

REPORT TITLE: WINCHESTER TOWN ACCOUNT BUDGET FOR 2022/23 (TO BE RECOMMENDED TO CABINET)

27 JANUARY 2022

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 2021/22 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 2022/23.

RECOMMENDATIONS:

That the Town Forum;

1. Considers the draft budget for 2022/23 and the indicative projections for the strategy period;
2. Agrees a baseline revenue budget growth of £50k 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;
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 2022/23.

## 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 None directly resulting from this paper.

### 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.  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 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.  Improving the standard of sports facilities available within the town area.</i>

11 SUPPORTING INFORMATION:**Background**

- 11.1 A previous report, ref. WTF304 Winchester Town Account Financial Planning 2021/22 introduced the budget setting process for 2022/23, 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 2021/22 of £73.41 (per band D property), which was approved at Council in February 2021. The decision on the level of council tax for 2022/23 will be taken at Council in February 2022.
- 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 2022/23 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 under 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 council tax base for 2022/23 was confirmed in December and has actually resulted in a reduction in the tax base for the town area from 14,461 to 14,387, compared to a forecast increase to 14,635. This means an overall precept reduction of c£18k per annum compared to previous forecasts. The council tax base is estimated for the year ahead so the reduction has been caused by lower than expected development in 2021/22 and a low estimate of further development in 2022/23.
- 11.7 The reduction in council tax base has placed additional pressure on the 2022/23 town precept. Potential additional annual income generated by increasing the Town Precept is shown in the table below. The financial projections in Appendix A assume a 4.5% increase.

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

% Precept Increase	Additional Income £	Precept
0%		£73.41
1%	10,502	£74.14
2%	21,149	£74.88
3%	31,651	£75.61
4.5%	47,477	£76.71
6%	63,303	£77.81

### Budget Review 2022/23

Review Update

- 1.1 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.
- 1.2 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.
- 1.3 A growth bid of £50k 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. The vision for Winchester update identified a number of key areas such as open spaces and play areas. The five areas from phase one are listed below and whilst not all actions will have a direct impact on town budgets, it is important to have identified a budget which can support plans in order to move forward with improvements in a timely manner.
  - a) Home - Looking at housing, the town centre, and neighbourhoods.
  - b) Culture - Addressing what culture means to Winchester
  - c) Ecology - The rich relationship between landscape, history, historic buildings people and stories
  - d) Movement - Actively getting around Winchester
  - e) Lifetimes - Looking at what it means to live in the city
- 1.4 Report WTF305 identifies expenditure requirements at North Walls recreation ground. Based on the recommendations an additional revenue budget of up to £9,000 per annum will be required to resurface the tennis courts, and is reflected in Appendix A.

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

- 11.8 The Neighbourhood CIL (Town) receivable balance stood at £1.180m as at January 2022. Commitments include £0.295m towards North Walls Pavilion; £0.050m towards a proposal from Abbotts Barton Scouts; £0.073m in total towards Weeke community centre; and a £0.010m Milland road bid.
  - A further bid of £0.099m of funding has been received in relation to enhancements to the fencing and floodlighting improvement at North Walls (WTF305 refers).
  - 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 2022/23 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.

11.9 Planning is underway to understand the facilities required at North Walls following the closure of River Park Leisure Centre. Additional infrastructure plans will be considered for CIL funding allocations.

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

11.10 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).

11.11 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.

11.12 The following capital requirements are either within the capital programme or due for consideration:

- i. Changing Pavilion North Walls - £800k total budget (£732k remaining) 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.
- iv. WTF305 requests approval for a total budget of £249k for resurfacing, lighting and fencing improvements at North Walls recreation ground.

### **Reserves**

11.13 The opening reserve balance for 2021/22 was £404k. Despite the significant one-off capital and revenue expenditure requirements the strategy target of 10% is forecast to be met up until 2024/25 based on the estimates contained within this report.

- 11.14 The town is only able to build up its reserve balances through long term planning and heavily relies on using the town precept. Urgent requirements, such as resurfacing the tennis courts, do arise and at current reserve levels there is limited capacity to fund these requirements from the reserve.
- 11.15 Any financial requirements arising from strategies such as the Vision for Winchester 2030 will need early consideration in order to allow for the necessary financial planning to ensure reserve funding is available.

## 2 OTHER OPTIONS CONSIDERED AND REJECTED

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

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

Winchester Town Account Medium Term Financial Position – WTF304 – November 2021

Winchester Town Account Financial Planning – WTF301 – September 2021

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

#### Other Background Documents:-

None

### APPENDICES:

Appendix A: Financial Projections to 2026/27