



Meeting The Overview and Scrutiny Committee

Date and Time Monday, 9th July, 2018 at 6.30 pm*

*** Please note there will be a presentation on the Council's Air Quality Action Plan held between 5pm to 6pm in the Walton Suite. This presentation briefing will also be open to the public to attend.**

Venue Walton Suite, Guildhall, Winchester

AGENDA

PROCEDURAL ITEMS

1. **Apologies and Deputy Members**

To note the names of apologies given and Deputy Members who are attending the meeting in place of appointed Members.

2. **Disclosures of Interests**

To receive any disclosure of interests from Members and Officers in matters to be discussed.

Note: Councillors are reminded of their obligations to declare disclosable pecuniary interests, personal and/or prejudicial interests in accordance with legislation and the Council's Code of Conduct.

If you require advice, please contact the appropriate Democratic Services Officer, prior to the meeting.

3. **Chairman's Announcements**

4. **Membership of Sub-Committees and Informal Groups etc**

5. **Minutes**

Minutes of the previous meetings held on 21 May 2018 and 4 June 2018 (to follow)



6. **To note the Scrutiny Work Programme and the August 2018 Forward Plan and comment on any items for future consideration.** (Pages 5 - 12)

7. **For information only (reports CAB3055(SA) and CAB3049 below (to follow))**

To note that the following reports are due for consideration by Cabinet (Station Approach) Committee and Cabinet respectively. In line with financial procedure rules, opportunity must be given to the Committee to consider the matter, if required.

- CAB3055(SA) – Station Approach Public Realm
- CAB3049 – Coitbury House Roof Winchester (less exempt appendices)

BUSINESS ITEMS

8. **Public Participation**

To receive and note questions asked and statements made from members of the public on matters which fall within the remit of the Committee.

9. Housing Revenue Account and Capital Programme Outturn 2017/18 (Pages 13 - 34)

(OS203)

10. Q4 Financial and Performance Monitoring Report (Pages 35 - 84)

(OS204)

11. Treasury Management Outturn 2017/18 (Pages 85 - 98)

(OS205)

12. Medium Term Financial Challenge (Pages 99 - 106)

(OS206)

13. **EXEMPT BUSINESS: To consider whether in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

- i) To pass a resolution that the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100 (l) and Schedule 12A to the Local Government Act 1972.

<u>Item</u>	<u>Para No. of Schedule 12a to the Act giving description of exempt information giving rise to the exclusion of the public</u>
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For Information only item – Coitbury House Roof Extension and Internal Alterations for Office Accommodation (Exempt Appendices)	5
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**14. For Information only - Coitbury House Winchester (exempt appendices)
(To follow)**

L Hall
Legal Services Manager

City Offices
Colebrook Street
Winchester SO23 9LJ

29 June 2018

Agenda Contact: Claire Buchanan, Senior Democratic Services Officer
Tel: 01962 848 438 Email: cbuchanan@winchester.gov.uk

**With the exception of exempt items, Agenda, reports and previous minutes are available on the Council's Website www.winchester.gov.uk*

MEMBERSHIP

Chairman: Learney (Liberal Democrats) **Vice-Chairman:** Stallard (Conservative)

Conservatives

Cunningham
Gemmell
McLean
Stallard
Weston

Liberal Democrats

Clear
Evans
Thompson
Tod

Deputy Members

Berry and Mather

Hiscock and Weir

Quorum = 4 members

Relevant Portfolio Holders:

Having regard to the content of the agenda, the Chairman requests that The Leader and all relevant Portfolio Holders attend meetings of the committee

PUBLIC PARTICIPATION

A public question and comment session is available at 6.30pm for a 15 minute period. There are few limitations on the questions you can ask. These relate to current applications, personal cases and confidential matters. Please contact Democratic Services on 01962 848 264 in advance of the meeting for further details. If there are no members of the public present at 6.30pm who wish to ask questions or make statements, then the meeting will commence.

Voting:

- apart from the Chairman, every Member has one vote when a matter before the meeting requires a decision.
- in the event of an equality of votes, the Chairman may exercise a casting vote and that vote may be exercised in any way seen fit.
- a Member may abstain from voting, or vote differently from how they may have indicated during the debate, without further explanation.
- the way each Member voted will not be recorded in the minutes, unless a motion to have a Recorded Vote has been passed.

DISABLED ACCESS:

Disabled access is normally available, but please phone Democratic Services on 01962 848 264 or email democracy@winchester.gov.uk to ensure that the necessary arrangements are in place.

THE OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME FOR 2018/19

9 JULY 2018

	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/COMMENTS
			Original	Revised	
	Environmental Services Options Appraisal	Steve Tilbury	4 June 2018	9 July 2018	CAB3044 - Exempt Report
	Housing Revenue Account and Capital Programme Outturn 2017/18	Bob Gath/Richard Botham	9 July 2018		OS203 (CAB3036(HSG))
	Q4 Financial and Performance Monitoring Report	Joseph Holmes	9 July 2018		OS204 (CAB3060)
	Treasury Management Outturn 2017/18	Neil Aitken	9 July 2018		OS205 (CAB3064)
	Medium Term Financial Challenge	Joseph Holmes	9 July 2018		OS206 (CAB3065)

3 SEPTEMBER 2018

	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/COMMENTS
			Original	Revised	
	Wickham Community Land Trust Update	Simon Maggs	3 September 2018		
	Q1 Financial and Performance Monitoring Report	Joseph Holmes	3 September 2018		

15 OCTOBER 2018

	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/COMMENTS
			Original	Revised	
	Council Strategy Update	Joseph Holmes	15 October 2018		
	Community and Voluntary Sector Grants Review	Susan Robbins	15 October 2018		
	Annual Report: Local Government and Social Care Ombudsman 2017/18	Simon Howson	15 October 2018		

26 NOVEMBER 2018

Page 6	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/ COMMENTS
			Original	Revised	
	Outcome Based Budgeting	Darren Kennedy	26 November 2018		
	Q2 Financial and Performance Monitoring	Joseph Holmes	26 November 2018		

28 JANUARY 2019

	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/COMMENTS
			Original	Revised	
	Medium Term Financial Strategy	Joseph Holmes	28 January 2019		
	General Fund Budget 2019/20	Joseph Holmes	28 January 2019		

	Treasury Management Strategy	Joseph Holmes	28 January 2019		
	Housing Revenue Account Budget 2019/20 and Business Plan 2019/2049	Richard Botham	28 January 2019		
	Capital Strategy	Joseph Holmes	28 January 2019		
25 FEBRUARY 2019					
	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/COMMENTS
			Original	Revised	
	Annual Emergency Planning Report	David Shaw	25 February 2019		
Page 7	Community Safety Partnership Performance Review	Sandra Tuddenham	25 February 2019		
	Q3 Financial and Performance Monitoring	Joseph Holmes	28 January 2019	25 February 2019	

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Forward Plan of Key Decisions

August 2018

The Forward Plan is produced by the Council under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. The purpose of the Plan is to give advance notice of Key Decisions to be made by the Cabinet, Cabinet Committees, Portfolio Holders or officers on its behalf. This is to give both Members of the Council and the public the opportunity of making their views known at the earliest possible stage.

This is the Forward Plan prepared for the period **1 - 31 August 2018** and will normally be replaced at the end of each calendar month.

The Plan shows the Key Decisions likely to be taken within the above period. Key Decisions are those which are financially significant or which have a significant impact. This has been decided, by the Council, to be decisions which involve income or expenditure over £200,000 or which will have a significant effect on people or organisations in two or more wards.

The majority of decisions are taken by Cabinet and its committees, together with the individual Portfolios held, where appropriate. The membership of Cabinet and its committees, and their meeting dates can be found [via this link](#). Other decisions may be taken by Portfolio Holders or Officers in accordance with the Officers Scheme of Delegation, as agreed by the Council (a list of Portfolio Holders used in the Plan is set out overleaf).

The Plan has been set out in the following sections:

Section A – Cabinet and Committees

Section B - Individual Portfolio Holders

Section C – Officer Decisions

Anyone who wishes to make representations about any item included in the Plan should write to the officer listed in Column 5 of the Plan, at the above address. Copies of documents listed in the Plan for submission to a decision taker are available for inspection on the Council's website or by writing to the above address. Where the document is a committee report, it will usually be available five days before the meeting. Other documents relevant to the decision may also be submitted to the decision maker and are

available on Council's website or via email democracy@winchester.gov.uk or by writing to the above

Regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 refers to the requirement to provide notice of an intention to hold a meeting in private, inclusive of a statement of reasons. If you have any representations as to why the meeting should be held in private, then please contact the Council via democracy@winchester.gov.uk or by writing to the above address. **Please follow this link to definition of the paragraphs** (Access to Information Procedure Rules, Part 4, page 32, para 10.4) detailing why a matter may be classed as exempt from publication under the Local Government Acts, and not available to the public.

If you have any queries regarding the operation or content of the Forward Plan please contact David Blakemore (Democratic Services Manager) on 01962 848 217.

Cllr Caroline Horrill

Leader of the Council

29 June 2018

Cabinet Members:	Portfolio Held:
• Cllr Caroline Horrill	Leader & Portfolio for Housing Services
• Cllr Rob Humby	Deputy Leader & Portfolio for Business Partnerships
• Cllr Guy Ashton	Professional Services
• Cllr Caroline Brook	Built Environment
• Cllr Stephen Godfrey	Finance
• Cllr Lisa Griffiths	Health & Wellbeing
• Cllr Stephen Miller	Estates
• Cllr Jan Warwick	Environment

	Item	Portfolio Holder	Cost (over £200,000)	Wards Affected	Lead Officer	Documents submitted to decision taker	Decision taker (Cabinet, Committee, Portfolio Holder or Officer)	Date/period decision to be taken	Committee Date (if applicable)	Open/private meeting or document? If private meeting, include relevant exempt paragraph number
	No items for decision									

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REPORT TITLE: HOUSING REVENUE ACCOUNT AND HOUSING CAPITAL PROGRAMME OUTTURN 2017/18

9 JULY 2018

REPORT OF PORTFOLIO HOLDER: LEADER WITH PORTFOLIO FOR HOUSING SERVICES

Contact Officer: Bob Gath Tel No: 01962 848136 Email
RGath@winchester.gov.uk

WARD(S): ALL

PURPOSE

This report provides an update to members on the financial performance of the Housing Revenue Account (HRA) in 2017/18 and the associated Housing capital programme. It also requests approval for revised budget forecasts to the 2018/19 HRA budget and capital programme to reflect updated costs and take account of emerging issues.

RECOMMENDATIONS:

That The Overview and Scrutiny Committee raises with the Leader or other relevant Portfolio Holder any issues arising from the information in this report.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 Providing good quality housing and new affordable homes is a strategic priority for the Council and effective resource management is key to achieving this objective. Regular updates to our financial forecasts and HRA Business Plan allows for the continuing success of our repairs service and the ability to take new build opportunities as they arise.

2 FINANCIAL IMPLICATIONS

- 2.1 Full details are included in Section 11 but, briefly, the Council achieved a small net surplus of £117,705 on the HRA for 2017/18 after allowing for the use of £4.969m for capital purposes and the repayment of internal borrowing of £1.029m. It is proposed to carry forward to 2018/19 £179,000 of under spends or savings against specific budgets to support emerging issues or delayed projects. Further adjustments to the forecast budget detailed in Section 11 will result in an overall increase to the budget of £378,593, increasing the projected deficit for the current year to £626,894.
- 2.2 In the Housing capital programme, total spend in the 2017/18 year was £19.023m against a budget forecast in July 2017 of £24.694m (77% spent to budget) giving a variance of £5,671,202 in the year. This compares with an 82.8% spend against the final budget forecast from January 2018 of £22.969m. A re-forecast budget of £17,606,400m for 2018/19 is presented for approval for existing projects and new initiatives.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council is required to maintain a separate Housing Revenue Account with a positive working balance and with a housing revenue borrowing limit (the debt cap). Effective management of the HRA is necessary to ensure that both of these statutory requirements are met.
- 3.2 HRA capital projects with costs in excess of £100,000 will be subject to a financial appraisal in line with Financial Procedure Rules. Similarly, new build projects that are to be submitted for planning permission and tender will be reported to the Committee for approval.

4 WORKFORCE IMPLICATIONS

- 4.1 The HRA 2018/19 Budget and Business Plan report (CAB3016(HSG) refers) made reference to additional staff resources that would be needed to support the rollout of Universal Credit and higher new build programme targets. This report does not anticipate any further changes to those resource requests.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 In order to meet one of the key principles of the Council's strategy, the HRA is required to provide sufficient financial resources to both maintain the Council's existing housing stock to decent homes standard and to enable new affordable housing to be built to help meet local demands.

6 CONSULTATION AND COMMUNICATION

- 6.1 A briefing paper on the key points of this report will have been considered by TACT at their meeting on 12 June 2018. Tenant representatives will be in attendance to give feedback to Cabinet (Housing) Committee.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Housing Service considers environmental and ecological factors when developing new build properties and preparing major works plans including estate improvements, working closely with planning officers and the Council's Landscape Team where appropriate. Additional costs for meeting these responsibilities are included in project appraisals and scheme budgets.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 There are no equality issues arising from this report.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None Required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property That Council owned dwellings fail to meet decent home standards</i>	An effective programme of future works and sound financial planning ensures that these standards are met and then maintained.	
<i>Community Support Lack of consultation will affect tenant satisfaction and cause objections to planning applications for new build developments.</i>	Regular communication and consultation is maintained with tenants and leaseholders on a variety of housing issues. The Council consults with local residents and stakeholders on proposed new build schemes.	Positive consultation brings forward alternative options that may otherwise not have been considered.

<p><i>Timescales</i> <i>Delays to new build contracts may result in increased costs and lost revenue.</i></p> <p><i>Delays to major works may result in the loss of decent home status for individual properties.</i></p>	<p>New build contracts contain clauses to allow the Council to recover damages if the project is delayed due to contractor actions.</p> <p>Continual updating of asset management plans and major works budgets allows potential issues to be addressed quickly.</p>	
<p><i>Project capacity</i> <i>The HRA debt cap and rules around the use of Right to Buy receipts may limit the ability of the Council to implement proposed new build and major works schemes.</i></p> <p><i>Staffing resources (not always in Housing) reduce the ability to push forward new schemes at the required pace.</i></p>	<p>Regular monitoring of budgets and business plans, together with the use of financial assessment tools enables the Council to manage resources effectively.</p> <p>Staffing resources have been reviewed to support the delivery of the enhanced new build programme.</p>	<p>The Council is monitoring Government announcements on the HRA debt cap to enable an increase in financial resources available.</p>
<p><i>Financial / VfM</i> <i>Risks, mitigation and opportunities are discussed elsewhere in this report.</i></p>		
<p><i>Legal</i> <i>Changing Government priorities and a greater emphasis on social housing (as opposed to affordable housing) may have a direct impact on future new build projects.</i></p>	<p>Government policy changes are being monitored to identify any new risks or opportunities that they may bring.</p>	
<p><i>Innovation</i> <i>The creation of a Housing Company to support the new build programme is introduced without reference to existing rules and consents.</i></p>	<p>External legal and business planning advice has been sought to ensure the Council has the most appropriate and effective solution.</p>	<p>A Housing Company has the potential to increase the available supply of affordable housing to support our residents.</p>
<p><i>Reputation</i> <i>Failure to complete major housing projects due to</i></p>	<p>Business planning tools with regular updates are</p>	

<i>lack of resources would have a direct impact on both customer satisfaction and the Council's reputation.</i>	utilised to make sure resources are available to complete projects.	
<i>Other - None</i>		

11 SUPPORTING INFORMATION:

HRA Outturn 2017/18

- 11.1 Details of the financial performance for the HRA is shown in Appendices 1 and 2 with the re-forecast budget for 2018/19 in Appendix 3. Overall, the HRA produced a surplus of £117,705 in the year against an income of £29.10m before asset sales and interest receivable. The deficit in 2017/18 had been forecast at £3,070,751, leaving a variance of £3,188,456 for the year.

Appendix 1 provides a subjective summary of the outturn figures and the key variances to budgets. For premises, the main difference is due to reduced spend on responsive and cyclical works (see paragraph 11.2.g) below for more details). In supplies and services, there were under spends on IT consultancy and other services of £67k, new build professional services (see paragraph 11.2.c) below) of £71k and sheltered furniture and equipment and contracted services (see paragraph 11.2.f) below) of £127k. The other main variance is an increase in depreciation on fixed assets of £652k as detailed in paragraph 11.2.h).

- 11.2 Within the main service areas, the larger variances were:

- a) HRA General - £143k under – with £76k savings from vacancy management and £97k from supplies and services being the largest contributors. It is proposed that £100k of this saving is put aside as a provision for likely additional costs arising from the rollout of Universal Credit to the whole Winchester District area from July 2018 (recommendation 3 refers). This is in addition to the £138,000 Government grant already received to fund Discretionary Housing Payments (DHP).
- b) Tenants Information - £30k under – achieved through savings from employee costs and support services, mostly design and print. It is proposed to carry forward £20,000 of this saving to support a move to digital surveys for tenants and a campaign to promote the “My Council House” self service portal.
- c) New Build Programme Support - £120k under – from lower spending on legal/business planning advice for a Housing Company and savings from support service recharges following the transfer of staff costs to

the HRA. A forecast adjustment of £50,000 is proposed to further the work on setting up a Housing Company.

