

REPORT TITLE: TOWN ACCOUNT BUDGET FOR 2019/20

17 JANUARY 2019

REPORT OF FINANCE MANAGER (STRATEGIC FINANCE)

Contact Officer: Darren Kennedy Tel No: 01962 848464 Email  
dkennedy@winchester.gov.uk

WARD(S): ALL TOWN WARDS

PURPOSE

This report presents the current financial projections for the Town Account for the period 2018/19 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 2019/20.

RECOMMENDATIONS:

That the Town Forum:

1. considers the draft budget for 2019/20 and the indicative projections for the strategy period;
2. 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;
3. approves, in principle, CIL funds of up to £50,000 for road widening works at Weeke Community Centre;
4. approves the financial strategy, and
5. makes recommendations to Cabinet on the budget to be set for the Winchester Town area for 2019/20.

## IMPLICATIONS:

### 1 COUNCIL STRATEGY OUTCOME

- 1.1 The budget consultation process is carried out with consideration of the council strategy outcomes.

### 2 FINANCIAL IMPLICATIONS

- 2.1 As detailed in the report.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None

### 4 WORKFORCE IMPLICATIONS

- 4.1 None directly from this paper.

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The Town Account manages a number of the Council's assets including: cemeteries, bus shelters, footway lighting, bridges, and open spaces including play and sport equipment and changing pavilions.
- 5.2 The five year play refurbishment plan 2015 – 2020 (WTF237 refers) identifies the requirements to support the delivery of the Town play Outcomes up until 2020 and indicative requirements up until 2025.

### 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 required

10 RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Asset Management Plans (for example Play Areas / Sports Pavilions etc) are not kept up-to-date or are not funded</i>	<i>Regular updates to the asset management plans, and medium term financial forecasts in order for funding plans to be developed</i>	<i>Improvements to assets in order to meet the outcomes of the Council</i>
<i>Economic uncertainty leads to increased costs specifically from contractual inflation</i>	<i>The financial strategy sets a target earmarked reserve balance of 10% of net expenditure in order to meet unexpected costs</i>	
<i>Adverse weather causes damage to town assets including open spaces</i>	<i>Ensure the Council's insurance policy is kept fit for purpose</i>  <i>The Winchester Town earmarked reserve balance</i>	

11 SUPPORTING INFORMATION:

Introduction

- 11.1 The Government has now announced the provisional finance settlement for 2019/20. As expected there are not any significant implications for the town account which raises all of its funding locally through the town precept and fees and charges. The council tax referendum rules were as expected and are detailed in 11.9 below.
- 11.2 The final Budget proposals for Winchester City Council will be considered by the Cabinet on 13 February 2019. The Forum is reminded that the Winchester Town budget is set by the Council and therefore any recommendations from the Forum are subject to approval by Cabinet and full Council in February 2019.
- 11.3 This report presents the current financial projections for the Town Account and financial sensitivities, in order that recommendations can be made to the Cabinet on the budget to be set for the Winchester Town area for 2019/20.
- 11.4 The work undertaken by the Informal Budget Review Group is reflected in this report.

## Projections

- 11.5 In order that the Winchester Town Forum can consider specifically the implications for the Winchester Town Area, updated projections for the financial strategy period are included at Appendix 1, together with the key assumptions and sensitivity analysis.
- 11.6 The following assumptions have been used in the financial forecast shown in Appendix 1:
- An annual inflation allowance of 2.5% per annum for contractual inflation in 2019/20, and 2% thereafter. A 5% per annum allowance for utility costs.
  - Interest receivable on Winchester Town average earmarked reserve balances of 1%.
  - Income – Sports hire and cemetery fees and charges are forecast to increase by inflation at 2.4%. This will generate additional income of c£4k per annum.
  - The Council Tax Base is uplifted each year, from 2020/21, by an average of 1.2% per annum (which equates to 168 properties in 2020/21, generating an additional c£12k of income).
  - The Town precept increases by 3% in 2019/20.

