

REPORT TITLE: WINCHESTER TOWN ACCOUNT BUDGET FOR 2021/22

28 JANUARY 2021

REPORT OF FINANCE MANAGER (STRATEGIC FINANCE)

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WARD(S): ALL TOWN WARDS

PURPOSE

This report presents the current financial projections for the Town Account for the period 2020/21 to 2026/27 and financial sensitivities, in order that recommendations can be made to the Cabinet on the budget to be set within the Winchester Town area for 2021/22.

RECOMMENDATIONS:

That the Town Forum;

1. Considers the draft budget for 2021/22 and the indicative projections for the strategy period;
2. Approves an initial £10,000 budget, funded from the Town Community Infrastructure Levy, towards the Highcliffe Community Forum for Action to commence stage one of creating a living street environment. Also, to commit a further £26,412 from CIL, subject to a successful feasibility and identifying funding to complete the project;
3. Considers the Council Tax precept for the Town area which it wishes to recommend to Cabinet, noting the requirement for the Council to keep within overall referendum constraints;
4. Makes recommendations to Cabinet on the budget to be set for the Winchester Town area for 2021/22.

## IMPLICATIONS:

### 1 COUNCIL PLAN OUTCOME

- 1.1 This report sets out the current financial position including the latest medium term financial projections. Budget options will be considered in line with the Council Plan.

### 2 FINANCIAL IMPLICATIONS

- 2.1 Identifying and analysing the financial risks and pressures helps to ensure the effective prioritisation of resources in order to deliver the Council Strategy and maintain a balanced budget.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None directly in this report, though individual projects are subject to review by Legal Services and Procurement where required.

### 4 WORKFORCE IMPLICATIONS

- 4.1 None directly resulting from this paper.

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 An update on proposals for replacement Pavilions at the King George V Playing Fields and North Walls is given in paper WTF295.

### 6 CONSULTATION AND COMMUNICATION

- 6.1 This report has been discussed with the town account informal group and relevant staff.

### 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 Environmental considerations will be part of the business case supporting any budget proposals.

### 8 EQUALITY IMPACT ASSESSEMENT

- 8.1 An equality impact assessment will form part of the decisions made with any town forum proposals where relevant.

### 9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 A data protection impact assessment will form part of the decisions made with any town forum proposals where relevant.

10 RISK MANAGEMENT

| <b>Risk</b>  | <b>Mitigation</b>   | <b>Opportunities</b>  |
|--|---|---|
| <i>Failure to set a balanced budget over the medium term.</i>  | <i>Financial projections are shown up until 2026/27 and the scenario planning highlights the potential sensitivities. Planning over a longer period will help to ensure understanding of the scale of the financial challenges and early planning enables enough lead in time for the implementation of the budget options.</i> | <i>Long term strategic planning.<br/><br/>Innovative funding streams.<br/><br/>Transformational efficiency savings.</i>                         |
| <i>Council's service priorities are not reflected in the budget.</i>   | <i>The budget planning process, including the implementation of outcome based budgeting and the informal account group meetings which review the detailed budgets and strategy.</i>   | <i>Ensure the prioritisation of resources to best meet the outcomes of the authority.</i>   |
| <i>High expectations are raised over the delivery of major capital projects such as KGV and North Walls Pavilions before detailed financial estimates are calculated and funded.</i> | <i>Projects can only proceed if they have a detailed business case including detailed financial projections.</i>  | <i>Projects delivered to high environmental standards.<br/><br/>Improving the standard of sports facilities available within the town area.</i> |

11 SUPPORTING INFORMATION:**Background**

- 11.1 A previous report, ref. WTF289 Winchester Town Account Financial Planning 2021/22 introduced the budget setting process for 2021/22, the key principles, and updated medium term financial projections to 2026/27.
- 11.2 The Winchester Town Forum (Informal Account) Group have met three times in total in order to establish the key focus of the budget process and any priority resource considerations to bring back to the Town Forum.

### Winchester Town Precept

- 11.3 The town forum recommended a precept for 2020/21 of £71.27 (per band D property), which was approved at Council in February 2020. The decision on the level of council tax for 2021/22 will be taken at Council in February 2021.
- 11.4 The town will need to consider its proposed strategy for the Town Precept but will need to bear in mind that any decisions will be subject to 'referendum limits' and may be impacted by decisions taken on the level of district Council tax.
- 11.5 It has now been confirmed the overall referendum limit for the Council in 2021/22 be either 2% or +£5, which means +£5 applies as the higher limit. This would mean the maximum district and town increase would be just over 3%. The maximum increase for the town or district are interrelated, for example if the district increased by a lower percentage then the town could increase by a higher percentage and still remain within the overall referendum limit.
- 11.6 The potential additional annual income generated by increasing the Town Precept is shown in the table below. The financial projections in Appendix A assume a 3% increase.