- d) Estate Maintenance - £49k under – with reduced spending on maintenance of communal areas. A forecast adjustment of £20,000 is proposed for additional works required on tree maintenance.
- e) Sewage Works – (£67k) over – the recharge from the Special Maintenance Team contributed £36k to this over spend with works maintenance and utility costs a further £28k over spent.
- f) Sheltered Housing - £78k under – the delay in completing Chesil Lodge meant that £80k put aside for furnishings and the catering contract remained unspent at the year end. A forecast adjustment of £70k is proposed to cover the furniture & kitchen equipment cost for Chesil Lodge in this year.
- g) Repairs Works - £263k under – in this mainly demand led budget area. The under spend was primarily due to ongoing efficiencies in the external painting & repair contracts and withdrawal of the discretionary works scheme. The forecast for 2018/19 has been adjusted to reflect new thinking on the budgets required for responsive repairs and cyclic works. For voids, the proposed increase in the budget to £950k includes an allowance for comprehensive void works to the Sussex Street hostel in readiness for a new partnership with a supported housing provider.
- h) Depreciation of Fixed Assets – (£652k) over – a new method of calculating depreciation in the HRA has been introduced into the accounts this year. This has required an analysis of costs and life cycles for itemised components such as kitchens, windows, roofs, etc. and the increase more accurately reflects the level of future investment that is required in the Council's housing stock. However, the net effect on the HRA is nil as the additional depreciation charge is then used towards the major works capital programme, offsetting the contribution from HRA surpluses and balances.

Other budget re-forecasts for 2018/19 include:

- i) Removal Incentive Scheme – an additional £10k has been added to the budget to support the costs of downsizing incentives for the Victoria Court new build scheme.
- ii) Repairs Administration – an extra £9k from the savings made in 2017/18 has been added to the budget to cover the cost of procurement review.
- iii) Interest Payable – this budget line reflects the cost of external interest on the Council's HRA borrowing and has been reduced by £14k as

there is no expected change to the external borrowing requirement this year.

- iv) Chesil Lodge – on the completion of this scheme, the Council will take on responsibility for the specialist maintenance of mechanical and electrical systems e.g. building management systems, CCTV, access controls, combined heat & power unit. Due to the complex nature of the various components it would make sense to use the contractor's original adviser and installer for the different systems. However, the quote for the first 12 months is above the amount allowed under the Council's Contract Procedure Rules without seeking further tenders. This report includes a recommendation (number 9) that these rules are waived to allow the Council to retain suitable expertise to ensure continuity in services at a critical time for this flagship scheme.

11.3 HRA Capital Programme Outturn 2017/18

- 11.4 Appendices 4 and 5 detail the spend in 2017/18 for both the Housing Services and New Build capital programmes against both the original budget and more recent forecasts.
- 11.5 Within Housing Services (Appendix 4), £7.165m was spent against a budget of £8.375m (85.5%), a variance of £1.21m on the year. The largest variances were for external building structure works at £976k – where forecasts had already been reduced and delayed starts to projects and difficulties with access to undertake works were the main reasons for the under spend – and kitchens and bathrooms – where an additional budget allocation was made to reflect anticipated levels of spend in the year. External ground works forecasts were reduced in anticipation of lower spending on fencing and discretionary works. Estate improvements were under spent by £132k at year end where the lack of a dedicated Estates Improvements Officer for the second half of the year caused delays to some projects and improvements to parking arrangements at Trussell Crescent were subject to further consultation. The disabled adaptations budget was under spent by £194k due to a combination of lower demand, delayed medical assessments and holding back some funds for works at Chesil Lodge and Victoria Court which will not be completed until this financial year. The sheltered wi-fi programme was postponed whilst the best value method of procurement was determined and is now due to commence later this summer.
- 11.6 For the new build capital programme (Appendix 5), £11.858m was spent against a final budget of £16.319m (72.7%) although the vast majority of this under spend is committed to existing schemes on site and will be spent early in 2018/19. The Hillier Way scheme was completed in November 2017 with costs coming in under the final budget. However, several other schemes have been subject to delays for a wide variety of reasons including contractor insolvency at Bailey Close, late approval for highways works at Mitford Road and having to retender the contract at The Valley. Victoria House (now known as Victoria Court) was scheduled to be completed before year end but

weather delays and the post year end failure of the contractor into administration has caused an increased re-forecast budget. For Chesil Lodge, full handover will have been completed by the time this report is considered by Committee but there was a large under spend on the expected costs for 2017/18. The sheltered conversions budget was slightly over spent at year end due to works at Drummond Close being completed earlier than expected, the new flat was first let from 9 April.

11.7 HRA Capital Programme Funding

11.8 Appendix 6 details the funding proposed for the capital programme for 2017/18. With reduced spend in both Housing Services and New Build capital programmes, £5.671m less was required in total, of which £3.634m is being held back in HRA balances. The approval of Homes England grant to fund the scheme at The Valley (from 2019/20) was a contributor to using less RTB 1-4-1 funds last year. The delayed completion of Victoria Court and Chesil Lodge resulted in lower sales income than forecast, this will now be utilised for funding the remaining costs of these schemes in 2018/19. Although the Chesil Street Extra Care scheme did not complete prior to 31 March, the Council were given dispensation to claim the Homes England practical completion grant request early so funds were available for this purpose in 2017/18. Finally, reference is made in paragraph 11.2.h) above to the increase in fixed assets depreciation in 2017/18, as can be seen in the appendix, the additional amount has been used to fund major works.

11.9 HRA Capital Programme Re-Forecast for 2018/19

11.10 Within the Housing Services area, an increase to the original capital programme budget of £1,045,400 is proposed, this compares to an overall under spend in 2017/18 of £1,210,308. Details of individual budgets can be seen in Appendix 7.

11.11 The additional monies requested are to help fund:

- a) An enhanced replacement of kitchens in voids (an extra £337k).
- b) Mechanical & electrical works (£965k), including a catch up on electrical testing, smoke detectors at Winnall flats and district heating network upgrades. This is in addition to the already planned boiler and Quantum heating system upgrades that took up much of the original budget.
- c) Disabled adaptations (£36k) to cover the cost of additional adaptations at Chesil Lodge and Victoria Court new build schemes.
- d) Estate improvements (£35k) to meet the remaining costs of the works at Trussell Crescent.

- e) Sheltered wi-fi (£105k) where full quotes for installation have now been received, these also incorporate adding wi-fi services to our temporary accommodation hostels.
- f) Members should note that the external ground works budget (that is used to fund external utility works (such as drain repairs) and fencing has been reduced from £933,000 to £500,000 to reflect current spend levels and to offset some of the increases to other budgets.

11.12 For the new homes programme, the variance on the year (shown in Appendix 5) was £4,460,894 under spent. The original budget for 2018/19 was set at £14.632m (CAB3016(HSG) refers) but revised forecasts now estimate the spend for this year to be £9.300m. The additional funds required or adjustments to budgets are shown in Appendix 7 and detailed below:

- a) Victoria House – in addition to the under spend of £266k last year, an allowance has been added to meet any extra costs arising from the administration of the contractor, HH Drew, to enable the completion of the scheme.
- b) Hillier Way – a carry forward of the under spend in last year (£10k) to meet any potential costs arising from the contractor going into administration during the defects liability period.
- c) Chesil Street Extra Care – in addition to the under spend of £1.223m in 2017/18, an allowance has been made for extra costs due to the delay whilst negotiations on liquidated damages are continuing.
- d) Mitford Road – the under spend of £24k in 2017/18, when added to the original budget of £267k does not accurately reflect the expected costs required to complete this scheme. A large part of the reason for the additional monies is due to a payment bond of £64,600 being made to Hampshire CC for highways works and additional landscaping costs. It is hoped that the payment bond will be returned on scheme completion later this year. Members should note that the total cost of this scheme is now estimated at £1.530m. This is nearly £100,000 more than 10% above the previously approved budget for the scheme of £1,303,750 (CAB2842(HSG) from 11 October 2016 refers), although the recovery of the highways bond will reduce this to approximately £35,000. Members are requested to confirm their approval under Recommendation 7 for the extra funds required to complete this project later this summer.
- e) The Valley – the design fees that were expected to be paid out in 2017/18 did not materialize due to a delay in contract tendering. It is now expected that the start on site will not happen until after March 2019 so the budget of £3,975,000 has been reduced to £850,000 for 2018/19.

- f) Mayles Lane – the under spend of £10k in 2017/18 has been carried into the new year with a start on site expected later this summer.
- g) Bailey Close – the unexpected financial failure of the contractor last September has led to delays in this project being completed and the under spend of £225k is being carried forward into 2018/19 in full.
- h) Rowlings Road – the original budget allowed for a start on site in Autumn 2018 but issues with existing access rights are likely to delay this timing so the budget has been adjusted accordingly.
- i) Meryon Road & Charles/Dyson – the original budgets allowed for starts on site during 2018/19 for both of these schemes, these have been adjusted to show expected fees costs for this year.
- j) Dolphin Hill – it was intended that these works would be completed this year. However, whilst works on the upgrade to the existing property have progressed well, it is now unlikely that the full scheme will be delivered in 2018/19.
- k) Hookpit, Kings Worthy – the budget has been adjusted to allow for a deposit payment to be made on this project, rather than the stage payments expected when the budget was being compiled.
- l) Winnall Flats – this has been added to the budget for 2018/19 to cover expected fees. This project had been left off the original budget for 2018/19 as it was initially unclear whether this scheme would be funded through the HRA.
- m) RTB 1-4-1 funded sites – after the allocation of RTB 1-4-1 receipts had been made for 2017/18, it was identified that £1.561m of 1-4-1 receipts needs to be spent in 2018/19 to avoid having to pay them over to HM Treasury. This will require spending on eligible new build schemes or acquisitions of over £5.2m in the year. Eligible new build schemes do not include those projects where the Council has either received Homes England grant or has had a bid for such a grant approved for example, Chesil Lodge and The Valley. After the re-forecast budgets for the new build schemes detailed in Appendix 7 are taken into account, further spending of around £1.3m (allowing for some cost slippage) will need to be made this year. This can be achieved by supporting housing provider partners with their new schemes and/or acquiring suitable properties on the open market to let at affordable rents. The Asset Management policy allows for the acquisition of properties by the HRA “where appropriate” with decisions taken under the Portfolio Holder decision notice procedure (CAB2791(HSG) refers). Members are requested to re-confirm their approval under Recommendation 8 to support the purchase of suitable properties in line with this policy.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 It would be possible not to include any carry forward requests into the budgets for 2018/19. However, this is likely to cause future requests for additional budgets later in the year.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB2791(HSG) Housing Revenue Account Housing Management Strategy – 22 March 2016

CAB2842(HSG) Authorisation for final approval to construct housing scheme at Mitford Road, Alresford – 11 October 2016

CAB2930(HSG) Housing Revenue Account 2016/17 Outturn and Key Performance Indicators – 6 July 2017

CAB2986(HSG) Housing Revenue Account Budget Options 2018/19 and Rent Setting – 22 November 2017

CAB3016(HSG) Housing Revenue Account Budget 2018/19 and Business Plan – 31 January 2018.

Other Background Documents:-

None

APPENDICES:

Appendix 1 – Housing Revenue Account Outturn 2017/18 – Subjective Summary

Appendix 2 – Housing Revenue Account Outturn 2017/18 – Service Summary

Appendix 3 – Housing Revenue Account 2018/19 – Re-forecast Budget

Appendix 4 – Housing Capital Programme 2017/18 – Housing Services Outturn

Appendix 5 – Housing Capital Programme 2017/18 – New Build Outturn

Appendix 6 – Housing Capital Programme 2017/18 Funding

Appendix 7 – Housing Capital Programme 2018/19 – Re-forecast Budget

Winchester City Council Housing Revenue Account Outturn 2017/18					CAB3036(HSG)
		Revised			Appendix 1
		Forecast			
	Original	Budget per		Variance	
	Budget	CAB3016(HSG)	Outturn	to	
Housing Revenue Account:	2017/18	2017/18	2017/18	Revised Budget	
Subjective Summary	£	£	£	£	
Employees	(3,229,227)	(3,507,616)	(3,454,412)	53,204	
Premises	(5,104,791)	(4,836,431)	(4,594,548)	241,883	
Transport	(292,675)	(312,850)	(314,439)	(1,589)	
Supplies & Services	(871,214)	(1,005,633)	(664,246)	341,387	
Third Party Payments	(102,000)	(110,000)	(74,695)	35,305	
Support Services	(2,606,089)	(2,230,525)	(2,111,666)	118,859	
External Interest Payable	(5,192,090)	(5,206,090)	(5,167,926)	38,164	
Depreciation on Fixed Assets	(5,988,560)	(5,988,560)	(6,640,378)	(651,818)	
Amortisation of Intangibles	0	0	(14,574)	(14,574)	
External income	29,377,144	29,042,454	29,099,770	57,316	
Items included in I&E but reversed in Balance Sheet	0	28,441,246	28,258,749	(182,496)	See note below
Surplus for year on HRA Services	5,990,498	34,285,995	34,321,635	35,640	
Adjustments between accounting basis and funding basis under statute and transfers between reserves:	(9,310,200)	(37,290,446)	(33,174,763)	4,115,683	
Net increase/(decrease) in HRA Balance before transfers to or from reserves	(3,319,702)	(3,004,451)	1,146,872	4,151,323	
Transfer re Insurance Reserve	(66,300)	(66,300)	0	66,300	
Repaid Internal Borrowing	0	0	(1,029,167)	(1,029,167)	
Increase/(decrease) in HRA Balance	(3,386,002)	(3,070,751)	117,705	3,188,456	
HRA Working Balance					
Opening Balance	8,491,544	8,998,299	8,998,299	0	
Add (Deficit)/Surplus	(3,386,002)	(3,070,751)	117,705	3,188,456	
Balance at Year End	5,105,542	5,927,548	9,116,004	3,188,456	
Note:					
Items combined into the "I&E but reversed in balance sheet" line include stock revaluations, net sale of assets proceeds, IAS19 pension adjustments, capital grants and a transfer to the Major Repairs Reserve.					

Winchester City Council Housing Revenue Account Outturn 2017/18				CAB3036(HSG)	
		Revised Forecast		Appendix 2	
	Original Budget	Budget per CAB3016(HSG)	Outturn	Variance to	
Housing Revenue Account:	2017/18	2017/18	2017/18	Revised Budget	
Service Summary	£	£	£	£	<i>Notes</i>
Housing Management General					
Estate Management	(1,132,404)	(1,102,119)	(1,190,787)	(88,668)	
HRA General	(1,668,183)	(1,707,603)	(1,564,709)	142,894	Paragraph 11.2.a)
HRA Contribution to Non-Distributed Costs	(223,743)	(223,743)	(217,398)	6,345	
HRA Contribution to Democratic Core	(153,575)	(153,575)	(130,050)	23,525	
Removal Incentive Scheme	(50,000)	(50,000)	(39,798)	10,202	Paragraph 11.2.i)
Rent Accounting	(247,894)	(248,174)	(266,784)	(18,610)	
Tenants Information	(112,317)	(113,672)	(84,003)	29,669	Paragraph 11.2.b)
Vacant Dwellings	(9,200)	(9,200)	(16,250)	(7,050)	
New Build Programme Support	(743,026)	(774,963)	(655,447)	119,516	Paragraph 11.2.c)
	(4,340,342)	(4,383,049)	(4,165,226)	217,823	
Housing Management Special					
Communal Services	90,159	90,159	71,157	(19,002)	
Disabled Adaptations	(114,363)	(114,477)	(120,012)	(5,535)	
Estate Maintenance	(523,167)	(510,167)	(460,973)	49,194	Paragraph 11.2.d)
Homelessness	(8,044)	(75,582)	(72,954)	2,628	
Sewage Works	(200,736)	(191,246)	(258,245)	(66,999)	Paragraph 11.2.e)
Sheltered Housing	(696,158)	(770,547)	(692,555)	77,992	Paragraph 11.2.f)
	(1,452,309)	(1,571,860)	(1,533,582)	38,278	
Repairs					
Responsive Maintenance	(2,353,846)	(2,153,846)	(2,024,719)	129,127)
Voids	(590,000)	(575,000)	(560,380)	14,620) Paragraph 11.2.g)
Cyclic	(900,000)	(850,000)	(731,123)	118,877)
Sub - total Repairs Works	(3,843,846)	(3,578,846)	(3,316,222)	262,624	
Repairs Administration	(1,254,090)	(1,206,461)	(1,231,267)	(24,806)	Paragraph 11.2.ii)
	(5,097,936)	(4,785,307)	(4,547,489)	237,818	
Debt Management Expenses					
Debt Management Expenses	(18,297)	(18,297)	(24,922)	(6,625)	
External Interest Payable	(5,168,000)	(5,182,000)	(5,167,926)	14,074	Paragraph 11.2.iii)
Depreciation of Fixed Assets	(5,988,560)	(5,988,560)	(6,640,378)	(651,818)	Paragraph 11.2.h)
Amortisation of Intangibles	0	0	(14,574)	(14,574)	
	(11,174,857)	(11,188,857)	(11,847,800)	(658,943)	
Rents and Other Income					
Dwelling Rents	26,354,166	26,106,396	26,110,917	4,521	
Garage Rents	910,835	872,835	872,371	(464)	
Other Income	273,541	277,191	304,258	27,067	
Sheltered Charges	517,400	517,400	517,020	(380)	
	28,055,942	27,773,822	27,804,566	30,744	
Items included in I&E but reversed in Balance Sheet					
	0	28,441,246	28,611,166	169,920	See note below
Surplus for year on HRA Services					
	5,990,498	34,285,995	34,321,635	35,640	

				CAB3036(HSG) Appendix 2 (Cont)	
Housing Revenue Account:		Revised			
		Forecast			
	Original	Budget per		Variance	
	Budget	CAB3016(HSG)	Outturn	to Revised	
	2017/18	2017/18	2017/18	Budget	
Service Summary (continued)	£	£	£	£	<i>Notes</i>
Adjustments between accounting basis and funding basis under statute and transfers between reserves	(9,310,200)	(37,290,446)	(33,174,763)	4,115,683	
Net increase/(decrease) in HRA Balance before transfers to or from reserves	(3,319,702)	(3,004,451)	1,146,872	4,151,323	
Transfer re Insurance Reserve	(66,300)	(66,300)	0	66,300	
Repaid Internal Borrowing	0	0	(1,029,167)	(1,029,167)	
Increase/(decrease) in HRA Balance	(3,386,002)	(3,070,751)	117,705	3,188,456	
HRA Working Balance					
Opening Balance	8,491,544	8,998,299	8,998,299	0	
Add (Deficit)/Surplus	(3,386,002)	(3,070,751)	117,705	3,188,456	
Balance at Year End	5,105,542	5,927,548	9,116,004	3,188,456	
Note:					
Items combined into the "I&E but reversed in balance sheet" line include stock revaluations, net sale of assets proceeds, IAS19 pension adjustments, capital grants and a transfer to the Major Repairs Reserve.					

