

REPORT TITLE: BUDGET REVIEW UPDATES 2023/24

15 JUNE 2023

REPORT OF FINANCE MANAGER

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WARD(S): ALL

PURPOSE

This report presents a summary of the medium-term financial projections published in January 2023 and confirms the budget review areas and timetable for 2023/24.

The town forum is committed to closing the cumulative shortfall of £282k by the end of 2025/26 in order to maintain a 10% of net expenditure reserve balance required by the medium-term financial strategy.

The purpose of this report is to provide an update for town forum members with a progress update.

RECOMMENDATIONS:

To note the following:

1. The medium-term financial projections from 2023/24 to 2026/27 shown in Appendix 1;
2. The budget review area target timetable for 2023/24
3. The budget timetable for 2024/25

## 1 COUNCIL PLAN OUTCOME

- 1.1 The responsibilities of the Town Forum are delivered within wider goals of the Council Plan. The Town Forum focuses on the themes in the plan by delivering targeted services.

## 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. This report follows report WTF314 section 11.8 where the forum members were advised of the need for the review of the services included in this paper.

## 3 LEGAL AND PROCUREMENT IMPLICATIONS

This is an update report and as such there are no identified legal or procurement implications.

## 4 WORKFORCE IMPLICATIONS

The people who have been asked to carry out these reviews are doing so under the councils wider piece of work to meet the budget gap. No additional resources have been identified at this stage of scoping the work except for the grants review programme which has a district budget allocated as part of the wider district review of the grants programme.

## 5 PROPERTY AND ASSET IMPLICATIONS

Where any projects have an impact on property or assets the impact will be identified and presented to the Forum in the next set of reports at project level. Please see the table in section 11.7 for the dates we expect to see the reports come to the Forum.

## 6 CONSULTATION AND COMMUNICATION

We are currently in the scoping phase of these projects. Each project will have a consultation and communication plan where appropriate.

## 7 ENVIRONMENTAL CONSIDERATIONS

We are currently in the scoping phase of these projects. Each project will have a section on Environmental considerations in its individual report.

## 8 EQUALITY IMPACT ASSESSEMENT

- 8.1 This report reports on a number of review areas in 11.7 below. In particular, it is understood that changes in the play area or grants programmes may have an impact and therefore equality impact assessments will form part of those reviews and any subsequent decisions.

8.2 The recent census data showed an increase in children under 15 within the district, albeit a much lower percentage increase than the overall population increase (4.8% vs 9.4%). Knowing that playgrounds are important for families, consideration will be given to this changing demographic when decisions are made around this service.

## 9 DATA PROTECTION IMPACT ASSESSMENT

9.1 No personal data was used in the preparation of this budget paper.

## 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).

<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>
<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>

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## 11 SUPPORTING INFORMATION:

- 11.1 WTF314, presented to January 2023 Town Forum, identified significant budget shortfalls over the medium-term projection period from 2023/24 to 2026/27.
- 11.2 Recognising the need to address the future forecasts deficits, the town forum identified four key budget review areas. These budget reviews are planned to take place during 2023/24, with budget options papers coming back to the town forum during this time.
- 11.3 The outturn position for 2022/23 has not yet been finalised but it is anticipated to be fairly closely aligned to forecast aside from some changes to the budget profiling of one-off capital projects.
- 11.4 Contractual inflation is being closely monitored due to the significant impact on the medium-term financial projections. Inflation has remained stubbornly high over the last few months but is still expected to reduce to some extent by the end of 2023. The medium-term financial projection assumptions used in WTF314 currently remain as the best available at this time.
- 11.5 Appendix 1 shows the latest forecast deficits to 2026/27. Prior to any further updates this shows that cumulative net savings totalling £282k are required to be made by the end of 2025/26. This will ensure the financial strategy reserve target of 10% of net expenditure is maintained.

### **Budget Timetable 2024/25**

- 11.6 The budget timetable for 2024/25 is planned to follow the same timescales as in recent years. The budget review areas below indicate where separate options papers are planned to be taken to the town forum.
- i. September 2023 – Initial draft Medium Term Financial Projections and assumptions for 2023/24 to 2027/28
  - ii. November 2023 – Draft budget options
  - iii. January 2024 – Final budget recommended to Cabinet

### **Budget Review**

#### Review Update

- 11.7 The four key budget review areas agreed for 2023/24 are summarised below:
- (i) Play Refurbishment Programme – maintenance of good quality play areas is a high priority for the town forum. However, it is recognised that a review

of the current refurbishment programme is required in order to fully understand the options for delivering a good quality programme. The review will focus on ensuring the right mix of facilities are available and also give a detailed refresh on how this can be delivered. The long-term play refurbishment programme, reflected in the capital programme, shows indicative figures with assumptions on life of equipment and largely assuming the current status quo is maintained. One example could be that not all equipment in a play area needs replacing but instead a mix of replacement and refurbishment which would deliver both the play strategy aims, a reduced cost, and the potential environmental benefits of not replacing equipment which remains in good order.

