b>



# INCOME / SAVINGS PLANS OVER TIME



Page 15

# MEETING THE INCOME / SAVINGS CHALLENGE

## Income, investment, efficiency

### Outcome Based Budgeting

- The 2019/20 total annual savings are a further £0.96m
- On top of annual recurring savings from 2018-19 of £1.1m

### Asset management

- Asset challenge
- Rent reviews

### Strategic asset purchases

### Financial management

- Treasury, reserves

### Major investment schemes

## Potential upside

### Fair funding review

- Revenue support
- Baseline Business rates

### Retained Business rates

### New Homes Bonus scheme

### Transition schemes

### Financial / economic outcomes

Backstop – cutting services...




# THE IMPORTANCE OF CAPITAL SPEND


- Investing in capital projects to support the Council Strategy
- Strategic Asset Purchases – focussing on ‘double-win’ for the Council
  - Progress towards Council’s strategic aims, and...
  - Financial return to support Council’s services
- Using Treasury Management Strategy to support our objectives and ensure strong stewardship of funds




# INVESTING IN THE DISTRICT'S INFRASTRUCTURE


 **Sport & Leisure Park** – improving the health and happiness of our residents


 **Central Winchester Regeneration** – Friarsgate Surgery, High Street property

 **Station Approach** – support business demand for Grade A office space and for job opportunities in the district

 **Bishop's Waltham units** – develop new industrial space for our market town economy

 **Tourist Information Centre** – enhanced facility to showcase the city and district

 **City Office reception** - better access, automation and service

 **Parking enhancements** – Vaultex site, Alresford, Worthy Lane, Bishops Waltham, Chesil

## **New plans**

 Coitbury House

 Surgery replacement

 KGV Pavilion

 Glass recycling bins



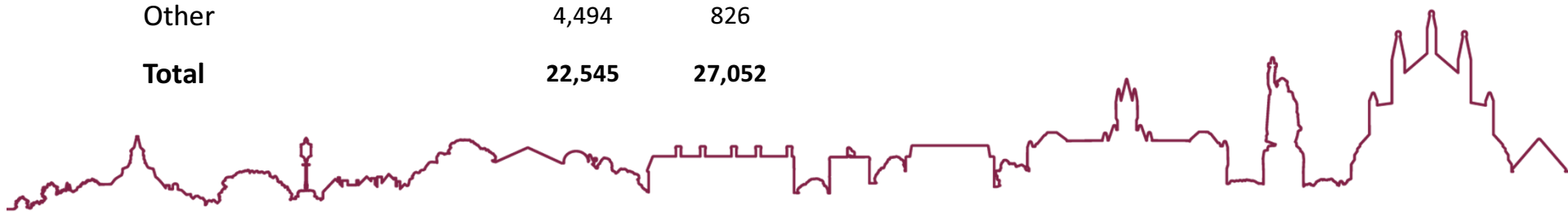
# GENERAL FUND CAPITAL STRATEGY

## Approved investments:

£m	2018/19	2019/20
Strategic Asset Purchases	3,009	15,000
Replacement surgery	100	3,835
Bishops Waltham Depot	50	1,325
Disabled facility grants	1,000	1,400
Flood prevention	250	1,024
The Dean Car Park	-	1,005
Partnered Home Purchase	2,000	1,000
Friarsgate / 158-165 High St	9,972	700
Mately's Yard		573
Coventry House (Vaultex)	1,670	364
Other	4,494	826
<b>Total</b>	<b>22,545</b>	<b>27,052</b>

## Subject to appraisal:

£m	2019/20
S&L Centre	17,893
Station approach	2,500
Coitbury House	2,100
HRA Garages	1,961
Station Approach	1,400
KGV Pavilion	1,000
Chesil car park	841
Other	4,005
<b>Total</b>	<b>31,700</b>