Housing Revenue Account 2018/19 - Re-Forecast Budget				CAB3036 (HSG)
				Appendix 3
		Carry Fwds	18/19	
	18/19	& Other	Re-Forecast	
Service Summary	Original Budget	Changes	Budget	Report Note
	£	£	£	
Housing Management General				
Estate Management	(1,260,431)		(1,260,431)	
HRA General	(2,147,271)	(100,000)	(2,247,271)	Para. 11.2.a)
Removal Incentive Scheme	(50,000)	(10,000)	(60,000)	Para. 11.2.i)
Rent Accounting	(260,211)		(260,211)	
Tenants Information	(116,249)	(20,000)	(136,249)	Para. 11.2.b)
Vacant Dwellings	(9,200)		(9,200)	
New Build Programme Support	(668,468)	(50,000)	(718,468)	Para. 11.2.c)
	(4,511,830)	(180,000)	(4,691,830)	
Housing Management Special				
Communal Services	90,500		90,500	
Disabled Adaptations	(115,245)		(115,245)	
Estate Maintenance	(511,717)	(20,000)	(531,717)	Para. 11.2.d)
Homelessness	66,600		66,600	
Sewage Works	(185,179)		(185,179)	
Sheltered Housing	(760,988)	(70,000)	(830,988)	Para. 11.2.f)
	(1,416,029)	(90,000)	(1,506,029)	
Repairs				
Responsive Maintenance	(2,351,407)	151,407	(2,200,000))
Voids	(585,000)	(365,000)	(950,000)) Para. 11.2.g)
Cyclic	(850,000)	100,000	(750,000))
<i>Sub - total Repairs Works</i>	(3,786,407)	(113,593)	(3,900,000)	
Repairs Administration	(1,244,978)	(9,000)	(1,253,978)	Para. 11.2.ii)
	(5,031,385)	(122,593)	(5,153,978)	
Debt Management Expenses				
Debt Management Expenses	(18,297)		(18,297)	
Interest Payable	(5,182,000)	14,000	(5,168,000)	Para. 11.2.iii)
Depreciation of Fixed Assets	(6,044,100)		(6,044,100)	
	(11,244,397)	14,000	(11,230,397)	
Rents and Other Income				
Dwelling Rents	26,097,400		26,097,400	
Garage Rents	650,240		650,240	
Other Income	264,800		264,800	
Sheltered Charges	517,400		517,400	
Interest Receivable	21,000		21,000	
	27,550,840		27,550,840	
Surplus for year on HRA Services	5,347,199	(378,593)	4,968,606	

Housing Revenue Account 2018/19 - Re-Forecast Budget				CAB3036 (HSG) Appendix 3 (cont)
	18/19 Original Budget £	Carry Fwds & Other Changes £	18/19 Re-Forecast Budget £	Report Note
Capital Expenditure funded by HRA	(5,550,000)		(5,550,000)	
Right to Buy Admin Fees	20,800		20,800	
Net increase/(decrease) in HRA Balance before transfers to or from reserves	(182,001)	(378,593)	(560,594)	
Transfer re Insurance Reserve	(66,300)		(66,300)	
Increase/(decrease) in HRA Balance	(248,301)	(378,593)	(626,894)	
HRA Working Balance				
Opening Balance (from Outturn)	9,116,004		9,116,004	
Add Projected (Deficit)/Surplus	(248,301)		(626,894)	
Projected Balance at Year End	8,867,703		8,489,110	

Housing Capital Programme - 2017/18 Outturn					CAB3036(HSG)	
					Appendix 4	
					Variance to Original Budget	
Housing Services - Major Repairs	Original Budget (CAB2930HSG)	Revised Budget (CAB2986HSG)	Final Forecast (CAB3016HSG)	Actual Results		Report Note
	£	£	£	£	£	
External Building Structure Works	(2,932,000)	(2,682,000)	(2,432,000)	(1,956,019)	975,981	Para. 11.5
External Windows/Doors/Screens	(445,000)	(445,000)	(445,000)	(328,153)	116,847	
Kitchen & Bathroom Renewals	(811,000)	(1,201,000)	(1,401,000)	(1,337,955)	(526,955)	
Mechanical & Electrical Services	(1,177,000)	(1,707,000)	(1,957,000)	(1,410,347)	(233,347)	Para. 11.5
Internal Structures & Finishes	(233,000)	(233,000)	(233,000)	(236,133)	(3,133)	
External Ground Works	(970,000)	(700,000)	(500,000)	(512,005)	457,995	
Sub-Total	(6,568,000)	(6,968,000)	(6,968,000)	(5,780,612)	787,388	
Improvements & Conversions						
Estate Improvements	(338,000)	(260,000)	(260,000)	(205,945)	132,055	Para. 11.5
Loft Conversion & Extensions	(422,000)	(360,000)	(360,000)	(369,733)	52,267	
Sheltered Upgrades	(100,000)	(60,000)	(60,000)	(91,203)	8,797	
Sub-Total	(860,000)	(680,000)	(680,000)	(666,881)	193,119	
Disabled Adaptations						
	(770,000)	(770,000)	(770,000)	(576,316)	193,684	Para. 11.5
Sheltered Wi-Fi Scheme	(77,000)	(77,000)	(77,000)	0	77,000	Para. 11.5
Sewage Treatment Works	(100,000)	(145,000)	(145,000)	(140,883)	(40,883)	
Major Works Total	(8,375,000)	(8,640,000)	(8,640,000)	(7,164,692)	1,210,308	

Housing Capital Programme - 2017/18 Outturn (Continued)					CAB3036(HSG)	
					Appendix 5	
					Variance to	
					Original	
New Build Programme	Original Budget	Revised Budget	Final Forecast	Actual Results	Budget	Report Note
	(CAB2930HSG)	(CAB2986HSG)	(CAB3016HSG)			
	£	£	£	£	£	
Completed schemes final payments	0	0	0	(949)	(949)	
Westman Road (Symonds Close)	(3,000)	(3,000)	(3,000)	(3,088)	(88)	
Victoria House	(2,648,000)	(2,590,000)	(2,590,000)	(2,323,646)	324,354	Para. 11.6
Hillier Way	(1,105,000)	(1,180,000)	(1,180,000)	(1,170,513)	(65,513)	
Chesil Street Extra Care	(8,360,000)	(8,340,000)	(7,780,000)	(6,557,241)	1,802,759	Para. 11.6
Mitford Road, New Alresford	(1,193,000)	(1,120,000)	(926,000)	(901,592)	291,408	
The Valley, Stanmore	(300,000)	(800,000)	(800,000)	(49,386)	250,614	Para. 11.6
Mayles Lane, Knowle	(200,000)	(70,000)	(70,000)	(60,047)	139,953	
Bailey Close, Stanmore	(729,000)	(680,000)	(460,000)	(235,412)	493,588	Para. 11.6
Rowlings Road, Weeke	(100,000)	(40,000)	(40,000)	(20,326)	79,674	
Wykeham Place, Stanmore	(100,000)	0	0	0	100,000	
Meryon Road, Alresford	0	0	0	(3,271)	(3,271)	
Charles/Dyson, Abbots Barton	0	0	0	(11,194)	(11,194)	
Dolphin Hill, Twyford	0	0	0	(6,349)	(6,349)	
Woodman Close, Sparsholt	0	0	0	(5,978)	(5,978)	
Hookpit, Kings Worthy	0	0	0	0	0	
Sheltered Conversions	(505,000)	(450,000)	(480,000)	(509,114)	(4,114)	Para. 11.6
Small Sites	(1,076,000)	0	0	0	1,076,000	
New Build Total	(16,319,000)	(15,273,000)	(14,329,000)	(11,858,106)	4,460,894	
Total Capital Programme	(24,694,000)	(23,913,000)	(22,969,000)	(19,022,798)	5,671,202	

Housing Capital Programme Funding 2017/18					CAB3036(HSG)	
					Appendix 6	
Funding Source	Original Budget (CAB2930HSG)	Revised Budget (CAB2986HSG)	Final Forecast (CAB3016HSG)	Actual Results	Variance to Original Budget	Report Note
	£	£	£	£	£	
Right to Buy 1-4-1 Receipts	1,280,000	597,000	593,000	420,671	859,329	Para. 11.8
RTB Other Retained Receipts	872,000	999,000	1,200,000	1,200,000	(328,000)	
New Build Sales	3,280,000	3,324,000	1,286,000	300,000	2,980,000	Para. 11.8
Non Right to Buy Sales	0	0	500,000	500,000	(500,000)	
S.106 Contributions	829,000	940,000	940,000	949,438	(120,438)	
Homes England Grant	1,545,000	463,000	0	462,500	1,082,500	Para. 11.8
Hampshire County Council Extra Care Grant	736,000	1,303,000	567,000	566,667	169,333	
HRA Revenue Contribution to Capital	8,695,000	7,298,000	8,894,000	4,969,446	3,725,554	Para. 11.8
Additional Borrowing	1,027,000	3,000,000	3,000,000	3,000,000	(1,973,000)	
Renewable Heating Grants	0	0	0	0	0	
Major Repairs Reserve	6,430,000	5,989,000	5,989,000	6,654,077	(224,077)	Para. 11.8
Total Capital Funding	24,694,000	23,913,000	22,969,000	19,022,798	5,671,202	

Housing Capital Programme - Re-Forecast Budget 2018/19				CAB3036(HSG)
				Appendix 7
Housing Services	Original Budget (CAB3016(HSG))	Carry Forwards & Other Changes	Re-Forecast Budget 2018/19	Notes
	£	£	£	
Major Repairs				
External Building Structure Works	(2,942,000)	0	(2,942,000)	
External Windows/Doors/Screens	(417,000)	0	(417,000)	
Kitchen & Bathroom Renewals	(763,000)	(337,000)	(1,100,000)	Para. 11.11.a)
Mechanical & Electrical Services	(797,000)	(965,000)	(1,762,000)	Para. 11.11.b)
Internal Structures & Finishes	(231,000)	0	(231,000)	
External Ground Works	(933,000)	433,000	(500,000)	Para. 11.11.f)
Sub-Total	(6,083,000)	(869,000)	(6,952,000)	
Improvements & Conversions				
Estate Improvements	(250,000)	(35,000)	(285,000)	Para. 11.11.d)
Loft Conversions & Extensions	(60,000)	0	(60,000)	
Sheltered Upgrades	(100,000)	0	(100,000)	
Sub-Total	(410,000)	(35,000)	(445,000)	
Disabled Adaptations	(770,000)	(36,400)	(806,400)	Para.11.11.c)
Other Capital Works				
Sheltered Wi-Fi Scheme	(38,000)	(105,000)	(143,000)	Para. 11.11.e)
Sewage Treatment Works	(100,000)	0	(100,000)	
Sub-Total	(138,000)	(105,000)	(243,000)	
Major Works Total	(7,401,000)	(1,045,400)	(8,446,400)	

Housing Capital Programme - Re-Forecast Budget 2018/19 (Cont.)				CAB3036(HSG)
				Appendix 7 (Cont.)
	Original Budget	Carry Forwards & Other Changes	Re-Forecast Budget 2018/19	Notes
New Build Programme	(CAB3016(HSG))			
	£		£	
Victoria House	0	(410,000)	(410,000)	Para. 11.12.a)
Hillier Way	0	(10,000)	(10,000)	Para. 11.12.b)
Chesil Street Extra Care	(560,000)	(1,420,000)	(1,980,000)	Para. 11.12.c)
Mitford Road, New Alresford	(267,000)	(158,000)	(425,000)	Para. 11.12.d)
The Valley, Stanmore	(3,975,000)	3,125,000	(850,000)	Para. 11.12.e)
Mayles Lane, Knowle	(1,530,000)	(10,000)	(1,540,000)	Para. 11.12.f)
Bailey Close, Stanmore	(300,000)	(225,000)	(525,000)	Para. 11.12.g)
Rowlings Road, Weeke	(680,000)	430,000	(250,000)	Para. 11.12.h)
Wykeham Place	(50,000)	0	(50,000)	
Meryon Road, Alresford	(250,000)	150,000	(100,000))
Charles/Dyson, Abbots Barton	(700,000)	600,000	(100,000)) Para. 11.12.i)
Dolphin Hill, Twyford	(500,000)	240,000	(260,000)	Para. 11.12.j)
Woodman Close, Sparsholt	(50,000)	0	(50,000)	
Hookpit, Kings Worthy	(3,750,000)	3,000,000	(750,000)	Para. 11.12.k)
Winnall Flats	0	(500,000)	(500,000)	Para. 11.12.l)
Sheltered Conversions	(200,000)	0	(200,000)	
RTB 1-4-1 Funded Sites	(1,820,000)	520,000	(1,300,000)	Para. 11.12.m)
Unallocated Sites	0	0	0	
New Build Total	(14,632,000)	5,332,000	(9,300,000)	
Total Capital Programme	(22,033,000)	4,286,600	(17,746,400)	

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REPORT TITLE: QUARTER 4 2017/18 FINANCIAL AND PERFORMANCE MONITORING

9 JULY 2018

REPORT OF CABINET

Contact Officer: Joseph Holmes Tel No: 01962 848 220 Email
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WARD(S): ALL

PURPOSE

This report provides a summary of the Council's performance and financial position during the fourth and final quarter of 2017/18. Through strong financial stewardship and a number of one-off financial benefits, the Council has been able to set aside an increase to reserves to help support future budgets and enhance protection for the council against future financial volatility.

This fourth report of 2017/18 includes progress updates against major projects, the Council Strategy outcomes and key performance measures.

A financial summary is also included for the General Fund revenue and capital budgets as well as the Housing Revenue Account (HRA).

RECOMMENDATIONS:

That the Overview and Scrutiny Committee raises with the Leader or relevant Portfolio Holder any issues arising from the information in this report and considers whether there are any items of significance to be drawn to the attention of Cabinet.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 This report forms part of the framework of performance and financial monitoring in place to check the progress being made against the projects and programmes included in the Portfolio Plans and the achievement of the outcomes included in the Council Strategy.

2 FINANCIAL IMPLICATIONS

- 2.1 The financial implications of this report are detailed in Appendix 1. Almost all the projects included in the Portfolio Plans have financial implications, some significant and these are agreed and reported separately before the commencement of the project.
- 2.2 This report details the Council's financial outturn position for 2017/18.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None directly in this report, though individual projects are subject to review by Legal Services where required.

4 WORKFORCE IMPLICATIONS

- 4.1 None directly, although naturally staff will be required to deliver each project.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

6 CONSULTATION AND COMMUNICATION

- 6.1 Cabinet members, Executive Leadership Board and Heads of Team have been consulted on the content of the report.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None required arising from the content of the report, although some of the projects will require an Equality Impact Assessment to be undertaken.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property - none</i>		
<i>Community Support – Lack of consultation on for example major projects, affects residents and can cause objections or delay.</i>	Regular consultation and engagement with stakeholders and residents regarding major projects or policy changes.	Positive engagement and consultation can bring forward alternative options that might not have otherwise been considered.
<i>Timescales – delays to project delivery can lead to increased cost and lost revenue.</i>	Regular project monitoring undertaken to identify and resolve slippage.	
<i>Project capacity – availability of staff to deliver projects.</i>	Resources to deliver projects are discussed at the project planning stage and agreed by the project board.	Opportunities present themselves for staff to get involved in projects outside their normal role enabling them to expand their knowledge and skills base as well as working with others.
<i>Financial / VfM – budget deficit or unforeseen under or overspends.</i>	Regular monitoring of budgets and financial position including forecasting to year end to avoid unplanned over/underspends.	Early notification of unplanned under/overspends through regular monitoring allows time for plans to be put in place to bring the finances back into line with budget forecast.
<i>Legal – none.</i>		
<i>Innovation – none.</i>		
<i>Reputation – ensuring that the Council delivers the outcomes as set out in the Council Strategy.</i>	Regular monitoring and reporting of the progress the Council is achieving against its priorities included in the Council Strategy, including this report.	