- (ii) Open Spaces and Grounds Maintenance – it has long been recognised that this total budget accounts for almost 70% of the entire town budget. A detailed review is underway in order to fully understand these detailed costs, the drivers, and what options may exist in order to deliver cost reductions.
- (iii) Cemeteries – reducing income caused by reduced burials and increasing grounds maintenance expenditure has led to an increased net cost of delivering a service which aims to fully cost recover. Interim proposals to increase fees by 10% for 2023/24 are expected to deliver around £10k of additional income. A more detailed review is requested in order to give in-depth analyses of the current fee structure but also whether there are options for delivering this service in a different way.
- (iv) Grants – the grants budget is a significant area of ‘discretionary’ spend. Whilst the importance of supporting the voluntary sector is recognised, reviewing discretionary budgets is unavoidable given the current financial situation. With this in mind baseline reductions to the total baseline grants budget (£80k in 2022/23) are proposed in Appendix 1. The reductions are £10k in 2024/25 increasing to £20k in 2025/26 and £30k in 2026/27 (so leaving a new baseline grants budget of £50k). These are target reductions and so a detailed plan of how these can be achieved needs to come back to the town forum. The evidence to support the options for how the grant programme can change, and to inform decisions on reductions, will emerge from the TC25 review of the district wide grants programme being undertaken during 2023/24. The Town Forum grants complement the district wide programme and are based on similar criteria policy and evaluation process, so it is proposed that TC25 review also considered the Town Forum grants in order to inform where investment in grant funding can make maximum impact.

Project	Detail	owner	Next steps June 23 – Jan 24
Play Area Refurbishment Programme	<ul style="list-style-type: none"> <li>• Update the forecast programme spend to current prices</li> </ul>	Susan Robbins / Steve	1) Draft considerations to the informal accounts group in

Project	Detail	owner	Next steps June 23 – Jan 24
	<ul style="list-style-type: none"> <li>• Detailed condition reviews and life estimates of all equipment planned for replacement</li> <li>• Review of suitability of locations within the programme</li> </ul>	Lincoln	<p>August</p> <p>2) Prepare an initial draft options paper to September Town Forum</p> <p>3) Final proposals to November Town Forum</p>
Open Spaces and Grounds Maintenance – IDV contract	<ul style="list-style-type: none"> <li>• A detailed review of open Spaces and grounds maintenance is underway in order to fully understand these detailed costs, the drivers, and what options may exist in order to deliver cost reductions. This includes open spaces parks, cemeteries and sports pitches.</li> </ul>	Andy Hickman / Campbell Williams	<p>1) Draft considerations to the informal accounts group in August</p> <p>2) Prepare an initial draft options paper to September Town Forum</p> <p>3) Final proposals to November Town Forum</p>
Cemeteries	<ul style="list-style-type: none"> <li>• Full review of all fees and charges both to those within and outside the town boundary</li> <li>• Review current expenditure to determine whether there are any options to reduce expenditure. To note this is also linked to the Grounds Maintenance / IDV review above</li> <li>• Determine whether there are any options for more fundamental changes to the cemetery service which would come forward for consideration in due course</li> </ul>	Sharon Evans	<p>1) Draft considerations to the informal accounts group by October</p> <p>2) Prepare an initial draft options paper to November Town Forum</p> <p>3) Final proposals to January Town Forum</p>
Grants funding	<ul style="list-style-type: none"> <li>• Options for £10k saving</li> </ul>	Cllr	1) Criteria proposals to

Project	Detail	owner	Next steps June 23 – Jan 24
	<p>in 24/25 to be provided for the Autumn Town Forum budget papers</p> <ul style="list-style-type: none"> <li>• Delivered via the TC25 review of the district wide grants programme <ul style="list-style-type: none"> <li>○ Detailed cost benefit analysis of the grants currently awarded</li> <li>○ Appraisal of options for future delivery and funding</li> <li>○ Engagement and transition plans to communicate outcome to grant recipients</li> </ul> </li> </ul>	Learney and Susan Robbins	<p>be set for grants for 24/25. Paper to November Town Forum</p> <p>2) TC25 review of district grants programme completed in January 2024.</p> <p>3) Criteria proposals to be set for grants for 25/26 and beyond. Paper to Town Forum later in 2025.</p>

## 12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 Option 1 – do nothing. This would not resolve the budget gap and would contradict the direction of travel agreed in the budget report WTF314.
- 12.2 Option 2 – chose other projects. While additional projects could be sought these have been chosen for the reasons as laid out in the report WTF314.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

Winchester Town Account Budget for 2023/24 – WTF314 – January 2023

#### Other Background Documents:-

None

### APPENDICES:

Appendix 1: WTF314 Medium Term Financial Projections