# GENERAL FUND CAPITAL FINANCING

£m	2018/19	2019/20
Approved	22.5	27.1
Subject to appraisal	na	31.7
<b>Total</b>	<b>22.5</b>	<b>58.8</b>
<i>funded by:</i>		
Government and other grants	1.2	7.3
Reserves	1.5	5.2
Capital receipts	3.5	2.6
Capital financing requirements	16.3	43.7
<b>Total</b>	<b>22.5</b>	<b>58.8</b>



# TREASURY MANAGEMENT - INVESTMENTS

	Asset value 30/11/18 £m	Average yield %
Short term investments	43.2	0.74
Long term investments	13.5	1.07
High Yield investments	5.0	4.26
<b>Total</b>	<b>61.7</b>	<b>1.09</b>



# TREASURY MANAGEMENT - BALANCE SHEET

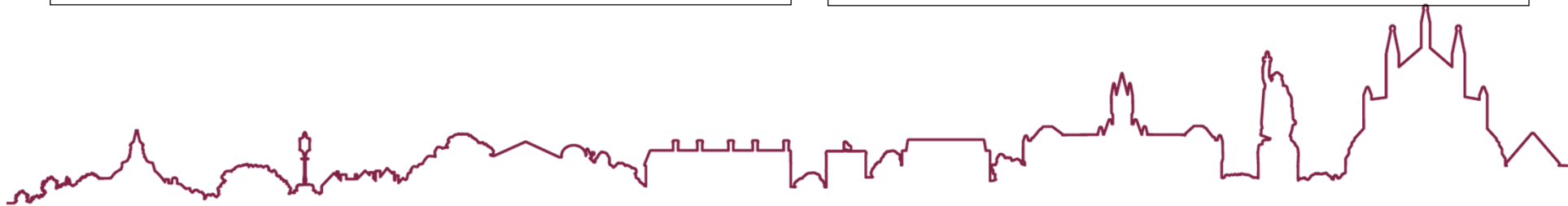
What we've got...

£m	31/3/18	
HRA Property	432	Social housing
Environment	22	Car parks, vehicles
Health & Happiness	14	S&L centres, museums
WCC Operations	22	WCC Offices, depots
Investment property	48	Rented out property
Financial investments	38	Treasury investments
Other	(38)	Pensions, sundry
<b>Total Assets</b>	<b>538</b>	