11 SUPPORTING INFORMATION:

- 11.1 This report provides an update on the Council's performance during the fourth and final quarter of 2017/18 and financial position as at 31 March 2018.
- 11.2 The Quarterly Finance and Performance Management Report, attached as Appendix 1, is arranged into four sections which each cover the significant areas of performance that the Council is monitoring. An introduction and summary is also included at the beginning of the report.

11.3 The Council's financial position has remained strong through early management action and a series of one-off benefits to the revenue position alongside clearer financial reporting. The Council is therefore able to increase its General Fund reserve to support future Council services and to enable greater resilience for the increased financial volatility the Council faces, alongside the removal of Government core funding from 2019-20.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

[OS171](#) – Q1 Financial and Performance Monitoring Report, 31 August 2017

[OS183](#) – Q2 Financial and Performance Monitoring Report, 20 November 2017

[OS193](#) – Q3 Financial and Performance Monitoring Report, 29 January 2018

Other Background Documents:-

None.

APPENDICES:

Appendix 1 Q4 Finance and Performance Management Report 2017/18

Appendix 2 General Fund Reserves 2017/18

Appendix 3 Capital Expenditure Outturn 2017/18

Appendix 4 Reforecast 2018/19 General Fund Capital Budget



FINANCE & PERFORMANCE MANAGEMENT REPORT FOURTH QUARTER 2017/18



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Introduction and Summary

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- Housing Revenue Account

Section 2: Council Strategy 2017/20 Progress Update

- Delivering an **entrepreneurial** approach to efficient public services
- Winchester District will be a premier **business** location
- Delivering quality **housing** options
- Improve the **health and happiness** of the community
- Improving the quality of the District's **environment**

Section 3: Project Management – Projects Update

- Winchester Sport and Leisure Park
- Central Winchester Regeneration
- Station Approach
- Replacement Doctors Surgery
- Chesil Lodge – Extra Care Home
- New Homes Delivery Programme

Section 4: Managing the business – Corporate Health Indicators

Introduction and Summary

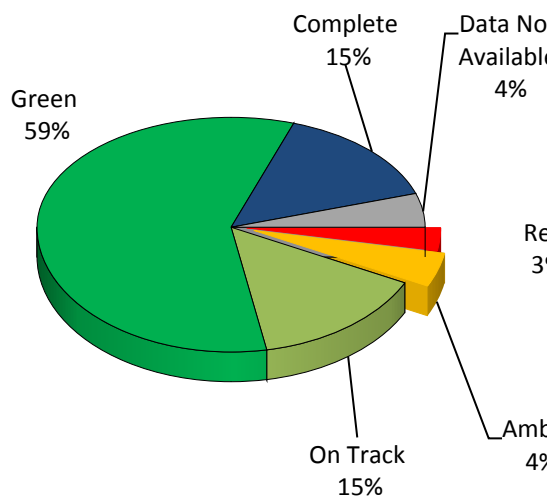
This purpose of this report is to demonstrate the performance of the Council at the end of each quarter throughout the financial year in relation to the aims and objectives in the Council Strategy, progress of the Council's major projects, the financial position and corporate health performance indicators.

The report does not provide detailed information relating to the numerous activities included in individual team service plans but includes the significant projects that that the Council is undertaking.

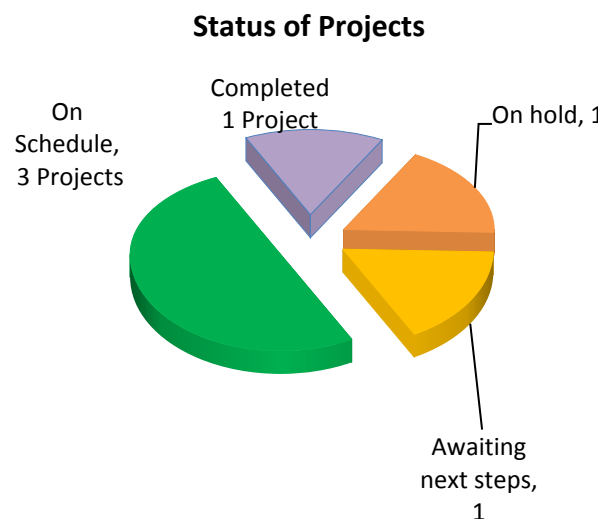
Similarly there are performance measures that are not reported here but support the business of that team and managed by each Corporate Head of Service.

The following diagrams provide a summary of the position of the Council as at the 31 March 2018 (Quarter 4) across the key areas of performance. Further information is provided in the following appendices.

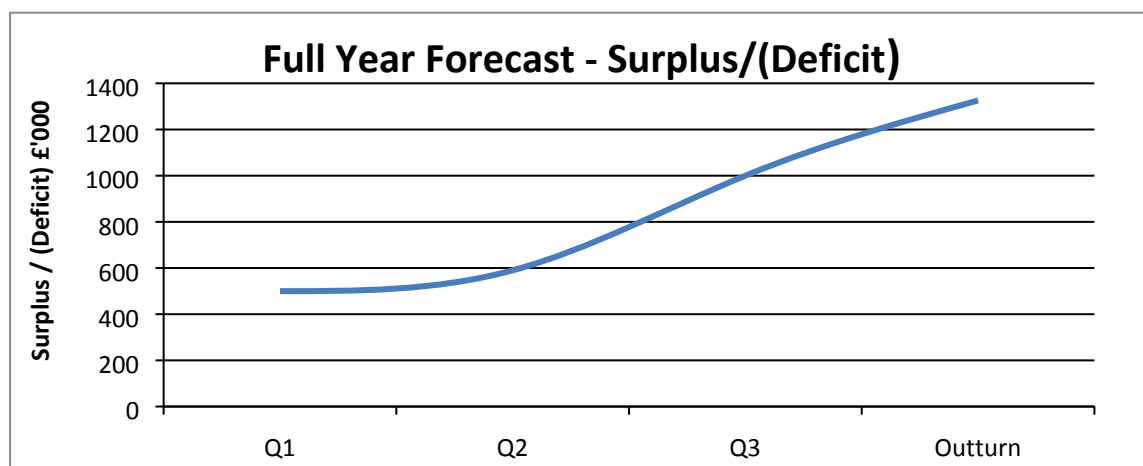
Council Strategy Q4 2017/18



Project Monitoring Q4 2017/18



Summary General Fund Revenue Financial Service Forecast



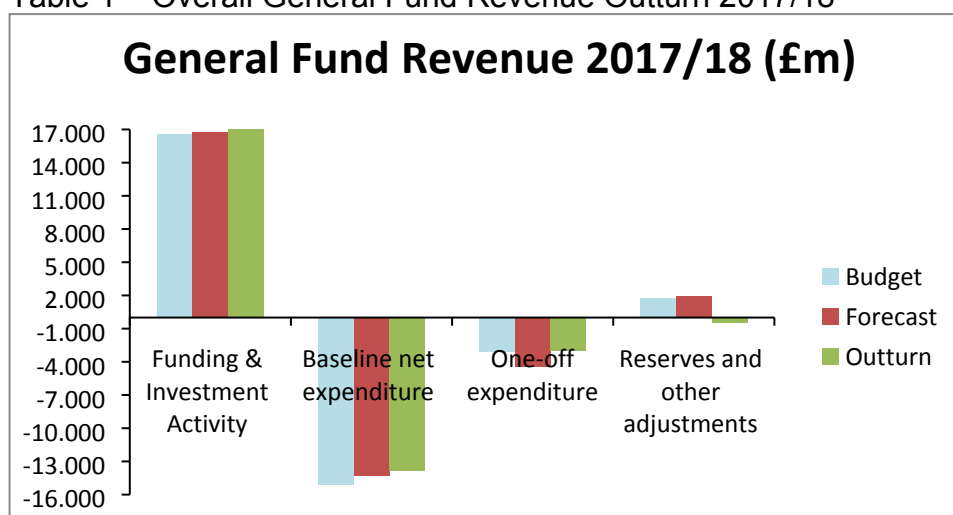
Section 1 – Financial Update as at 31 March 2018

This section presents a summary of the Council's financial outturn for the 2017/18 financial year with regard to the General Fund and Housing Revenue Account budgets.

General Fund Revenue

- The in-year reporting process, including the new quarterly monitoring reports, have previously highlighted a forecast underspend position for the general fund of c£1m in 2017/18. This early reporting process has enabled the council to build these estimates into the 2018/19 budget process and resource key projects in a timely manner.

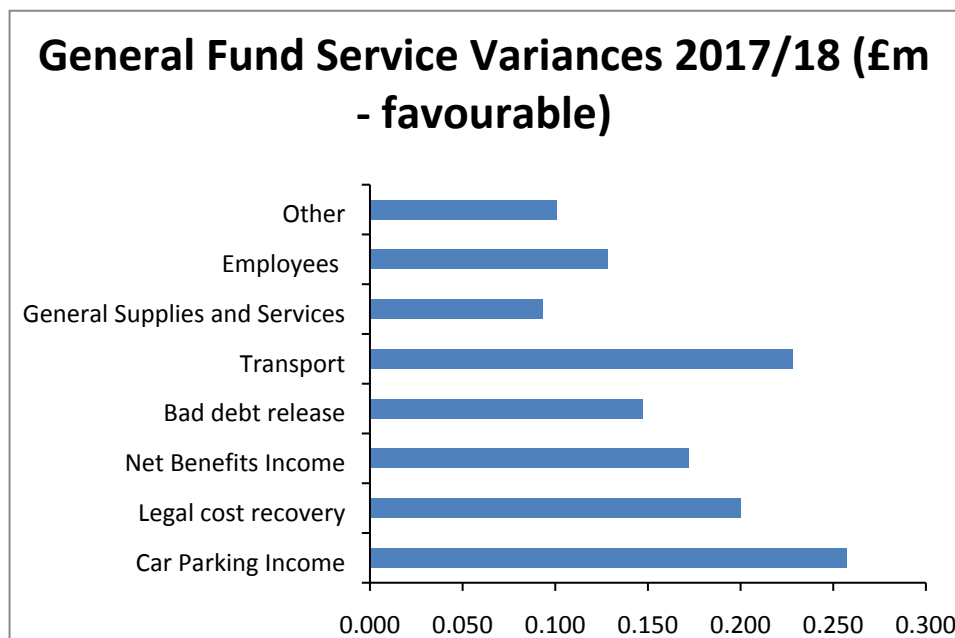
Table 1 – Overall General Fund Revenue Outturn 2017/18



- The overall general fund underspend for the year totals c£1.8m including funding & investment activity, baseline net expenditure, and reserves and other adjustments. The baseline net general fund expenditure of £13.836m was £1.326m below the original budget of £15.162m. The key variances are shown below in table 2.
- One-off expenditure of £3.016m was £1.408m below the forecast of £4.424m. A total of £0.645m will be re-forecast to 2018/19, mainly relating to the leisure centre project (£0.435m).
- Total general fund reserves (including the general fund balance) opened at £22.9m and closed at £25.4m, mainly due to increases in Community Infrastructure Levy balances of £2.5m. The final surplus after transfers to and from earmarked reserves of £0.789m will transfer to the general fund balance.

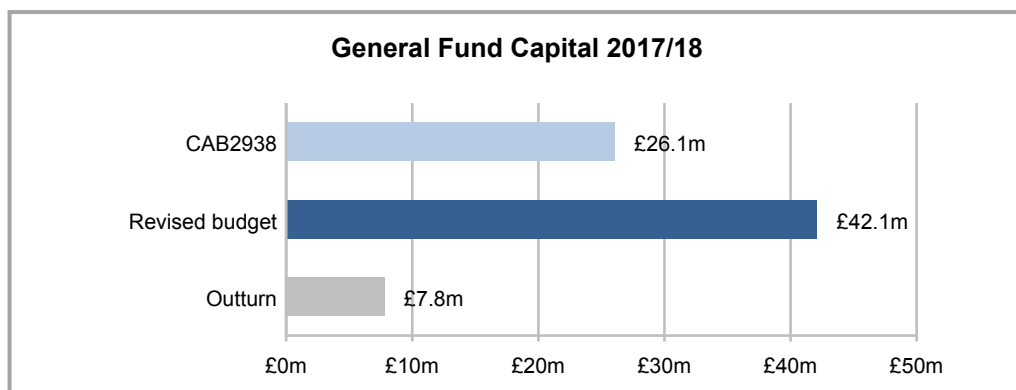
- The Winchester Town total cost of services for the year of £0.857m was £0.086m below the forecast of £0.943m. It is requested to re-forecast £0.046m of expenditure to 2018/19, mainly relating to St Maurice's Covert (£0.044m).

Table 2 – General Fund Net Baseline Service Variances 2017/18



General Fund Capital

- Total capital expenditure in year was £26.8m of which £19.0m relates to the Housing Revenue Account (HRA). The detailed HRA outturn is reported separately to Housing Cabinet (CAB3036 (HSG)); summary details are provided below.
- General Fund capital expenditure amounted to £7.8m. This compares to a total budget of £26.1m including brought forwards set in July 2017 (CAB2938). There was subsequent approval of an additional £16.0m budget, the largest item being the Strategic Asset Purchase scheme (increased by £15.0m) and, following reprogramming, the forecast expenditure was amended to £8.80m in February 2018. Further details by project are provided in Appendix 3.



3. The following key projects were undertaken in 2017/18:

- **Winchester Bus Station** Total Budget: £4,697k

Expenditure: Prior years £400k 2017/18 £4,377k Total £4,777k

The bus station was purchased by the Council in May 2017 and all subsequent works have been completed. The former service building to the centre of the site was demolished, the bus bays were reconfigured, and general improvements carried out.

There was an overspend of £80k as a result of unforeseen works including the requirement to move the incoming electricity supply due to the location of culverts under the site. This was partially offset by a contribution from the County Council of £23k for the purchase of bus shelters.

- **Winchester Sports & Leisure Centre** Total Budget: £38,000k

Expenditure: Prior years £0k 2017/18 £888k Total £888k

£750k was approved for expenditure in 2017/18 to undertaken RIBA stage 3 (developed design) work with a further £800k approved in 2018/19 for RIBA stage 4 (technical design) which will take the project up to the planning permission stage.

There was a re-profiling required of £138k in year due to the completion of some of the RIBA stage 4 work earlier than planned.

- **City Offices & Annexe Works** Total Budget: £640k

Expenditure: Prior years £97k 2017/18 £527k Total £624k

The City Offices accommodation has not been refurbished for a number of years. Renovations have involved reconfiguring and rationalising accommodation, installing office compliant lighting, replacing the carpets and decoration, and new acoustic ceilings. Further works will be undertaken in 2018/19 on the main reception area.

- **Friarsgate Car Park** Total Budget: £800k

Expenditure: Prior years £474k 2017/18 £207k Total £681k

Friarsgate Multi-Storey Car Park was closed in March 2015 following concerns about its structural integrity. The car park was partially demolished and a temporary car park created to accommodate 72 spaces including 4 disabled spaces, 2 electric charging points, and 2 for the Car Club.

The project was completed £119k below the original budget forecast.

- **4B Middlebrook Street** Total Budget: £150k

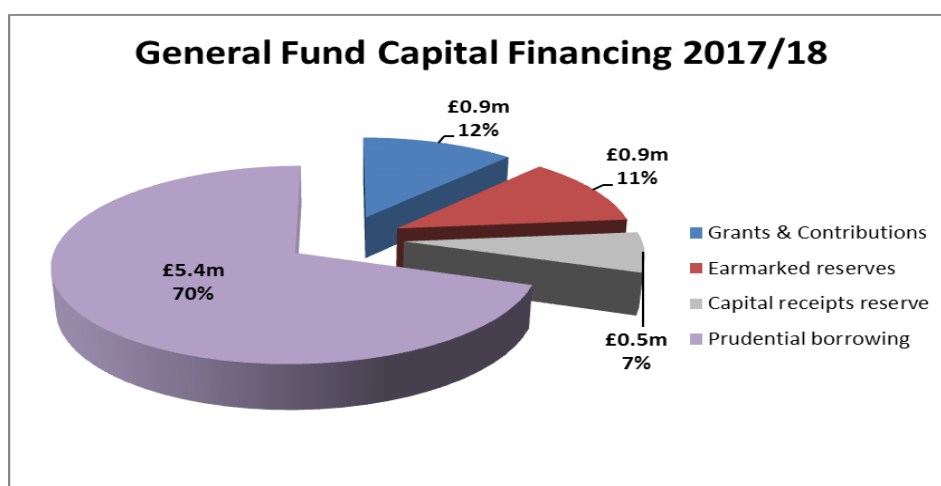
Expenditure: Prior years £0k 2017/18 £140k Total £140k

The offices previously occupied by the Post Office had been empty for several years before the building was refurbished, fitted out and brought back into use. Part of it has been let to a Pilates Studio and further lettings have recently been secured.

The project was completed £10k below the original budget forecast.