## Taxation

- 11.7 The final Council Tax Base for the Winchester Town area is now reflected in the estimates at 13,980.82 for 2019/20 (an increase of 169.08 / 1.2% properties on 2018/19 and equating to an additional c£12k of income).
- 11.8 The current Winchester Town Precept is £67.17 (per band D equivalent). A 3% increase will increase this by £2.02 to £69.19, generating approximately £28k of additional income per annum.
- 11.9 If the town and district taxes were both to increase by the maximum allowed for 2019/20 (under the £5 referendum limit), this would equate to just over 3%. If the district tax is not increased then the maximum town increase would be over 20%.
- 11.10 The proposed 3% increase and budget estimates are forecast to result in a 2019/20 closing earmarked reserve balance of £131k, which is in line with the financial strategy target of £91k (10% of net baseline revenue expenditure).

## Grants

- 11.11 Further planned progression of the grant review programme has highlighted that expected grant applications for the priority fund are unlikely to be considered as town account special expenses.
- 11.12 The budget of £60k per annum was previously forecast to roll forward as a maximum town grant budget. It is now recommended that a maximum budget

of £27k per annum be made available towards the Citizens Advice Bureau and small grants programme, a reduction of £33k compared to the existing budget.

- 11.13 It is anticipated that the new crowd funding process could more readily identify specific projects, rather than services, that the town may wish to support. The town forum could decide to recommend a maximum budget towards this process and projects would only be allocated to the town if they met the special expenses requirements.

#### Capital and one-off revenue expenditure

- 11.14 The following one-off budgets are contained within revenue and the capital programme:
- i. Handlebar Café – £25k in 2018/19
  - ii. Chesil Theatre Grant – £30k in 2019/20
  - iii. Changing Pavilions North Walls – £44k in 2019/20 (£256k funded by S106 receipts, giving a total budget of £300k)
  - iv. Town reserve funded play area refurbishments – £789k to 2022/23
  - v. Community Infrastructure Levy - £100k in 2018/19 and £50k in 2019/20
  - vi. St Maurice's Covert - £22k in 2018/19 and £22k in 2019/20
- 11.15 Report WTF265 Annual Update on Play Area Improvements identified an additional requirement of £200k in 2020/21 for KGV play area and skate park works. These works are currently unfunded but a review of all play area improvements and timings will take place in 2019 with the aim of identifying funding for this scheme. This could be achieved either through re-profiling the timings of the programme or through the identification of additional funding.

#### Medium Term Financial Strategy Planning

- 11.16 Play area refurbishments – report WTF265 confirmed that an annual report will be produced from 2019/20 with a rolling five year works programme. This will ensure that the town can plan ahead sufficiently to ensure that resources are identified in order to fund the programme over the medium term.
- 11.17 Town precept – the medium term financial projections shown in Appendix A include estimated annual inflationary increases to the town precept in order to fund the medium term budget requirements and keep within the strategic target of a minimum reserve balance of at least 10% of net baseline expenditure.
- 11.18 The budget projections are based on inflationary increases in fees and charges as highlighted in 11.6 above. A strategic review of cemetery and open spaces fees & charges due to take place in 2019 which will include benchmarking with other local authorities and a full review of usage and

existing charges to ensure that charges are fair and consistent and with consideration to the current net cost of these services.

11.19 Based on current budget planning and the assumptions in 11.6 above the Winchester town earmarked reserve is forecast to achieve its target 10% balance over the medium term, as described in 11.14 above.

11.20 Special expenses are explained and detailed in appendix B.

## 12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None other than detailed in the report.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

Medium Term Financial Planning – CAB3103 – December 2018

Winchester Town Account Medium Term Financial Position - WTF266 - November 2018

#### Other Background Documents:-

None

### APPENDICES:

Appendix A: Medium Term Financial Projections to 2026/27

Appendix B: Winchester Town Account Special Expenses

Appendix C: Community Infrastructure Levy bid updates