

REPORT TITLE: WINCHESTER TOWN ACCOUNT MEDIUM TERM FINANCIAL POSITION

10 NOVEMBER 2021

REPORT OF FINANCE MANAGER (STRATEGIC FINANCE)

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WARD(S): WINCHESTER TOWN

PURPOSE

To provide an update on the current budget setting options and considerations for the four year medium term period from 2022/23 to 2025/26. This planning will enable the Town Forum to recommend a budget and precept for 2022/23 to Cabinet in January 2022.

RECOMMENDATIONS:

That the Town Forum;

1. Identify any budget issues to consider further in advance of recommending a Town Account Budget to Cabinet in January.
2. Consider any feedback to Cabinet in relation to the wider budget consultation.

## 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 Plan and maintain a balanced budget.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None identified

### 4 WORKFORCE IMPLICATIONS

- 4.1 None directly resulting from this paper

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 This paper reflects the budgets and funding associated with town assets such as play areas and sports facilities.

### 6 CONSULTATION AND COMMUNICATION

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

### 7 ENVIRONMENTAL CONSIDERATIONS

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

### 8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None

### 9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None

### 10 RISK MANAGEMENT

- 10.1 The main source of funding for baseline recurring expenditure is the town precept. As a stable source of funding overall financial risk is therefore relatively low but consideration must be taken of the requirement for the town

to keep within government referendum limits (a restriction not currently applicable to parish councils).

- 10.2 In recent years one-off expenditure (capital or revenue) has been funded up-front from the town reserve or external funding. This reduces risk by lowering the baseline revenue budget requirement.

<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.  Innovative funding streams.  Transformational efficiency savings.</i>
<i>Council's service priorities are not reflected in the budget.</i>	<i>The budget planning process, including the process 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>

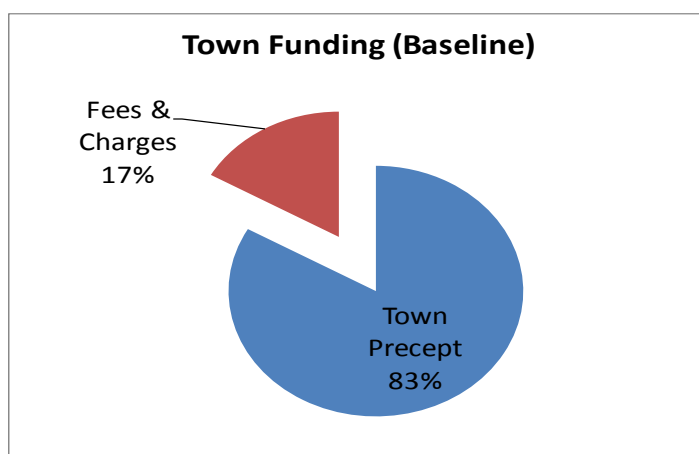
## 11 SUPPORTING INFORMATION:

### **Background**

- 11.1 WTF301 Winchester Town Account Financial Planning 2022/23 introduced the budget setting process, the key principles, and updated medium term financial projections to 2026/27.
- 11.2 The Winchester Town Forum (Informal Account) Group met in October 2021 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 precept for 2021/22 was set at £73.41 (per band D property). The decision on the level of council tax for 2022/23 will be taken at Council in February.
- 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 is currently anticipated that the overall referendum limit for the Council in 2022/23 will remain at either 3% or £5, as was set for 2021/22. This would mean the maximum district and town increase would be just under 3% (with the maximum increase for the town or district interrelated with each other, 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 graph below shows the current funding split of baseline town expenditure:



- 11.7 The potential additional annual income generated by increasing the Town Precept is shown in the table below. The financial projections in Appendix A do not currently assume any increase.