4. Capital Financing

The sources of finance available for capital projects are: capital receipts, grants and contributions, reserves, revenue contributions; and prudential borrowing or “Capital Financing Requirement” (unfinanced capital expenditure met by future revenue provision). Under the Prudential Code, the Council can invest in a capital programme so long as its capital spending plans are “affordable, prudent and sustainable”. The financing of the 2017/18 General Fund capital expenditure was as follows:



Where capital expenditure is to be financed in future years by charges to revenue, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. While the Council has sufficient

cash and investment balances, it is able to internally borrow but as CFR increases in the future it will need to borrow externally in addition to the £156.7m the Council has already borrowed as a result of the HRA self-financing settlement.

Capital Financing Requirement	General Fund £000	Housing Revenue Account £000	Total £000
Capital Financing Requirement at 1 April 2017	8,170	162,051	170,221
Unfinanced Capital Expenditure - in year	5,437	3,000	8,437
Provision for the Financing of Capital Investment	(415)	(1,029)	(1,444)
Capital Financing Requirement at 31 March 2018	13,192	164,022	177,214

5. Other General Fund capital budget changes

Disabled Facilities Grant (DFG)

DFG is financed by a grant from the Ministry of Housing, Communities and Local Government (MHCLG). The Council has been notified that it will receive £1.05m in 2018/19 which represents an increase of £100k over the forecast budget. In consequence, approval is sought for a supplementary capital estimate of £100k to be funded from the additional grant monies.

Security bollards

The Council will make a contribution of £75k towards the supply and installation of measures to ensure the security of Winchester High Street which will replace the temporary measures currently in place. The nature and location have been agreed with the relevant authorities. The contribution will be funded from revenue reserves.

Virtual permit software (car parks)

As part of the Council's Digital Transformation Strategy, the introduction of a virtual permits system for customers to manage their own accounts will create efficiencies in the parking department, enable the Council to complete its reception project, and improve the customer experience.

The required budget is detailed in the table below and includes one-off expenditure in respect of the software and an 18 month temporary full time grade 3 post in order to create databases, complete background work, and implement the system. As the work will be exclusively in relation to this project, this staff cost will be capitalised. There are no additional ongoing revenue costs.

Capital	2018/19 £000	2019/20 £000	Total £000
Virtual permit software incl. perpetual licence	20		20
Grade 3 employee 18 months	11	13	24
Total capital	<u>31</u>	<u>13</u>	<u>44</u>
Financed by			
Car Parks Reserve			<u>44</u>

General Fund 2017/18

	General Fund Revenue					General Fund Capital	
	Budget		Outturn			Budget	Outturn
	Income	Expenditure	Net contribution / (spend)	Full Year Outturn	Variance		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Housing	243	(1,500)	(1,257)	(1,344)	(87)	1,091	859
Total Environment	9,820	(11,838)	(2,018)	(2,165)	(147)	2,218	285
Total Health & Happiness	351	(2,713)	(2,362)	(2,256)	106	3,882	1,133
Total Business	226	(1,961)	(1,735)	(1,633)	102	6,006	509
Total Operational Delivery	2,963	(8,661)	(5,698)	(5,536)	162	5,529	4,936
Total Investment Activity	3,033	(710)	2,322	2,617	295	23,212	
Total Organisational Management	467	(6,674)	(6,206)	(6,987)	(781)	159	59
Corporate	1	(1,695)	(1,694)	378	2,072		
Council Tax Support Grant to Parishes		(155)	(155)	(155)			
Cost recharge to HRA		2,626	2,626	2,690	64		
	<u>17,104</u>	<u>(33,281)</u>	<u>(16,176)</u>	<u>(14,391)</u>	<u>1,785</u>	<u>42,097</u>	<u>7,781</u>
Total Tax and Grant Income			15,196	16,030	834		
Total Financing & Treasury Activity			(159)	(93)	66		
Total Reserve Related Movements			1,139	(757)	(1,896)		
Total Funding			<u>16,176</u>	<u>15,180</u>	<u>(996)</u>		
Transfer to General Fund Balance					789		

Housing Revenue Account 2017/18

	Housing Revenue Account				
	Budget		Outturn		
	Income	Expenditure	Net contribution / (spend)	Full Year Actual	Full Year Actual Variance
£'000	£'000	£'000	£'000	£'000	
Rent Service Charges & Other Income	28,056	-	28,056	27,805	(251)
Housing Management General	105	(4,562)	(4,457)	(4,165)	(292)
Housing Management Special	1,098	(2,605)	(1,507)	(1,534)	27
Repairs (including Administration)	95	(5,169)	(5,074)	(4,547)	(527)
Interest	24	(5,168)	(5,144)	(5,134)	(10)
Depreciation	-	(5,989)	(5,989)	(6,640)	651
Capital Expenditure Funded by HRA	-	(8,102)	(8,102)	(4,969)	(3,133)
Other Income & Expenditure	21	(85)	(64)	(697)	633*
	<u>29,399</u>	<u>(31,680)</u>	<u>(2,281)</u>	<u>118</u>	<u>(2,399)</u>
Working Balance at 1 April 2017			<u>8,998</u>	<u>8,998</u>	
Add Surplus / (Deficit)			<u>(2,281)</u>	<u>118</u>	<u>(2,399)</u>
Working Balance at 31 March 2018			<u><u>6,718</u></u>	<u><u>9,116</u></u>	<u><u>(2,399)</u></u>

* Increase in Other Income & Expenditure due to repayment of borrowing at year end

**Housing Revenue Account
Capital 2017/18**

	HRA Capital Programme	
	Budget	Actual
	£'000	£'000
Housing Major Works	6,568	5,781
Improvements and Conversions	1,630	1,243
Other Capital Spend	177	141
New Build Programme	16,319	11,858
	24,694	19,023

Section 2: Council Strategy 2017-20 Progress Update

The following chart and tables provide a summary of the progress against the actions included in the Council Strategy and Portfolio Plans 2017/18 as at the end of the final quarter of 2017/18 (31 March 2018).

The Council Strategy 2017-20 includes sixty-eight performance measures supporting the delivery of the Council's five strategic outcomes.

Each performance measure is assigned to a responsible manager, with previously agreed timescales and targets that are set out in the Council Strategy.

Progress against the agreed timescales and targets is presented using a Red/Amber/Green status. A further category of "On Track" has also been added. These categories are defined as follows:

- **Red** – Unlikely to deliver against agreed timescales and/or budget. Corrective Action Plan required.
- **Amber** – Some slippage or overspend, corrective action required to bring to meet schedule.
- **On Track** – preliminary work underway and expected to be delivered within time
- **Green** – On schedule to be delivered on time.

Measures where actions have been completed are shown as complete.

As of 31 March 2018 there were ten measures that had been completed and forty measures on schedule and be delivered on time (Green).

A further ten measures are on- track to be delivered within the target date and three showing as Amber, with some slippage.

There are two measures showing as Red where the agreed timescale has not been met or is unlikely to be met.

For the remaining three performance measures, data was not available at the time of writing the report or will not be available until later this year.

Further detailed information against each of the outcomes and performance measures is given in the following pages.

Council Strategy – Progress Report (Quarter 4 – 2017/18)

Delivering an entrepreneurial approach to efficient public services

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
1	Create a property company in order to gain General Fund returns	Establish a housing company that generates a long term rental stream to the Council	Dec 2017	Green	Proposal to establish a housing company approved by Cabinet on 6 December 2017, see Cabinet report CAB2990(HSG) . A further report to be brought back to Cabinet setting out detailed business plan and draft governance arrangements for the company.
2	Ensure that we have the right governance structure in place to enable the Council to act in an entrepreneurial way	Explore the opportunities to establish joint-ventures to enable an more efficient services	Sept 2017	Amber	This review will be on-going as opportunities present themselves.
		Review of internal governance to promote greater flexibility and responsiveness of decision making	May 2017	Red	Review was expanded in scope to consider a wider review of the Constitution and will be presented to members at Council later in 2018.
3	Ensure the Council maximises its key income streams	Increase Council Tax collection rates to 98.7%	Mar 2018	Green	This target was achieved at 31 March 2017 and remained at 98.7% for 2017-18.
		Increase Business Rates collection to 98.6%	Mar 2018	Green	This target was achieved at 31 March 2017 and improved to 99% for 2017-18.
4	Inspire staff by investing in a collaborative and flexible working environment that leads to the delivery of high quality services	Review the City Offices as part of the Capital investment programme	Mar 2018	Green	Report CAB2848 . Refurbishment to City Offices extended to include additional works which are expected to be finished autumn 2018.
		Complete a workforce strategy to support the development of staff	Jun 2017	Completed	Employee Strategy approved by Personnel Committee on 23 November 2017 (see report PER304). Work is

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
					underway to deliver the strategic priorities with progress updates included in the quarterly performance reports to Personnel Committee.
5	Promote digital infrastructure and new channels for our services	Reduce the average cost per transaction through the use of digital channels	Mar 2020	Green	Included as part of the Digital Transformation Programme. Council's Digital Transformation officer now in post and progress underway.
		100% Council services to be online by 2019	Dec 2019	Green	Audit now complete of services including details of which services are already provided online. Work underway identifying further services to be moved online
6	Protect and enhance our assets in order to maximise income possibilities	Seek to secure partners for a public service hub to be based around the City Offices/West Wing/Guildhall buildings	Mar 2020	Green	Discussions ongoing with potential partners.
		Provide 50 households with the access to an open-market shared ownership scheme	Mar 2019	Green	Partnered Home Purchase (PHP) pilot scheme launched successfully on 1 March 2018. The Council has so far received eight applications with one having had an offer on a property accepted.
		Increase average investment returns to 1% through a new Treasury Management Strategy	Mar 2018	Completed	Treasury Management outturn report to be presented to Cabinet at its meeting on 18 July (Report CAB3064 refers). The investment return for 2017/18 was 1.13%
7	Understand and review the subsidies WCC funds	Review all charges to understand and target subsidies to the Council Strategy outcomes	Mar 2018	Completed	All fees and charges reviewed as part of 2018/19 budget setting process and set out in an appendix to the budget report.
		Review Council Tax Support scheme to ensure an affordable and equitable	Jan 2018	Completed	Review completed and scheme approved by Cabinet (Report CAB2946 refers)

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		scheme that supports our residents to work			
		Utilise our Discretionary Housing Payments to support our residents with the impact of welfare reform	April 2017	Completed	Revised payments scheme approved by Cabinet on 26 April 2017 (Report CAB2909 refers).
		Rents arrears and Council Tax arrears will reduce from current levels	Mar 2018	Amber	The overall Council Tax arrears (which includes the new debt raised in 2017/18) has increased slightly at the end of the year, however, there has been success in the work that was undertaken on arrears where a number of older debts were collected through the use of charging orders. The Revenues team are working hard to improve this target and will continue to do so throughout 2018/19. There has also been a small increase in rent arrears with the Council working closely with tenants to manage and reduce arrears..
8	Use a strategic asset purchase scheme to generate financial returns	Generate an additional £500k p.a. of returns from a strategic asset purchase scheme	Mar 2018	Red	Creation of a Strategic Acquisition Strategy approved by Cabinet 7 December 2016 (See Report CAB2872). Returns for the year of £62k, with budgeted returns for 2018-19 of £225k on existing purchases.
		Develop a new capital strategy focussed on maximising income opportunities	Mar 2017	Completed	New strategy approved by Cabinet and Council in January 2017, (see report CAB2889)

Delivering quality housing options

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
1	Be proactive in our Tenant engagement, achieving effective representation and insight across all tenant and customer groups	Making a more effective use of the Survey of Tenants and Residents through better use of data and wider engagement	Mar 2020	Green	Survey results informed business plan preparation. Tenant Engagement Strategy approved by Cabinet (Housing) Committee in November 2017 – see CAB2987(HSG)
2	Become experts in finding innovative solutions to support residents trying to buy their own home	Develop an effective "shared ownership" programme	Mar 2020	Green	Shared ownership flats included at Chesil Lodge and Victoria Court. All shared-ownership flats at Chesil Lodge sold Subject To Contract (STC).
		Provide access to custom build initiatives	Mar 2020	Green	Sites will be identified through Local Plan process
3	Deliver good Housing stock condition and energy performance for City Council owned dwellings that meet the Decent homes standard	0% "Non Decent Stock. Average Standard Assessment Procedure (SAP) rating > 65	Mar 2020	Green	Programme on track to maintain all properties as "decent" in current year. Average SAP rating currently 68
4	Double the number of Council houses built in the period 2017 - 2020	Additional grant funding/section 106 resource secured	Mar 2020	Green	Council signed up to "Wayfarer" partnership (working with local Registered Social Landlord's) to bid for grant. Grant of £3.2M secured for The Valley, Stanmore development. Further bids for additional grant headroom will be prepared by September 18.
		Provide an additional 300 new homes by 2020 through Council funded development programme	Mar 2020	Green	On track. 160 homes completed, 51 on-site, 85 with planning consent and being tendered. 2 planning consultations events planned for July 18 for a further 100 homes

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
5	Drive down homelessness across the District and support partner agencies in the drive for an improved life for those in need	Avoiding reliance on Bed & Breakfast (B&B) accommodation as a housing option	Mar 2020	Green	No use of B&B for families in 2017/18. One individual placed for one night during recent cold weather.
		Increased provision of supported housing units/move on accommodation	Mar 2020	Green	Discussions with HCC/support providers ongoing. Progress will be subject to Govt confirmation of welfare reform implications for supported housing.
6	Establish a Housing Company or other specialist vehicle to support development	50 units for private rent delivered through specialist vehicle	Mar 2020	Green	Proposal to establish a housing company approved by Cabinet on 6 December 2017, see Cabinet report CAB2990(HSG) . Further report to be brought back to Cabinet setting out detailed business plan and draft governance arrangements for the company.
7	Provide good access to affordable housing options across a range of tenures, including affordable and sub market rent (within Local Housing Allowance rates) market rent, shared ownership, student housing etc.	Additional affordable homes provided (mixed tenures)	Mar 2020	Green	See 2, 4 and 6 above
8	Provide residents with direct access to, affordable Private Rented Housing (within Local Housing Allowance rates)	Number of houses that Council provide as private rented	Mar 2020	Green	“City Lets” scheme expanding and now has 30 properties let and occupied.
9	Restrict permitted development rights in Winchester so that new HMOs require planning permission from the Council.	Make an Article 4 Direction(s) where evidence shows the proliferation of Houses of Multiple Occupation (HMO) is unbalancing housing stock in	Mar 2020	On track	Article 4 Direction in place for Stanmore and new Direction made for Winnall which is due to come into effect in May 2018. Further work due to commence in

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		Winchester, or parts of the city.			2018 looking at the number of HMOs across the city to see whether there is sufficient justification to consider making further Article 4 Directions in other parts of Winchester.

Improve the health and happiness of our community

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
1	Ensure that a holistic approach to travel and movement is integrated into all Council plans and strategies, to improve health and reduce emissions	We will increase use of Park & Ride, including the delivery of 200 spaces at Barton Farm	Mar 2020	Green	Winchester Movement Strategy will consider whether there is a demand for additional P&R provision. Strategy is expected to be adopted by December 2018/January 2019. Furthermore the Council improved the existing P&R offer by adding an additional bus at peaks times (moving from 8 to 9 buses during the busiest periods). This came into operation on 4/3/18
		Increase the number of health walks in the District to 5,600 in 2017/18	Mar 2020	Completed	1,549 Health Walks during Q4 2017/18, 6,526 participants for the whole year exceeding the target of 5,600
		Develop the Winchester Criterium and Cyclefest to increase spectators to 10,000 (2017/18)	Jun 2017	Completed	An estimated 9,000 spectators attended 2017 event and 13,000 spectators attended the 2018 event
2	Encouraging volunteering to support and extend local services	Number of volunteering opportunities created / increase in number of residents who volunteer (survey)	Mar 2020	Data available Oct 18	Data to be included in the end of year report.
		Increase the number of adults volunteering in sport to 22% (2019/20)	Mar 2021	Green	Active Lives Data 2016/17 - 20% Active Lives data for 2017/18 will be published in October 2018 Volunteers at events contributes to this e.g. Winchester Criterium, Paralympic Personal Bests
3	Promote active communities by supporting programmes accessible to all residents to encourage physical activity across the District	Council grants programme to prioritise sports and physical activity programmes	Mar 2018	Green	Grants totalling over £22,000 given to sports organisations during 2017/18 including to football, tennis and cricket clubs.

