

Summary of budget proposals for 2021-2022

Introduction

The council has to produce a budget each year setting out how it proposes to fund the services it provides or supports. We have a number of key priorities including:

- Declaring a Climate Emergency (council operations to be net carbon neutral by 2024, and to be a net carbon neutral district by 2030)
- Ensuring a vibrant local economy
- Providing Homes for all (building over 1000 Council homes by 2030)
- Supporting communities to “live well”
- Delivering high quality services

The General Fund revenue budget totals £30m. In addition to income from Council Tax, Business Rates and the Government grant, the budget relies on over £14m income from charges for services (£8m parking charges, £2m planning fees, £1m property rents, £1m garden waste, £2m others).

Whilst the council set a fully funded budget in February 2020, the impact of COVID-19 has resulted in additional unforeseen costs as well as significant reductions in income.

As a direct result of these impacts and the pressures on the local economy, the council is forecasting a shortfall on next year’s budget of £3.7m and urgent action is being taken to address this.

The council has taken immediate action to address this, including:

- Reducing staff numbers by 28 posts saving over £1m
- Implementing a number of operational efficiencies

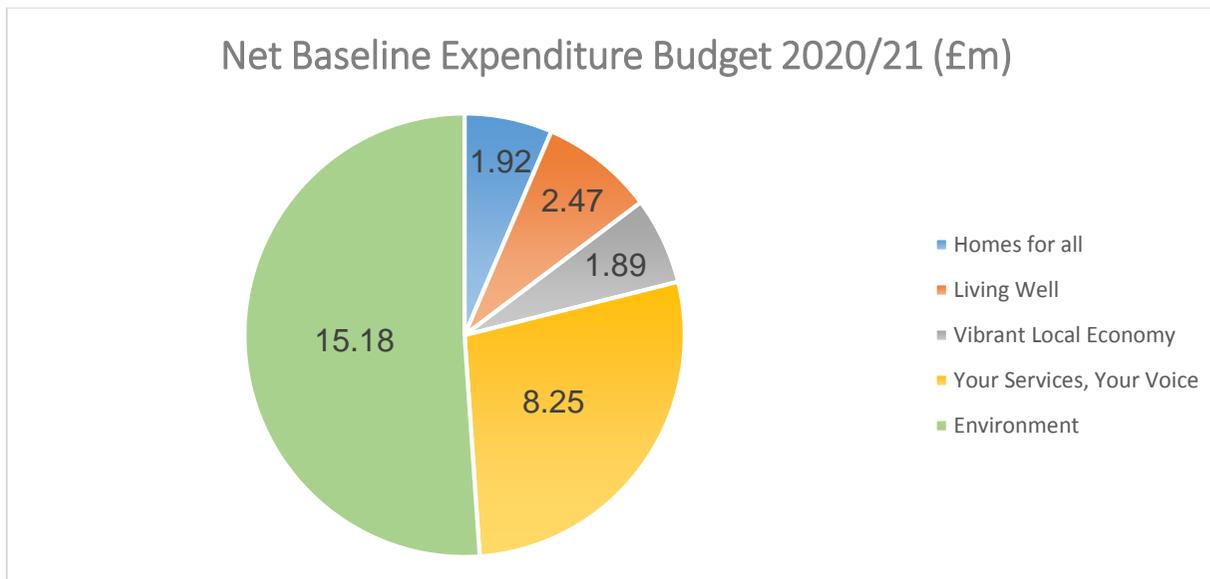
We are also considering additional proposals for achieving a balanced budget and will make final decisions in February 2021.

We would welcome your views on these proposals and encourage all residents to provide feedback through the button below. We have kept questions short and to the point and do hope you can spare 5 minutes to give us your views.