### Effect of increasing the Town Precept 2022/23

% Precept Increase	Additional Income £000	Precept
0%		£73.41
1%	10,683	£74.14
2%	21,513	£74.88
3%	32,196	£75.61
4%	43,026	£76.35
5%	53,709	£77.08

- 11.8 The forecasts are currently calculated using an average increase in properties of 1.2% per annum. The final budget will be updated when the forecast Council Tax Base is approved in December. The effect of increases to the base on income are illustrated below:

	0.4%	0.8%	1.2%	1.6%	2.0%
Increase in Properties	57	113	170	226	283
Increase in Council Tax (£000)	4	8	12	17	21

### **Budget Review 2022/23**

- 11.9 The Vision for Winchester 2030 (update per WTF300) details an ambitious plan to help shape the future of the city over the next ten years. Whilst not all elements of the plan will require a financial contribution, it is clear that resources will be required over the medium term.
- 11.10 The town is committed to the development of high quality sports provision, with two major sports pavilion projects planned at North Walls and KGV. Both of these projects are likely to require both capital and ongoing revenue resources. The financial projections will be updated as soon as these details are known and approved.
- 11.11 A growth bid of £20k per annum has been included in the financial projections shown in Appendix A. This growth bid has been included after discussion with the town account informal group and is intended to provide an initial budget to facilitate any initial elements of the Vision for Winchester and also enable baseline improvements to the maintenance of open space facilities within the town.
- 11.12 Fees and Charges – in line with the overall review of fees and charges due for approval at November Cabinet, the fees for both Cemeteries and Sports Pitches / Open Spaces are proposed to increase by 3% for 2022/23 which is slightly below current inflation.

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

- 11.13 The Neighbourhood CIL (Town) receivable balance stood at £1.078m as at April 2021. Commitments include £0.295m towards North Walls Pavilion; £0.050m towards a proposal from Abbots Barton Scouts; £0.073m in total towards Weeke community centre; and a £0.010m Milland road bid.

- The principles for spending the Winchester Town Forum's share of CIL were approved in November 2016 (see WTF245), in order to provide for the community led improvement of the environment and infrastructure in the Winchester Town.
- A budget of £100k has been set for 2021/22 in order to progress the awarding and payment of CIL contributions to agreed projects.
- Increasing CIL receipts over the last couple of years will enable the town forum to allocate funding to a range of smaller and larger projects over the next few years, in order to mitigate the impact of recent development.
- Planning is underway to understand the facilities required at North Walls after the closure of River Park Leisure Centre. Additional infrastructure plans will be considered for CIL funding allocations.

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

- 11.14 Capital expenditure is either funded directly from the Town Account Earmarked Reserve, external funding such as CIL, or through the General Fund and repaid over the life of the asset (along with interest).
- 11.15 In January 2017 (WTF250) the Town Forum approved a strategy to fund the long term requirements of the play area refurbishment up until the end of 2024/25, from the Town Account Earmarked Reserve. Play area refurbishments in the town make up the largest proportion of town capital expenditure as shown in 11.15 below.
- 11.16 The following budgets are currently included within the capital programme:
- i. Changing Pavilion North Walls - £800k total budget (£732k remaining revised budget 2021/22) funded by CIL of £295k, S106 Open Space funding of £256k, £205k external funding and Winchester Town Reserve of £44k.
  - ii. King George V Pavilions - £228k of S106 Open Space funding has been earmarked towards this project.
  - iii. Play Area Refurbishments - £830k from 2021/22 to 2025/26. A baseline projection of £150k per annum has been included in Appendix A from 2026/27 onwards.

### **Reserves**

- 11.17 The Winchester Town Account earmarked reserve is available to support planned one-off expenditure over the medium term as well as a contingency balance of 10% of the total annual net expenditure which is set aside to deal with any urgent / unexpected requirements.

11.18 The capital budget forecasts listed in 11.18 above, particularly the significant programme of play area refurbishments are planned to be funded from the Town reserve. It is therefore important that the long term planning ensures funding is in place to support these projects.

11.19 It should be noted that the forecast reserve balance shown in Appendix A does fluctuate on a year-by-year basis and is currently forecast to fall below 10% at the end of 2024/25.

## 12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None, this paper sets out the current financial position

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

Winchester Town Account Financial Planning – WTF301 – September 2021

Town Account Budget for 2021/22 – WTF292 – January 2021

#### Other Background Documents:-

None

### APPENDICES:

Appendix A: Medium Term Financial Projections