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		Target discretionary business rates relief towards sports clubs	Mar 2018	Green	To be reviewed during early 2018.
		Increase the number of adults participating in at least 30 minutes of exercise each week to 46% (2017/18), 47.5% (2018/19) and 49% (2019/2020)	Mar 2018	Data available Oct 18	Sport England Survey has been changed from Active People to Active Lives and has been updated in the refreshed Council Strategy.
		Increase the number of adults who participate in at least 30 mins of exercise 3 times a week to 28% (2017/18), 28.5% (2018/19) and 29% (2019/20)	Mar 2020	Data available Oct 18	Sport England Survey has been changed from Active People to Active Lives. This performance measure has been updated in the refreshed Council Strategy.
4	Provide new leisure facilities in Winchester that meet the needs of a broad cross section of our communities	Commence build of a new leisure facility by 2018	Dec 2018 Now likely to be Spring 2019	Green	Consideration of Outline Business Case by Overview & Scrutiny on 20 November Report OS186 refers. Project update report considered by Cabinet (Leisure Committee) on 16 January, report CAB3015(LC) refers. Further update in May at Leisure Centre Cabinet Committee and Cabinet on 6 th June approved a start on the procurement of an operator for the New Leisure Centre, pitch mitigation measures, and Design Framework for the Bar End area
5	Support the delivery of a programme of festivals and events across the District	Establish a coordinated approach to ensure the delivery of a range of high quality sustainable festivals and events that are safe, well organised and well attended	Mar 2020	Green	The Winchester Festival's Group, coordinated by the Winchester BID and attended by the tourism marketing team and representatives from all the major events and festivals across the District, meets quarterly to discuss and review events including their promotion via the WCC-owned Festivals site. The Winchester Safety Advisory Group (SAG)

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
					reviews the safety arrangements for every major event.
6	Work with partners to improve the Health of residents in the District	Support the delivery of the Winchester Health and Wellbeing Action Plan	Mar 2020	Green	Working in partnership with University of Winchester, Action Hants, West Hants Clinical Commissioning Group & GPs on the development of a funding bid to the Dept of Health's new Social Prescribing Fund. https://www.gov.uk/government/publications/health-and-wellbeing-fund-2017-to-2018-application-form
		Develop the Exercise Referral programme to include classes for adults with long term health conditions. 200 referrals and class attendance of 2,020 (2017/18)	Mar 2020	Completed	Active Lifestyles Scheme – Exercise Referrals 2015/16 – 142 2016/17 – 233 2017/18 – 263 Community Classes 2015/16 – 100 2016/17 – 1,926 2017/18 – 2,413
		Invest annually in disabled facilities grants in line with Government funding to help keep people in their own home	Mar 2020	Green	Spend on track with over £500k committed, assisting over 100 disabled residents.

Improving the quality of the District's environment

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
1	By working with our partners and by using powers available to us, make Winchester a safer and more pleasant place to live, work and visit	Area specific satisfaction surveys completed using a baseline of ASB Hot Spot locations from the previous year that have been raised via the CSP	Mar 2020	Green	The survey results came in January 2018, 45 partner agencies were surveyed and we received 24.4% return. Using a scale of 1-10 (1 being extremely dissatisfied) the following applied 1. Did the work undertaken address the issue'? – 90% of respondents shared 8, 9 &10 scores. 2. Did the involvement of the CS and NS team meet your expectations'? – 80% scored 8, 9, & 10.
		Utilise the Tools and Powers provided within the Anti-Social Behaviour Police & Crime Act 2014	Mar 2020	Green	Within this reporting period the following powers have been used: <ul style="list-style-type: none"> • 2 CPN warning letters delivered for begging in the High Street, • 2 Criminal Behaviour Orders (CBO) have been successfully put in place via the courts • 1 CBO breached – that individual is currently • 2 Dispersal orders (S35) have been given out Future plans: S.35's will be used in the coming months and 6 have already been signed off for planned operations in the coming months aimed at tackling street ASB.

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		Always evaluate prosecution as a deterrent to those who fly tip within the District	Mar 2020	Green	<p>There are currently 2 prosecutions in progress that are awaiting dates from the court.</p> <p>1 successful prosecution against two individuals for the same case.</p>
		Achieve a reduction in the number of reported fly tipping incidents taking place at fly tipping hot spots	Mar 2020	Green	<p>Fly tip incidents at 6 hot spot locations were identified in 2017/18 of those there has been a significant reduction in reports for example Pitymoore Lane reported 41 incidents in 2017 and now shows a reduction within the same quarter for 2018 (Jan – March). The data shows a reduction of 99% (41 reports in 2017 against 1 report in 2018). In Pigeon House Lane Southwick there was a reduction of 30% (22 reports 2017 against 6 reports in 2018) within the same period.</p> <p>Whilst it's difficult to be absolute about the reasons behind our successes there are a number of factors that contribute; a very prolific offender was brought to justice in partnership with other authorities and received a custodial sentence and 5yr ban from Hampshire, the use of signage, visible uniformed presence and education around reporting.</p> <p>A draft 'dos and don'ts for reporting fly tip is at the 'sign off' stage and will be rolled</p>

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
					<p>out using social media and community contacts to educate the public and external partners alike.</p> <p>Hot spot locations are identified using data extracted each year from the previous year – this year’s hotspot locations so far include Whiteley Lane, Whiteley, Beeches Hill, Bishops Waltham and the A33 Basingstoke Road.</p> <p>Please note: There is a caveat to ‘hot spot’ locations because reports often include the name of the area but the impact can be at various points within the same area.</p>
		Investigate introducing litter fines.	Mar 2020	Green	FPNs are in place and the use of new legislation whereby we can increase the fine is still to be decided – currently we issue £75 penalties, which is in the range of the new legislation. We do have the option of going up to a maximum of £150.
2	Enhance and increase the use of open spaces in both the towns and more rural areas of the District	Undertaking a visitors user survey on key open spaces to ascertain current use and future demand for such space	Mar 2020	Green	Delivery options have been assessed; a user survey underway. We are currently developing a work programme to collect additional data including analysing CCTV cameras at key locations, undertaking site based quantitative surveys and undertaking site based user questionnaires across a 12 month period

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		Deliver £250k of Estate Improvements annually	Mar 2020	Green	A number of parking improvement schemes being progressed. Major environmental and improvements to Trussell Crescent underway. Further parking improvements recommended (CAB2979(HSG)) refers
3	Find creative ways to reduce harmful emissions, based on sound evidence and holistic transport planning	Meets or is better than statutory limits across the District, including town centre hot spots	Mar 2020	On track	Any high level proposals which come out of the City of Winchester Movement Strategy will be considered in relation to air quality.
		Total emissions from the Winchester District have reduced by 40% or 25,000 tonnes CO ₂ e per annum (relative to the 2004 baseline) by 2020	Mar 2020	On track	Delivery of the measures included in the Twelve Actions for a Lower Carbon Council and the Low Carbon Route Map underway, including introduction of low emission Park and Ride buses and support, by granting of planning permission for a number of solar farms across the District.
4	Protect, enhance and respect the District's rich heritage and landscape whilst allowing development to take place which enables our historic environment to evolve over time having due regard for the landscape character.	Having an adopted up-to-date Local Plan with positive policies which allow development to take place which protects and enhances the historic environment.	Mar 2020	Green	Local Plan Part 2 was adopted in April 2017, the final development plan document on Travellers is being prepared with the intention of adoption by end of 2018. A review of the Local Plan will commence in 2018, with evidence gathering and community engagement, prior to consultation and examination and subsequent adoption by end 2021.
5	Work to change attitudes to waste, and significantly improve recycling levels	Investigate options for additional income through increased recycling	Mar 2020	On track	The City Council continues to work closely with the Project Integra Partnership on campaigns to improve recycling performance. It recently piloted

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
					a pilot social media campaign aimed at specific target groups. It is also awaiting the outcome of the Hampshire waste Partnership Project aimed at increasing the range of materials collected at the kerbside. In the meantime it has announced its intention to roll out kerbside glass collections whilst also continuing to provide a free garden waste collection service. It will maximise every opportunity to promote wider recycling as part of the kerbside glass collections roll out publicity.
		Improve recycling rates from the 2016-17 baseline position	Mar 2020	Green	Recycling figures for 2017/18 show a small improvement over figures for the previous financial year. The Council achieved a recycling rate of 36.02% during 2017/18 compared to 35.87% in 2016/17.
6	Work with strategic partners to continue to develop flood resilience measures	Flood assessment carried out for all schemes to achieve a reduction in affected properties.	Mar 2020	Green	Final phase of the North Winchester Flood Alleviation scheme has been programmed and funding was agreed including £300k contribution from the Community Infrastructure Levy. However following more investigative works, which will affect the detailed design of the scheme, and wider environmental considerations the cost of the project has increased so the funding position will be reviewed.

Winchester District will be a premier business location

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
1	Develop new employment opportunities across the District	Directly develop office space to support Small, Medium Enterprises to grow	Mar 2020	On track	Currently reviewing opportunities including the site of the former depot in Bishops Waltham, report to be considered by Cabinet 13 November (Report CAB2961 refers).
		Through WCC programmes, support 10 people per quarter into work	Mar 2019	Amber	Unemployment levels remain low for the Winchester District and this outcome has therefore been removed from the updated Council Strategy.
2	Prioritise support for the knowledge-based, creative and tourism sectors	Development of an inward investment strategy	Mar 2018	On track	To be part of Economic Strategy currently in development.
		Sustain our rural economy by supporting existing businesses to grow and new enterprises to start	Mar 2020	On track	LEADER funding continues to be successful. Enterprise First business support provision now in place.
3	Promote a sustainable economy by enabling major regeneration schemes	Complete Supplementary Planning Document (SPD) on the Central Winchester Regeneration site by Nov. 2017	Nov 2017	Green	Draft SPD approved for consultation at Cabinet on 6 December 2017 (report CAB2995 refers). Formal consultation concludes on 5 February.
		Increase office supply of 140,000 ft on the Station Approach site by 2022	Mar 2022	On track	See update on page 30 of this Report
4	Utilise our environment to drive business growth	Survival rate of new businesses	Mar 2020	On track	Statistics to be reported after the end of the financial year.
		Facilitate and support the development and delivery of strategically important sites across the District and working with partners to deliver employment opportunities.	Mar 2020	On track	Engaged LDS Architects to develop a scheme for the Carfax site to provide new offices. Seeking approval for funding to develop a proposal for new business premises at Bishops Waltham.
		Ensure we have an up-to-date car parking strategy which manages demand with sufficient spaces in	Mar 2017	Completed	Mid-Term refresh of Car Parking Strategy approved by Cabinet in December 2016 (report CAB2874 refers). Further

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		appropriate locations including Park and Ride expansion where there is a demonstrable need.			consideration to be given to parking as part of Central Winchester Regeneration development.
		Respond to the Winchester Movement Strategy and action plan	Ongoing	Green	Consultation underway seeking feedback to inform new Winchester Movement Strategy.
5	Work with strategic partners to continue to deliver critical infrastructure projects across the District	Increase access to Super-Fast Broadband to 90% across Hampshire	Mar 2019	Green	Due to additional government funding the BDUK (Broadband Digital UK) project is looking to include a greater number of households and businesses in the district. Using BT as the main contractor the HCC/BDUK aim to have 95% of households connected with Superfast Broadband by mid 2019.

Section 3: Programme Management – Projects Update

This report provides an update on the progress made against the Council’s significant programmes and projects which are being or will be undertaken during the next five years. These programmes and projects have been selected for inclusion in this report because of their significance to the Council and the need for regular monitoring.

The Council’s Major Projects include:

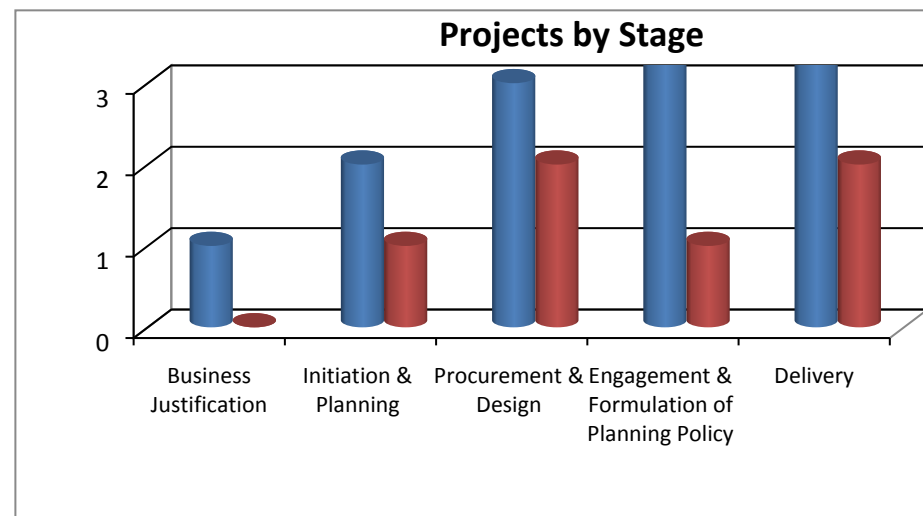
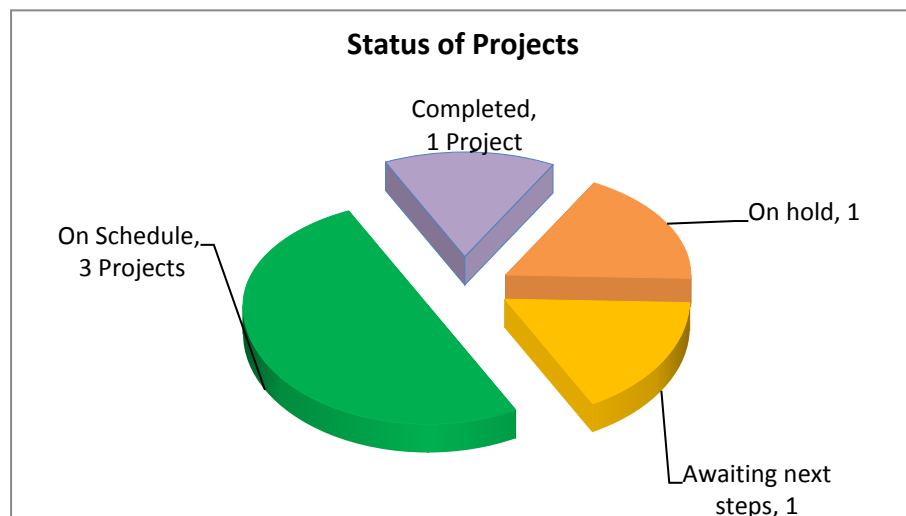
- Winchester Sport and Leisure Park
- Central Winchester Regeneration
- Station Approach

Other significant projects that the Council is leading on include;

- Replacement Doctors Surgery
- Chesil Lodge – Extra Care Scheme
- New Homes Programme



Summary Report



The charts below summarise the status of the Council’s significant projects as set out in the report



Management Report – Major Projects

Summary		Status & Progress		Project Milestones
<u>Winchester Sport & Leisure Park</u>		Current Quarter	Previous Quarter	<ul style="list-style-type: none"> • Options appraisal – 2013 to 2015 - Completed • Feasibility assessment of preferred option – 2016 - Completed • Prepare Outline Business Case for preferred option - 2016/17 - Completed • Outline Business Case – 16 January 2018 - Completed • Prepare and seek planning permission - 2018 • Start on site – 2018 (now likely to be early 2019) • Completion – 2020 (now likely to be 2021)
Project Phase: Procurement and Design		✓	✓	
Project Start Date: 01 May 2013	Projected End Date: Spring 2021			
Project Sponsor: Chas Bradfield	Project Executive: Andy Hickman			
Project Budget: Capital: £38,000,000 Revenue: £759,402	Total Actual Spend: Total: £1,223,035			
Project Update & Next Steps				
<ul style="list-style-type: none"> • Design Framework agreed by Cabinet – 6 June 2018 • Operator procurement details agreed by Cabinet 6 June 2018 • Deed of Variation agreed by Cabinet – 6 June 2018 • Phase 4 consultation complete • Planning application submitted – June 2018 				
Next Steps				
<ul style="list-style-type: none"> • Planning determination anticipated October 2018 • Exhibition of Planning Application – including preview event underway • Ongoing meeting with local groups and clubs 				


Summary		Status & Progress		Project Milestones
<u>Station Approach</u>		Current Quarter	Previous Quarter	<ul style="list-style-type: none"> 15/12/16 - Procurement of RIBA Competitions Office - Completed 20/03/17 - Cabinet to agree start of procurement – Completed 14/08/17 - Cabinet (SA) to approve appointment of architects - Completed 27/02/18 – Cabinet (SA) approve content of the Public Realm Strategy and Masterplan Framework - Completed 12/07/18 – Cabinet (SA) to approve: Procurement route for Public Realm Strategy design work Oct 18 – Cabinet (SA) to approve: RIBA stage 2 outputs, and proceed to stage 3 Mar 2019- Cabinet (SA) to approve: RIBA stage 3 outputs, to proceed to stage 4, to submit planning application on basis of stage 3. Mar 2019 – Target date for planning application submission Aug 2019 – Planning application to be considered by Planning Committee Sep 2019 - Cabinet (SA) to approve: RIBA stage 4 outputs, and to proceed to stage 5 Early 2020 – Earliest on-site start date (dependent on delivery route)
Project Phase: Procurement and Design team				
Project Start: February 2015	Project End Date: 01 December 2022			
Project Sponsor: Chas Bradfield	Project Executive: Ian Charie			
Project Budget: Project Budget: Capital: £1,800,000 Revenue: £1,500,000	Spend to date: £863,134 (current project)			
Project Update & Next Steps				
<ul style="list-style-type: none"> Masterplan Framework and Public Realm Strategy agreed and consultation held March 2018 Liaison with Hampshire County Council, Network Rail and South West Trains on taking forward public realm strategy Proposals for procuring the design work for the public realm strategy being taken to Cabinet (SA) in July 2018. <p>RIBA Stage 2 design work being costed and viability assessments being undertaken to inform the outline business case to be reported to Cabinet (SA) in October 2018.</p> <p>Next Steps</p> <ul style="list-style-type: none"> Production of outline business case Further liaison with key stakeholders and landowners Procurement for public realm design work Drafting of Cabinet Committee report to agree public engagement on RIBA Stage 2, and proposed plan for RIBA Stage 3 				



