

REPORT TITLE: WINCHESTER TOWN ACCOUNT MEDIUM TERM FINANCIAL POSITION (DRAFT BUDGET OPTIONS)

10 NOVEMBER 2025

REPORT OF CABINET MEMBER: Cllr Kelsie Learney, Cabinet Member for Climate and Nature Emergency

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WARD(S): TOWN WARDS

PURPOSE

To provide an update on the current budget setting options and considerations for the four-year medium-term period from 2026/27 to 2029/30. This planning will enable the Town Forum to recommend a budget and precept for 2026/27 to Cabinet in January 2026.

RECOMMENDATIONS:

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.
3. Approve additional revenue expenditure of £0.06m for emergency tree works in 2025/26, funded by the town reserve.
4. Approve the allocation of Town Community Infrastructure Levy contributions of £0.050m towards the extension of Chesil Theatre, subject to the meeting of conditions and release of grant by 31/03/2027.

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

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 PUBLIC SECTOR EQUALITY DUTY

- 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).

Risk	Mitigation	Opportunities
<i>Failure to set a balanced budget over the medium term.</i>	<i>Financial projections are shown up until 2029/30 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.</i> <i>Innovative funding streams.</i> <i>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>
<i>High levels of contractual inflation and the continuation of current precept referendum limits.</i>	<i>Medium term financial planning and sensitivity analysis highlighting the challenges posed by high inflation.</i>	<i>Transformational efficiency savings.</i>
<i>The re-tender of the grounds maintenance contract which expires in 2027.</i>	<i>Medium term financial projections include annual inflationary uplifts. There will be soft market testing and opportunity to review service levels.</i>	<i>Transformational efficiency savings.</i> <i>Ensuring best value is achieved from the contract.</i>

11 SUPPORTING INFORMATION:

Background

- 11.1 WTF340 Winchester Town Account Financial Planning 2026/27 introduced the budget setting process, the key principles, and updated medium term financial projections to 2029/30.
- 11.2 The Winchester Town Forum (Informal Account) Group met in October 2025 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 2025/26 was set at £90.08 (per band D property). The decision on the level of council tax for 2026/27 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 2026/27 will remain at up to 3% (as £5 is now below 3%). The maximum increase for the town or district are 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 potential additional annual income generated by increasing the Town Precept is shown in the table below. The financial projections in Appendix 1 currently assume a 3% increase.

Effect of increasing the Town Precept 2025/26

% Precept Increase	Additional Precept £	Precept	Additional Precept Forecast £
0%	0.00	£90.08	£0
1%	0.90	£90.98	£13,886
2%	1.80	£91.88	£27,772
3%	2.70	£92.78	£41,658
4%	3.60	£93.68	£55,544
5%	4.50	£94.58	£69,430
6%	5.40	£95.48	£83,316

- 11.7 The forecasts are currently calculated using an average increase in properties of 1.8% 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:

	0.6%	1.2%	1.8%	2.4%	3.0%
Increase in Properties	91	182	273	363	454
Increase in Council Tax (£000)	9	17	26	35	43

Budget Review 2026/27

- 11.8 A corporate governance review has commenced in order to determine whether to set up a Town Council from April 2027. The budget projections shown in Appendix 1 are based on the current town account which will remain in place for 2026/27 budget setting.
- 11.9 The town account was facing severe pressures on its finances when setting its budget for 2023/24. This was mainly due to expenditure pressures such as those caused by high inflation. Budget reviews that have taken place in recent years have achieved significant savings which have addressed the projected future shortfalls and enabled the target reserve balance to be increased to 15% of net expenditure.
- 11.10 In light of the improved financial position the following budget proposals have been considered by the informal town accounts group:
- a) **Grants and Vision Delivery** – to remove the stepped budget reduction from 2025/26 to 2026/27. This leaves the budget at £60k per annum, as it is for 2025/26, rather than previously proposed reduction to £50k per annum from 2026/27.
 - b) **Public Conveniences** – the existing £50k per annum budget was set more than 10 years ago and is intended to cover 50% of the running costs for town managed public conveniences. It is expected that these public conveniences will transition to 100% town funded, in line with consultations with Parishes. Increasing the budget to £100k per annum is considered to be a more accurate estimate of future costs.
 - c) **Tree Works** – the existing tree works budget of £47k has been reviewed based on works to the end of September and planned works to the end of the current financial year. It is estimated that a further £60k of budget is required in 2025/26 and that additional baseline budget of £30k per annum should be included in the medium-term forecast subject to further detailed work on forecast demand.
- 11.11 The annual review of fees and charges is currently underway and covers cemeteries and open spaces within the Winchester town account.
- 11.12 **Community Infrastructure Levy (CIL)** – the Neighbourhood CIL (Town) receivable balance stood at £0.827m as at April 2025. Commitments include £0.495m towards North Walls Pavilion; £0.008m towards the KGV Park Plan; and £0.050m towards Abbots Barton and Hyde Scouts Facility. This paper recommends a further £0.050m is allocated towards the extension of Chesil Theatre, subject to it meeting grant conditions and be awarded before 31/03/2027.

- 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.
- Based on historic receipts around £150k to £200k of town CIL is expected per annum. There are risks around relying on this funding as reductions in development in the town area or changes to the CIL scheme could significantly impact on future receipts. As such this future forecast is used for planning purposes but is not to be committed to schemes as certain funding.

11.13 The following central case assumptions have been used in the financial forecast shown in Appendix 1:

	2026/2027 Forecast	2027/2028 Forecast	2028/2029 Forecast	2029/2030 Forecast
Assumptions:				
Contract inflation	4%	3%	3%	3%
Percentage increase in tax	3%	3%	3%	3%
Tax Base	1.8%	1.8%	1.8%	1.8%

11.14 The sensitivity of the above assumptions is as follows:

- Contract Inflation is around £10k per 1%.
- A 1% precept increase generates additional funding of just under £14k per annum.
- A 1.8% tax base increase generates additional funding of c£26k per annum. Whilst 1.8% is a reasonable long-term forecast increase per annum; there can be significant year-on-year deviations to this average.

Capital Expenditure

11.15 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).

11.16 In January 2017 (WTF250) the Town Forum approved a strategy to fund the long-term requirements of the play area refurbishment from the Town Account Earmarked Reserve. Play area refurbishments in the town make up the largest proportion of town capital expenditure as shown below.

11.17 There is currently a total budget of £0.350m in the capital programme for play area refurbishments to the end of 2029/30.

Reserves

- 11.18 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 15% of the total annual net expenditure which is set aside to deal with any urgent / unexpected requirements.
- 11.19 The medium-term forecasts shown in Appendix 1 currently show the reserve balance dipping below 15% until the end of 2027/28. This reflects the ongoing financial pressures and will need to be considered when recommending the final budget and precept in January.
- 11.20 Currently the capital budget forecasts listed above, particularly the significant programme of play area refurbishments are planned to be funded from the Town reserve. It is therefore important that long term planning ensures funding is in place to support these projects.
- 11.21 It should be noted that the forecast reserve balance shown in Appendix 1 does fluctuate on a year-by-year basis and individual end of year balances are impacted by 'lumpy' one-off expenditure such as the play area refurbishments.

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 and Assumptions for 2025/26 to 2029/30 – WTF340 – September 2025

Town Account Budget for 2025/26 – WTF336 – January 2025

Other Background Documents:-

None

APPENDICES:

Appendix 1: Medium Term Financial Projections