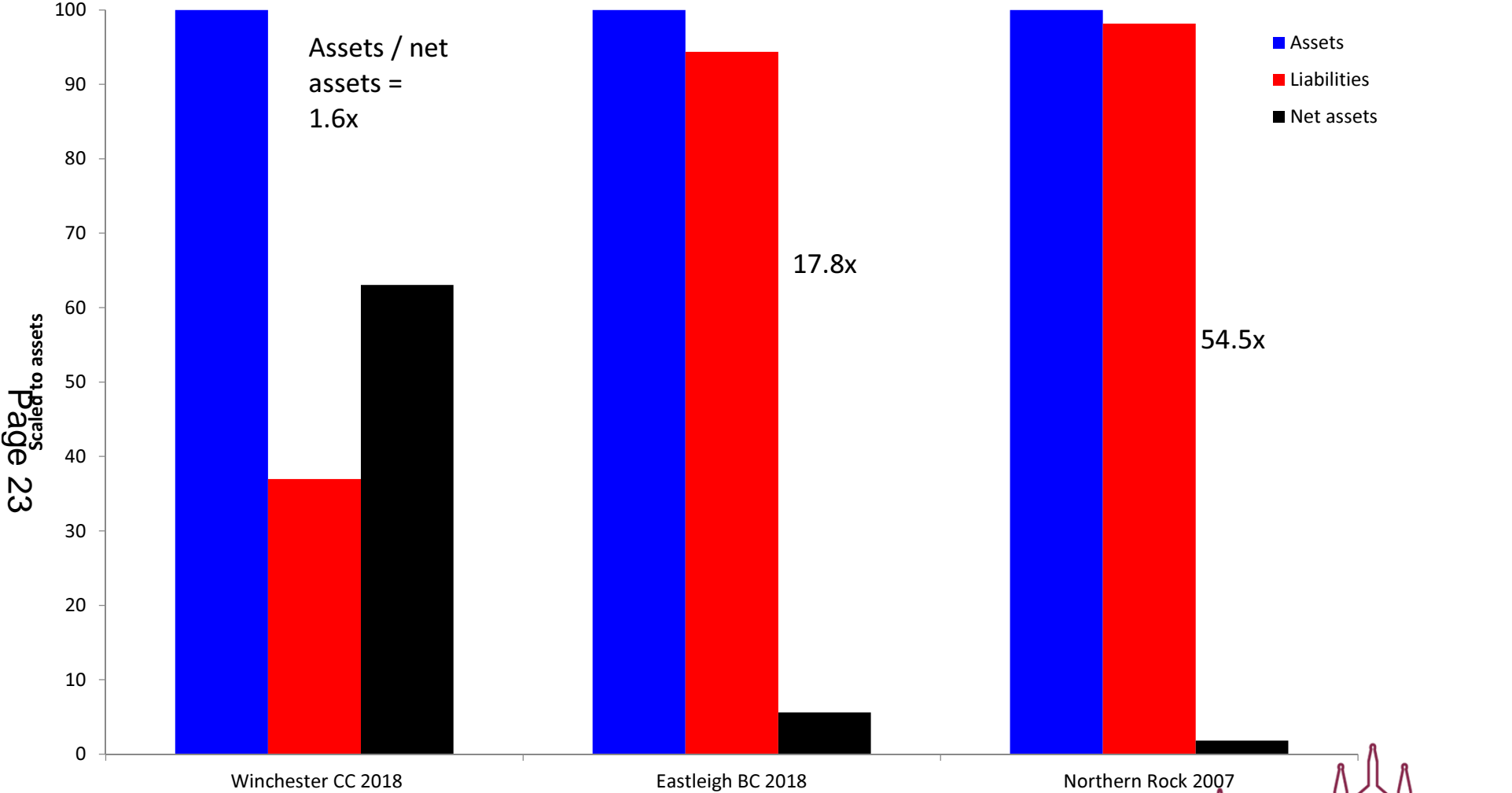
How it's been paid for...

£m	31/3/18	
Borrowing	157	Long term debt
Usable reserves	50	Available for funding
Unusable reserves	331	e.g. Unrealised gains
<b>Total equity</b>	<b>381</b>	
<b>Total Funding</b>	<b>538</b>	<b>Total debt + equity</b>

Page 22



# Assets versus liabilities: different approaches....



Page 23  
Scaled to assets

- Assets
- Liabilities
- Net assets



# FINANCIAL STEWARDSHIP

- Accounts were delivered on time in line with new, shortened timescales
- Investment returns of over 1%
- Healthy and sustained reserves available to fund key investments
  - Transformation
  - Infrastructure (CIL)
  - Car parking upgrades
  - Major investments
- Long term debt funding long term assets
- Low levels of debt relative to assets







# SUMMARY

 We will deliver the outcomes in the Council's Strategy...

 Winchester District will be a premier business location

 Delivering quality housing options

 Improve the health and happiness of our community

 Improving the quality of the District's environment


 ...in the context of reducing government funding...

 Government grants will reduce to zero or negative

 We will become a financially self-reliant and sustainable Council

 ...so the focus is on medium to long term sustainability

 Identifying opportunities to be more efficient

 Investing to meet strategic objectives and generate returns

 Creating opportunities for income generation



## NEXT STEPS

- Reports went to Overview & Scrutiny on 28 January.
- Cabinet consider any responses on the 13<sup>th</sup> Feb.
- Full Council makes the final decision on the 28<sup>th</sup> Feb.