Summary		Status & Progress		Project Milestones
<u>Central Winchester Regeneration</u>		Current Quarter	Previous Quarter	<ul style="list-style-type: none"> • 27/11/17 - Draft SPD reviewed and signed off • 06/12/17 – Cabinet approval to commence consultation • 11/12/17 – Start of Formal Consultation • 05/02/18 – End of Formal Consultation • 20/06/16 – Cabinet resolution to adopt SPD • 10/07/16 – Cabinet (CWR) Committee approval to proceed with next steps in relation to meanwhile uses and improvements to the existing estate
Project Phase: SPD Adopted – awaiting next steps				
Project Start: March 2016	Project End: Ongoing			
Project Sponsor: Chas Bradfield	Project Executive: Veryan Lyons			
Project Budget: Revenue: £335,000 (for SPD)	Spend to date: £267,271			
Project Update & Next Steps				
<ul style="list-style-type: none"> • The Informal Policy Group (IPG) has resolved to set up an Archaeology Consultation Panel. Eminent experts in the field had been appointed to the Panel which held its first meeting in November. • Urban Delivery has been commissioned to undertake initial work on the potential delivery options • Completed draft SPD considered at formal meeting (held in public) 30 October • Draft SPD and consultation questions made available to the public from the Council website and reception – 31 Oct 2017 • Drop in exhibition – 14 November 2017 • O&S Committee – 27 November 2017 • Formal consultation period commenced with launch exhibition - 11 December 2017 • Follow up exhibitions between 10 – 15 January 2018 • End of formal consultation period – 5 February 2018 • Collate consultation responses, Council responses and proposed modifications/ actions • IPG meeting to update public on consultation responses – 19 March 2018 • IPG meeting to update public on proposed amends to the SPD – 14 May 2018 • O&S Committee – 4 June 2018 • Cabinet resolution to adopt draft SPD – 20 June 2018 <p>Next Steps</p> <ul style="list-style-type: none"> • Three month statutory notice period following adoption • Meanwhile uses and improvements to the existing estate and public realm 				

- Archaeology dialogue – agree next steps
- Movement Strategy – continue to liaise with HCC on how best to incorporate emerging themes into the development proposals for the CWR area
- Continue developing relationships with stakeholders and landowners
- Seek to find consultants where specialist expertise is required
- Investigate options to facilitate a process for finding a name for the CWR area
- Cabinet (CWR) Committee visits to Bath and Chester

Other Projects









Summary		Status & Progress		Project Milestones
<u>Replacement Surgery</u>		Current Quarter	Previous Quarter	<ul style="list-style-type: none"> • <i>Planning permission approved – March 2016</i> • <i>Detailed design - 2017</i> • <i>Construction – estimated to start late 2018</i> • <i>Building completed - estimated 2019</i>
Project Phase: Initiation & Planning		Onhold	Onhold	
Project Start: February 2016	Project End: 31 December 2018			
Project Sponsor: Chas Bradfield	Project Executive: Kevin Warren			
Project Budget: Capital: £4,268,000	Spend to date: £120,023			
Project Update & Next Steps				
<ul style="list-style-type: none"> • Awaiting progress with partners signing up to building agreement and agreement for lease. <p>Next Steps</p> <ul style="list-style-type: none"> • S278 Agreement (technical agreement reached with HCC, formal 278 agreement to be signed) • Site scan • Form of Agreement for Lease to be agreed • Investigations/reports to satisfy planning conditions • Instruct Architect to develop design up to RIBA Stage 4 • Procurement of consultants • Procurement of contractor 				







Summary		Status & Progress		Project Milestones
<u>Chesil Lodge – Extra Care Scheme</u>		Current Quarter	Previous Quarter	<ul style="list-style-type: none"> • 05/02/15 – Planning permission granted at Planning Committee • 11/04/16 – Construction started on site • 10/03/17 – ‘Topping Out’ ceremony held • 22/03/17 – Award of contract for catering service at Chesil Lodge (report CAB2912(HSG) refers) • Completion / handover by contractor • Phased moving in of residents
Project Phase: Delivery		Completed		
Project Start: January 2013	Project End: 2018			
Project Sponsor: Richard Botham	Project Executive: Andrew Palmer			
Project Budget: £15,431,560	Spend to date: £15,323,000 to 31 May 2018			
Project Update & Next Steps				
<ul style="list-style-type: none"> • Scheme handed over to the Council by contractor 21st June 2018 • First resident moved in June 28th, phased move in for remaining residents during July <p>Next Steps</p> <ul style="list-style-type: none"> • Phased moving in of residents • Practical completion of whole scheme including S278 Highway works. • Formal opening event in Autumn 2018 • Post project review to be carried out 				

Summary		Status & Progress		Project Milestones
<u>New Homes Programme</u>		Current Quarter	Previous Quarter	<ul style="list-style-type: none"> • The Valley – tender process underway (stage 2 mini tender) • Mitford Rd – flat completion August 2018 • Bailey Close – completion September 2018 • Hillier Way – completed in November 2017 • Victoria House – completion delayed due to insolvency • Knowle - Started on site • Rowlings Rd –Planning consent secured, preparing to Tender
Project Phase: Delivery				
Project Start: December 2012	Project End: December 2022			
Project Sponsor: Richard Botham	Project Executive: Andrew Palmer			
Project Budget: Capital: £43,942,000	Spend to date: Capital: £7,814,182 <i>To 30 November</i>			
Project Update & Next Steps				
<ul style="list-style-type: none"> • Mitford Rd – Flats to be handed over on 28th August 2018. • Bailey Close – work re-started on site following administration of original contractor. Anticipated completion August 2018 • Hillier Way – completed (November 2017) • Victoria House – Contractor entered administration in April 2018, Council has appointed construction consultants to re-engage sub contractors, completion delayed until September 2018 • Knowle - Ground works have commenced on sites, however build contract not signed whilst contractors Bond query is resolved. • The Valley – Homes England grant awarded of £3.2M, 2nd stage of tender process underway with design drawings and soil testing being immediate tasks requiring action. 				

Section 4 – Managing the business (performance indicators)

The table below provides an update on the performance the Council is making against a set of ‘corporate health’ indicators.

Performance Indicator	2016/17 Data			2017/18 Data				Annual Target	End of Year Status
	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Average Sickness per member of staff (<i>days</i>) – rolling year	6.0	6.0	6.3	6.4	6.5	6.9	6.3	7.5	
Staff Turnover - quarterly	3.38%	2.03%	3.63%	5.48%	5.69%	4.22%	3.25%	No target set	No target set
Speed of processing new Housing Benefit/ Council Tax Support Claims (<i>days</i>)	16.31	14.93	13.72	10.38	9.75	10.41	11.13	14.00	
Speed of processing changes in circumstances Housing Benefit/ Council Tax Support Claims (<i>days</i>)	5.68	5.28	4.18	3.37	3.22	3.37	3.21	7.00	
Number of overdue/ outstanding internal audit actions (<i>end of quarter</i>)	31	26	20	32	23	25	15	10	
Number of High Priority Overdue Internal Audit Management Actions	14	11	7	9	0	3	0	0	
Number Internal Audit Reports issued with ‘No Assurance’ opinion	0	0	0	0	0	0	0	0	
Accounts Payable – invoices paid within 30 days	97%	94%	96%	96%	90%	95%	94%	100%	
Invoices processed with a Purchase Order	99%	100%	100%	98%	100%	99%	100%	100%	

Performance Indicator	2016/17 Data			2017/18 Data				Annual Target	End of Year Status
	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Number of complaints recorded on corporate complaints system	96	116	67	86	67	76	129	No Target Set	Not Applicable
Percentage of FOI requests responded to within 20 working days	75.9%	81.63%	86.64%	73.91%	78.70%	79.88%	78.53%	90.00%	
Number of Fly-Tipping Incidents reported	170	192	254	142	200	193	249	No Target Set	Not Applicable
Percentage of household waste sent for reuse, recycling and composting - quarterly	38.16%	34.98%	32.99%	37.94%	38.31%	35.30%	32.31%	35.87%	
Percentage of Major applications determined within 13 weeks or Agreed Extension of Time	66.33%	79.39%	84.00%	66.67%	71.43%	83.33%	100.00%	60.00%	
Percentage of Non Major applications determined with 8 weeks or Agreed Extension of Time	75.00%	90.00%	70.00%	83.13%	81.03%	88.74%	90.96%	65.00%	
Number of Enforcement Cases Opened	No data	69	70	89	91	83	90	No Target Set	Not Applicable
Number of Enforcement Cases Closed	No data	70	57	128	108	103	108	No Target Set	Not Applicable
Voids – Average re-let time (general needs and Sheltered)	12.18	11.12	11.48	12.51	12.27	12.32	12.63	19	
Arrears - Number of tenants owing more than 4 weeks rent	229	221	203	222	327	206	205	No Target Set	Not Applicable
Repairs – Average number of days to complete responsive repairs	4.39	2.96	3.96	5.4	5.3	5.0	5.16	8	

Performance Indicator	2016/17 Data			2017/18 Data				Annual Target	End of Year Status
	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Homelessness – Numbers presenting to Council as being at risk of homelessness	403	301	357	324	404	334	460	No Target Set	Not Applicable

Key to symbols:



This performance indicator is on target



This performance indicator is below target but within 5% of the target



This performance indicator is more than 5% of the target

Key Actions:

- Freedom of Information (FOI) processes are being reviewed and a cross Council information governance group has been created to help oversee the process and improvements. Further communications and training are being rolled out to improve compliance with the process. Some progress has been made during the year but a faster increase is required for this indicator. Further briefings with senior managers have been held to identify key blockages in responses and improve performance into the next year.
- Outstanding audit actions have significantly improved during the year with no outstanding high risk recommendations and a halving of all outstanding audit actions. There are a handful of audits where audit actions are outstanding and closure of these, especially in respect of when the review of the constitution is complete, is expected to reduce the number of outstanding actions below the target of 10.

GENERAL FUND EARMARKED RESERVES (£000)	2017/18	2017/18
	OP. BAL.	OUTTURN
Major Investment Reserve *	(7,581)	(7,388)
Business Rates Retention	(1,242)	(1,617)
Car Parks Property	(1,969)	(2,031)
Community Grants & Commissions	(172)	(173)
Community Infrastructure Levy - General Fund	(1,724)	(4,066)
Community Infrastructure Levy - Winchester Town	(168)	(303)
Council Strategy Support	(649)	(1,038)
Flood Support Schemes	(85)	(76)
Homelessness Prevention	(489)	(486)
Information Management and Technology	(493)	(608)
Insurance	(41)	
Landscape Mitigation	(100)	(26)
Local Development Framework (LDF)	(454)	(454)
Municipal Mutual Insurance	(139)	(139)
Museums Acquisitions	(7)	
Museums Publications	(38)	(30)
New Burdens	(217)	(263)
Organisational Development	(1,337)	(828)
S106 (Interest)	(30)	(101)
Property - Asset Management Reserve	(3,540)	(3,213)
Winchester Town Reserve	(468)	(526)
Total General Fund Earmarked Reserves	(20,943)	(23,366)
General Fund Balance	(2,000)	(2,789)

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Capital Expenditure Outturn 2017/18

	Outcome	2017/18					Comments
		Revised budget (CAB2938)	Approved changes	Approved budget	Actual	Under / (over) spend	
		£000	£000	£000	£000	£000	
General Fund							
Approved*							
Strategic Asset Purchase Scheme (SAPS)	Business	10,303	12,909	23,212	-	23,212	Expenditure only when specific assets are identified that mean the objectives of the scheme
Winchester Bus Station	Environment	4,297	-	4,297	4,377	(80)	Project complete - overspend due to additional unanticipated works required; e.g. relation to culvert
SAPS - Coventry House, Barfield	Business	-	2,091	2,091	57	2,034	Deposit paid for acquisition in 2017/18 with completion in early 2018/19
Partnered Home Purchase Scheme	Health & Happiness	1,000	-	1,000	-	1,000	The pilot scheme opened for applications on 1st March 2018
Replacement Surgery	Health & Happiness	1,000	-	1,000	43	957	Delayed due to ongoing negotiations
Enterprise Centre Managed Workspace	Business	994	-	994	9	985	Project objectives currently under review
Matley's Yard	Business	377	-	377	2	375	Project objectives currently under review
New Special Maintenance Depot	Internal Efficiency	209	-	209	-	209	Project objectives currently under review
Disabled Facility Grants	Housing	941	-	941	784	157	
Flood Prevention Works	Environment	820	-	820	46	774	Site investigations underway - main works expected in 2018/19
Winchester Sports & Leisure Centre	Health & Happiness	-	750	750	888	(138)	Overspend relates to items originally budgeted in 2018/19
River Bank Leisure Centre	Health & Happiness	600	-	600	125	475	Full extent of works originally estimated not required
City Gates & Annexe Works	Internal Efficiency	543	-	543	527	16	Original planned works complete - further works in 2018/18 to the main reception
Car Parks	Business	333	-	333	82	251	Contribution to Jubilee Car Park and works at Brooks car park delayed to 2018/19
Surface Car Park at Friarsgate	Business	326	-	326	207	119	Project complete
Hampshire Community Bank	Business	187	-	187	-	187	Payments become due when certain milestones are reached - these have been delayed to 2018/19
IMT Assets	Internal Efficiency	159	-	159	59	100	Remote working investments and IMT Arcserve backup delayed to 2018/19
4B Middlebrook Street	Business	150	-	150	140	10	Project complete
Hyde HA Waltham Chase Grant	Housing	-	150	150	75	75	Second grant instalment expected early in 2018/19
Tourist Information Centre	Business	130	-	130	103	27	Project at final account stage
Open Spaces & Rec. Facilities - Winnall Manor Road	Health & Happiness	120	-	120	-	120	Project delayed to 2018/19
Open Spaces & Rec. Facilities - Hillier Way	Health & Happiness	100	-	100	-	100	Spend identified as revenue in nature
Open Spaces & Rec. Facilities - Stanmore	Health & Happiness	41	-	41	44	(3)	Project complete
Kayac Building	Business	100	-	100	72	28	Project substantially complete - further works to the roof may be required in 2018/19
Chesil Theatre Capital Grant	Health & Happiness	90	-	90	-	90	Chesil Theatre still awaiting action from landowners before they can progress their own scheme
Newlands Walk Play area	Health & Happiness	-	89	89	22	67	Project completion anticipated in early 2018/19
River Itchen Maintenance	Environment	79	-	79	-	79	Required for riverbank repairs at North Walls
Handlebar Café	Health & Happiness	75	-	75	-	75	Project expected to commence in July 2018
Depot	Environment	61	-	61	-	61	Pending works by Southern Electric
Market Lane Toilet Works	Health & Happiness	44	-	44	32	12	Project complete
Casson Block	Business	24	20	44	44	-	Project complete
The Weirs - Essential Repairs	Environment	-	38	38	-	38	Expected early 2018/19
City Museum Lift Upgrade	Health & Happiness	17	-	17	11	6	Project complete
Guildhall Heating System	Business	12	-	12	-	12	Final works to complete in 2018/19
Total Approved*		23,132	16,047	39,179	7,749	31,430	-

Capital Expenditure Outturn 2017/18

	Outcome	2017/18					Comments
		Revised budget (CAB2938)	Approved changes	Approved budget	Actual	Under / (over) spend	
		£000	£000	£000	£000	£000	
<u>Subject to Appraisal</u>							
Bishop's Waltham Depot	Business	1,000	-	1,000	-	1,000	Works to commence in 2018/19
Chesil Multi Storey car park	Business	861	-	861	-	861	Scope of works currently under consideration
Station Approach - Carfax**	Business	250	-	250	-	250	Project development anticipated in 2018/19
Redevelopment of Old Bar End Depot	Business	250	-	250	-	250	Project scope under review
Abbey House	Environment	150	-	150	-	150	Works expected to commence in 2018/19
Asset Management Plan	Environment	141	-	141	-	141	Reactive capital works to Estate
2-3 Bridge St	Business	100	-	100	-	100	Lease renewal so possible opportunity for works in 2018/19
Old Chesil Rectory	Business	80	-	80	-	80	Currently in negotiation with tenants - scope under review
South Winchester Coach Park	Environment	50	-	50	-	50	Project scope under review
Enveloping Machine	Internal Efficiency	36	-	36	-	36	Project scope under review
Guildhall - King Charles Hall AV	Business	-	-	-	12	(12)	Originally treated as revenue but identified as capital
Guildhall - CCTV installation	Business	-	-	-	20	(20)	Originally treated as revenue but identified as capital
Total Subject to Appraisal*		2,918	-	2,918	32	2,886	
Total General Fund		26,050	16,047	42,097	7,781	34,316	
Housing Revenue Account							
New Build	Housing	16,319	(1,990)	14,329	11,858	2,471	
Major repairs	Housing	6,568	400	6,968	5,781	1,187	
Improvements & Loft Conversions	Housing	860	(180)	680	667	13	Further details are provided in the HRA outturn report (CAB3036 (HSG))
Disabled Adaptations	Housing	770	-	770	576	194	
Other Capital Spend	Housing	177	45	222	141	81	
Total Housing Revenue Account		24,694	(1,725)	22,969	19,023	3,946	
Grand Total		50,744	14,322	65,066	26,804	38,262	

* Under the Council's Financial Procedure Rule 6.4, the inclusion of a scheme in the capital programme does not constitute authority to incur the expenditure. Such authority is obtained subject to the various conditions and limits as set out in the Constitution.