### Effect of increasing the Town Precept 2021/22

| %<br>Precept<br>Increase | Additional<br>Income<br>£000 | Precept |
|--------------------------|------------------------------|---------|
| 0%                       |                              | £71.27  |
| 1%                       | 10                           | £71.98  |
| 2%                       | 21                           | £72.70  |
| 3%                       | 31                           | £73.41  |
| 4%                       | 41                           | £74.12  |
| 5%                       | 52                           | £74.83  |

- 11.7 The forecasts are calculated using the approved council tax base for 2021/22 of 14,461.12 properties (up from 14,126.22 in 2020/21). This represents an increase of 2.4% which is double the MTFS forecast of 1.2% per annum.

### Budget Review 2021/22

#### Review Update

- 11.8 The community grants budget is to remain at £60k per annum but its use and purpose is under review. It is proposed to broaden the use of the budget to Community Grants and Vision Delivery pending the final outcome of this review.
- 11.9 An update on North Walls and KGV Pavilions is given in WTF295:
- I. The North Walls Pavilion budget remains at £800k with the total town contribution remaining at £595k (£295k from town CIL, £256k from open spaces sport and £44k from the town earmarked reserve).
  - II. A budget of £1.4m is proposed for KGV Pavilions with the town contributing £478k (£228k from open spaces sport funding and £250k from town CIL).

### **Community Infrastructure Levy (CIL)**

- 11.10 The total billed neighbourhood CIL (Town) contributions stood at £1.01m at the end of December 2020. The following is a list of expenditure approvals and proposals:
- I. £50k was approved in principle towards a new scout facility at Abbots Barton and Hyde (6<sup>th</sup> Winchester) Scout Group. The total project was estimated at around £600k and it is believed this target is still to be met so a review will take place to understand if this project remains viable.
  - II. This paper proposes an initial £10k allocation for Highcliffe Community Forum for Action, with a further £26,412 subject to the feasibility results from the first phase.
  - III. £295k has been allocated towards the North Walls Pavilion replacement.
  - IV. WTF295 proposes a £250k allocation towards a new KGV Pavilion.
- 11.11 Highcliffe Community Forum for Action have made a bid for funding of £36,412, from Winchester Town Forum CIL to investigate and implement a scheme to create a living street environment, which will introduce traffic calming and prioritise walking and cycling on Milland Road, Highcliffe. The process will be undertaken as a collaborative community engagement exercise, which will be managed by Sustrans, an organisation that has experience in delivering community led street improvement projects. There are several phases to delivery of the scheme proposed, and the informal accounts group are keen to support the project, but are mindful that the County Council, as highway authority need to agree any scheme proposed and that the residents also need to be supportive. It is recommended that an initial £10,000 be allocated from WTF CIL to fund the first phase of the project, which will allow engagement with the County Council and residents of Milland Road in order to allow a scheme to be designed.

## **Capital and one-off Revenue Expenditure**

11.12 The following capital expenditure budgets are included within the councils capital programme:

- I. Changing Pavilions North Walls - total project budget of £800k with £595k funded by the town. This is broken down as £295k funded by CIL, £256k funded by S106 receipts and £44k from the town reserve.
- II. Changing Pavilions King George V – total budget proposed of £1.4m with £478k proposed to be funded by the town.
- III. Play Area Refurbishments - £710k from 2020/21 to 2024/25. A baseline projection of £150k per annum has been included in Appendix A from 2025/26 onwards.

11.13 The following one-off expenditure projects are currently within the councils revenue budgets:

- I. St Maurice's Covert - £6k
- II. Community Infrastructure - £200k (funded by CIL)
- III. Local Plan - £25k
- IV. Tree Survey Works - £62k

## **Reserves**

11.14 The opening reserve balance for 2020/21 was £387k. Despite the significant one-off capital and revenue expenditure requirements the strategy target of 10% is forecast to be met. There are potential further pressures depending on decisions made in relation to the pavilion replacement projects highlighted in the report.

## **12 OTHER OPTIONS CONSIDERED AND REJECTED**

12.1 A variety of budget proposals are included in this paper for consideration.

### **BACKGROUND DOCUMENTS:-**

### **Previous Committee Reports:-**

[Winchester Town Account Medium Term Financial Position – WTF290 – November 2020](#)

[Winchester Town Account Financial Planning – WTF289 – September 2020](#)

Other Background Documents:-

None

APPENDICES:

Appendix A: Financial Projections to 2026/27