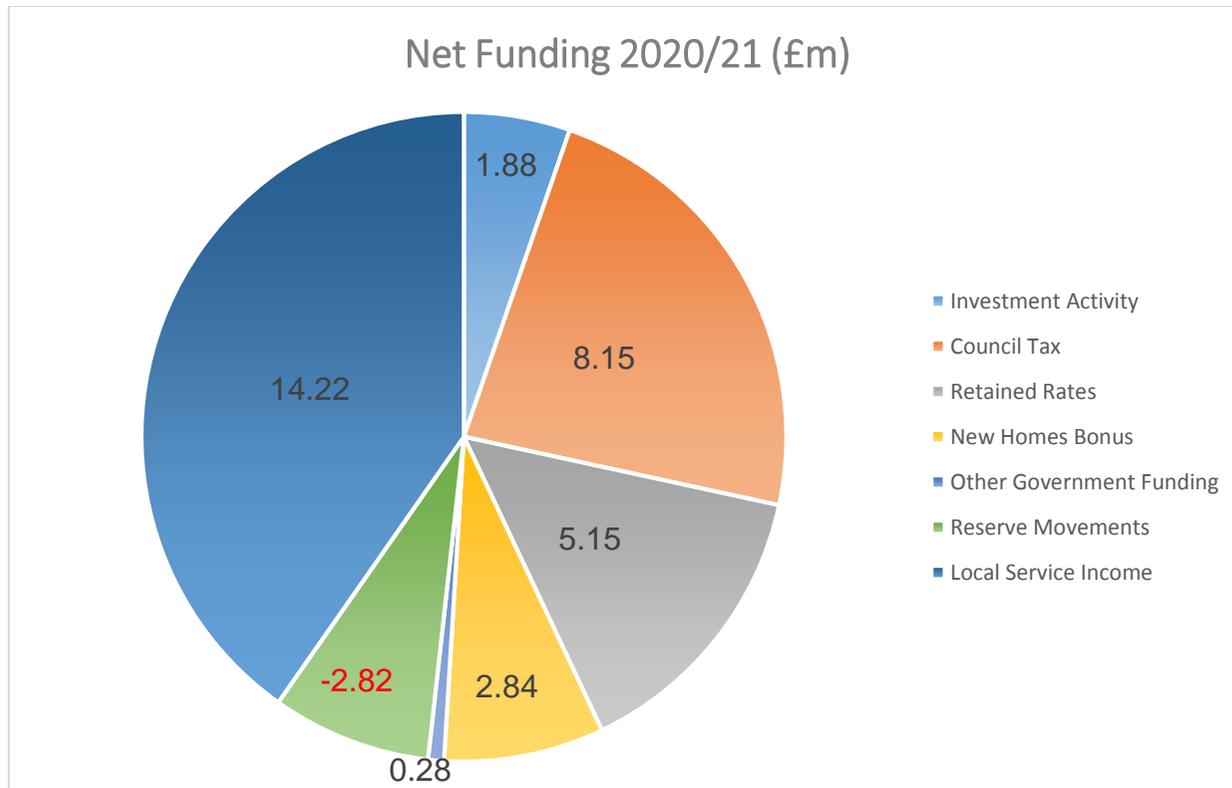
An overview of funding and the cost of council services

- Services are funded through a mixture of central government funding (including retained business rates), investment income (returns from cash balances and investment properties), fees and charges (such as car parking fees) and council tax.
- Local government is moving towards self-financing so there is an increased reliance on generating income locally.

The graph below shows a breakdown of the 2020/21 General Fund Revenue budgets:



The graph below shows a breakdown of how expenditure is funded:



The budget challenge

- After a long period of austerity, government funding is expected to reduce by a further £5.2m per annum (73%) from 2020/21 to 2025/26.
- The effects of COVID-19 have had a significant impact on council finances in 2020/21, particularly due to large falls in income such as car parking fees. Continued reductions in income are also expected over the medium term.
- Government plans to review the local government funding system have been delayed by a further year until April 2022, with just a one year settlement due to be announced for 2021/22. This creates large uncertainty when planning a budget strategy over for the next few years.

- Reserves can be used to mitigate risks and to fund one-off shortfalls but they can only be used once so are not a long-term solution to budget shortfalls.
- A budget deficit of £3.7m is forecast for 2021/22.

As well as maintaining core services we are also putting one-off resources into capital projects in order to enhance existing services and support the Council Plan. We are using the Major Investment Reserve as funding towards projects such as the new leisure centre and Central Winchester Regeneration. There is also an ongoing annual cost of borrowing for some capital projects. The overall impact of capital projects on the council's revenue budgets is spread over the life of each asset.