Reforecast 2018/19 General Fund Capital Budget

This appendix details the original budget approved in February 2018 (CAB3014), approved changes since then, adjustments for brought forward balances from 2017/18 and other changes as detailed in Appendix 1

	Lead Officer	Outcome	2018/19				Revised budget	Comments
			Approved budget (CAB3014)	Approved changes	Brought forward from 2017/18	Other changes		
			£000	£000	£000	£000		
General Fund								
Approved*								
Strategic Asset Purchase Scheme (SAPS)	Strategic Director - Resources	Business	13,681	-	-	-	13,681	
SAPS - Transfer of HRA Garages to GF	Corporate Head of Housing	Business	3,078	-	-	-	3,078	
SAPS - Coventry House, Barfield	Strategic Director - Resources	Business	2,091	-	(57)	-	2,034	Deposit and legal fees incurred in 2017/18
Replacement surgery	Corporate Head of Asset Management	Health & Happiness	3,848	-	57	-	3,905	
Partnered Home Purchase scheme	Strategic Director - Resources	Health & Happiness	2,000	-	-	-	2,000	
Enterprise Centre Managed Workspace	Corporate Head of Asset Management	Business	1,458	-	11	-	1,469	
Matley's Yard	Corporate Head of Asset Management	Business	570	-	3	-	573	
New Special Maintenance Depot	Corporate Head of Asset Management	Internal Efficiency	209	-	-	-	209	
Disabled Facility Grants	Head of Housing Options	Housing	950	-	157	100	1,207	Increase in grant receivable to £1.05m from original estimate of £950k
SAPS - Car Park at the Dean, Alresford	Strategic Planning Projects Officer	Business	1,005	-	-	-	1,005	
Flood Prevention Works	Head of Programme	Environment	720	-	54	-	774	
Wolverhampton Sports & Leisure Centre	Corporate Head of Asset Management	Health & Happiness	-	800	(138)	-	662	£800k of total £7.5m forecast for 2017/18 was approved in CAB3030
Motor Reception & office reconfiguration	Corporate Head of Asset Management	Internal Efficiency	435	-	-	-	435	Expenditure approved PHD778
Car Parks	Head of Parking	Business	345	-	-	-	345	
IMT Assets	Corporate Head of IMT	Internal Efficiency	195	-	83	-	278	
Garrison Ground playing pitches & boxing club	Head of Programme	Health & Happiness	-	200	-	-	200	Approved CAB3050
Hampshire Community Bank	Strategic Director - Resources	Business	125	-	62	-	187	
River Park Leisure Centre	Corporate Head of Asset Management	Health & Happiness	-	-	185	-	185	
Open Spaces - New Road Swanmore	Head of Landscape & Open Spaces	Health & Happiness	-	185	-	-	185	Approved CAB3041
Open Spaces - Winnall Manor Road	Head of Landscape & Open Spaces	Health & Happiness	-	-	120	-	120	
Open Spaces - Newlands Walk Play Area	Head of Landscape & Open Spaces	Health & Happiness	-	-	67	-	67	
Chesil Theatre Capital Grant	Head of Development Management	Health & Happiness	90	-	-	-	90	
River Itchen Maintenance	Head of Drainage & Special Maintenance	Environment	79	-	-	-	79	
Handlebar Café	Head of Development Management	Health & Happiness	75	-	-	-	75	
Hyde HA Waltham Chase Grant	Corporate Head of Housing	Housing	-	-	75	-	75	
Depot	Corporate Head of Asset Management	Environment	61	-	-	-	61	
The Weirs - Essential Repairs	Head of Programme	Environment	-	-	38	-	38	
Kayac Building	Corporate Head of Asset Management	Business	-	-	28	-	28	
Tourist Information Centre	Head of Communications & Marketing	Business	-	-	27	-	27	
City Offices - 2nd Floor office suite	Corporate Head of Asset Management	Internal Efficiency	-	25	-	-	25	
City Offices & Annexe Works	Corporate Head of Asset Management	Internal Efficiency	-	-	16	-	16	
Guildhall Heating System	Corporate Head of Asset Management	Business	-	-	12	-	12	
Total Approved*			31,015	1,210	800	100	33,125	

Reforecast 2018/19 General Fund Capital Budget

	Lead Officer	Outcome	2018/19					Comments	
			Approved budget (CAB3014)	Approved changes	Brought forward from 2017/18	Other changes	Revised budget		
			£000	£000	£000	£000	£000		
Subject to Appraisal									
Winchester Sports & Leisure Centre	Corporate Head of Asset Management	Health & Happiness	7,500	(800)	-	-	6,700	£800k of total £7.5m forecast for 2017/18 was approved in CAB3030	
Station Approach - Project Development	Corporate Head of Asset Management	Business	1,200	-	-	-	1,200		
Bishop's Waltham Depot	Corporate Head of Asset Management	Business	1,000	-	-	-	1,000		
Chesil Multi Storey car park	Head of Parking	Business	861	-	-	-	861		
South Winchester Coach Park	Head of Parking	Environment	600	-	-	-	600		
Abbey House	Corporate Head of Asset Management	Environment	359	-	35	-	394		
Changing Pavilion - North Walls	Head of Landscape & Open Spaces	Health & Happiness	300	-	-	-	300		
Housing Company	Corporate Head of Housing	Housing	250	-	-	-	250		
Old Chesil Rectory	Corporate Head of Asset Management	Business	220	-	-	-	220		
IMT Smart District	Corporate Head of IMT	Business	210	-	-	-	210		
Asset Management Plan	Corporate Head of Asset Management	Environment	200	(25)	-	-	175		£25k allocated to City Offices - 2nd floor office suite
Open Spaces - North Walls	Head of Landscape & Open Spaces	Health & Happiness	150	-	-	-	150		
Open Spaces - Gordon Avenue	Head of Landscape & Open Spaces	Health & Happiness	80	-	-	-	80		
Open Spaces - Taplings Road	Head of Landscape & Open Spaces	Health & Happiness	80	-	-	-	80		
2-3 Bridge St	Corporate Head of Asset Management	Business	100	-	-	-	100		
Security Bollards	Strategic Director (Services)	Business	-	-	-	75	75		
Guildhall - Bapsy Hall AV upgrade	Corporate Head of Asset Management	Business	50	-	-	-	50		
Guildhall - New Booking System	Corporate Head of Asset Management	Business	40	-	-	-	40		
Guildhall - Committee Microphones	Corporate Head of Asset Management	Business	30	-	-	-	30		
Guildhall - 1871 Kitchen Ventilation	Corporate Head of Asset Management	Business	25	-	-	-	25		
Enveloping Machine	Head of Customer Services	Internal Efficiency	36	-	-	-	36		
Virtual Permit Software	Head of Parking	Internal Efficiency	-	-	-	31	31		
Main Reception & office reconfiguration	Corporate Head of Asset Management	Internal Efficiency	40	-	-	-	40		
Central Winchester Regeneration	Head of Programme	Business	-	-	-	-	0		
Redevelopment of Old Bar End Depot	Corporate Head of Asset Management	Business	-	-	-	-	0		
Subject to Appraisal*			13,331	(825)	35	106	12,647		
Total General Fund			44,346	385	835	206	45,772		

* Under the Council's Financial Procedure Rule 6.4, the inclusion of a scheme in the capital programme does not constitute authority to incur the expenditure. Such authority is obtained subject to the various conditions and limits as set out in the Constitution.

REPORT TITLE: TREASURY MANAGEMENT OUTTURN REPORT FOR 2017/18

9 JULY 2018

REPORT OF PORTFOLIO HOLDER: Finance – Cllr. Guy Ashton

Contact Officer: Neil Aitken Tel No: 01962 848099 Email
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WARD(S): ALL WARDS

PURPOSE

In accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, this report provides detail of the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and confirmation that there were no instances of non-compliance with the Council's Treasury Management Policy Statement and Treasury Management Practices, for the year 2017/18.

In 2017-18 the Council's investment strategy delivered £54k of additional income above budget. The level of borrowing undertaken was in line with the budget for the financial year; all borrowing related to the Housing Revenue Account and was undertaken in 2012.

RECOMMENDATIONS:

That The Overview and Scrutiny Committee raises with the Leader or other relevant Portfolio Holder any issues arising from the information in this report.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 Treasury management is an integral part of helping the deliver the Council Strategy and all of its outcomes. The Council set a target of achieving a 1% return on its investments in 2017/18 and achieved a return of 1.13%. This additional income is available to be used by Council in achieving its objectives.

2 FINANCIAL IMPLICATIONS

- 2.1 Effective treasury management ensures both the financial security and liquidity of the Council. The 2017-18 outturn shows £619k of income achieved against a budget of £567k; thus delivering an additional £54k of income above budget.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None

4 WORKFORCE IMPLICATIONS

- 4.1 None

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

6 CONSULTATION AND COMMUNICATION

- 6.1 This report has been produced in consultation with Hampshire County Council's Investments & Borrowing team.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Returns from investments are too low</i>	A diversified strategy that attempts to manage the	Returns 0.13% above budgeted levels

Risk	Mitigation	Opportunities
	balance between liquidity risk, credit risk and yield within the Council's risk appetite.	
<i>A counterparty fails</i>	A diversified strategy that has relatively low levels of counter-party risk	
<i>Cash is not available</i>	A balanced portfolio of liquid and long term funds are held to ensure cash is available to utilise. The Council also mitigates this risk through cashflow forecasting	More accurate and immediate cashflow forecasting can help improve the return on investments through more active treasury management activity

11 SUPPORTING INFORMATION:

12 Introduction

12.1 The Council adopts the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice, which includes an annual report on the treasury management strategy after the end of each financial year.

13 Summary

13.1 The Council's treasury management strategy for 2017/18 was approved at a meeting of full Council in 2017. The Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

13.2 Treasury management in the context of this report is defined as:

13.3 "The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

13.4 This annual report sets out the performance of the treasury management function during 2017/18, to include the effects of the decisions taken and the transactions executed in the past year.

13.5 Hampshire County Council's Investments & Borrowing Team has been contracted to manage the Council's treasury management balances since September 2014 but overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the

effective identification and management of risk are integral to the Council's treasury management objectives.

- 13.6 All treasury activity has complied with the Council's Treasury Management Strategy and Investment Strategy for 2017/18, and all relevant statute, guidance and accounting standards. In addition the Council's treasury advisers, Arlingclose, provide support in undertaking treasury management activities. The Council has complied with all of the prudential indicators set in its Treasury Management Strategy.

14 External Context

- 14.1 The following sections outline the key economic themes currently in the UK against which investment and borrowing decisions were made in 2017/18.

Economic Background

- 14.2 The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in 2017, the same level as in 2016.
- 14.3 The inflationary impact of rising import prices, a consequence of the fall in Sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.2% in March 2018. The outcome of Brexit negotiations will have an impact upon the wider macro economy and the future Council treasury management activities.
- 14.4 The Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate by 0.25% in November 2017. This action was significant as this was the first rate increase in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February Inflation Report indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was likely; however at the meeting in May 2018 the MPC again voted by a majority of 7-2 to maintain Bank Rate at 0.5%.

Credit Background

- 14.5 The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Council would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would look like, in May 2017

Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

- 14.6 Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.
- 14.7 In March 2018, following Arlingclose's advice, the Council removed RBS plc and National Westminster Bank from its counterparty list for unsecured investments. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for 2018/19. The current long-term ratings of RBS and NatWest do not meet this minimum criterion, although if following ring-fencing NatWest is upgraded and Arlingclose approves investment, the bank would be reinstated on the Council's unsecured lending list.

Local Authority Regulatory Changes

- 14.8 CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The 2017 Prudential Code introduced the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions. It also set out the inclusion of their associated risks and rewards along with an overview of how risk is managed for future financial sustainability, as well as the process and governance issues of capital expenditure and investment decisions. The Council already produces a ten year Capital Strategy and will continue to do so in line with the annual budget setting process.
- 14.9 In the 2017 Treasury Management Code the definition of 'investments' has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy.

MiFID II

- 14.10 As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could "opt up" to professional client status, providing certain criteria were met which include having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority having at least one year's relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

14.11 The Council has met the conditions to opt up to professional status and took the decision to do so at Full Council on 11 October 2017 in order to maintain its previous MiFID status prior to January 2018. The Council will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

15 Local Context

15.1 At 31/03/2017 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £177.2m, while usable reserves and working capital which are the underlying resources available for investment were £40.5m (principal invested plus gains on investments with a variable net asset value). These factors and the year-on-year change are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31/03/17 Balance £m	Movement £m	31/03/18 Balance £m
General Fund CFR	(8.2)	(5.0)	(13.2)
Housing Revenue Account CFR	(162.1)	(1.9)	(164.0)
Total CFR	(170.3)	(6.9)	(177.2)
Less: Resources for investment	46.7	(6.2)	40.5
Net borrowing	(123.6)	(13.1)	(136.7)

15.2 Net borrowing has increased overall due to both a reduction in usable reserves and increases in both General Fund and Housing Revenue Account (HRA) CFR. CFR has risen as new capital expenditure increased, while no borrowing was repaid during 2017/18.

15.3 The Council's strategy was to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31 March 2018 and the year-on-year change is shown in Table 2 below.

Table 2: Treasury Management Summary

	31/03/17 Balance £m	Movement £m	31/03/18 Balance £m	31/03/18 Rate %
Long-term borrowing	(156.7)	-	(156.7)	3.30
Short-term borrowing	-	-	-	-
Total borrowing	(156.7)	-	(156.7)	3.30
Long-term investments	11.5	6.4	17.9	1.90
Short-term investments	32.7	(12.9)	19.8	0.64
Cash and cash equivalents	2.5	0.3	2.8	0.42
Total investments	46.7	(6.2)	40.5	1.20
Net borrowing	(110.0)	(6.2)	(116.2)	

Note: the figures in the table above are from the balance sheet in the Council's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

- 15.4 The Council's internal borrowing policy is the reason for the variance between the positions shown in Tables 1 and 2. The movement that has taken place during 2017/18 in net borrowing shown in Table 1 has translated into a reduction in investment balances as shown in Table 2.

16 Borrowing Activity

- 16.1 At 31 March 2018 the Council held £156.7m of loans, with the vast majority of the loan being in relation to the refinancing resettlement of the HRA in 2012. The year-end treasury management borrowing position and year-on-year change is shown in Table 3 below.

Table 3: Borrowing Position

	31/03/17 Balance £m	Movement £m	31/03/18 Balance £m	31/03/18 Rate %	31/03/18 WAM* years
Public Works Loan Board	156.7	-	156.7	3.30	22.6
Total borrowing	156.7	-	156.7	3.30	22.6

* Weighted average maturity

Note: The figures in the table above are from the balance sheet in the Council's statement of accounts, but adjusted to exclude accrued interest.

- 16.2 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
- 16.3 Affordability and the "cost of carry" remained important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained and are likely to remain at least over the forthcoming two years, lower than long-term rates, the Council determined it was more cost effective in the short-term to use internal resources instead of taking out new borrowing. This strategy enables the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 16.4 The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose assists the Council with the monitoring of internal and external borrowing.

17 Investment Activity

- 17.1 The Council has held invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2017/18 the Council's investment balances have ranged between £39.4m and £67.8m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change are shown in Table 4 below.

Table 4: Investment Position (Treasury Investments)

Investments	31/03/17 Balance £m	Movement £m	31/03/18 Balance £m	31/03/18 Rate %	31/03/18 WAM* years
Short term investments					
- Banks and Building Societies:					
- Unsecured	6.0	(1.1)	4.9	0.58	0.15
- Secured	6.0	(1.0)	5.0	0.74	0.67
- Money Market Funds	2.0	(1.1)	0.9	0.46	0.00
- Local Authorities	18.0	(11.5)	6.5	0.52	0.31
- Corporate Bonds	3.0	1.0	4.0	0.66	0.71
	35.0	(13.7)	21.3	0.61	0.42
Long term investments					
- Banks and Building Societies:					
- Secured	4.0	1.0	5.0	0.94	2.56
- Local Authorities	-	8.0	8.0	0.86	2.42
	4.0	9.0	13.0	0.89	2.48
High yield investments					
- Pooled Property Funds**	5.0	-	5.0	4.53	n/a
- Pooled Equity Funds	2.0	(2.0)	-	-	-
	7.0	(2.0)	5.0	4.53	n/a
TOTAL INVESTMENTS	46.0	(6.6)	39.4	1.20	1.20

* Weighted average maturity

** The rate provided for pooled property fund investments is reflective of the average of the most recent dividend return as at 31 March 2018

Note: the figures in the table above are from the balance sheet in the Council's statement of accounts, but adjusted to exclude operational cash and accrued interest.

- 17.2 Both the CIPFA Code and the government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 17.3 In furtherance of these objectives, and given the increasing risk and low returns from short-term unsecured investments, the Council further diversified

into more secure and higher yielding asset classes during 2017/18. For example, although cash balances have reduced, the proportion of funds to corporate bonds and secured bank investments has increased. Higher yields have been achieved in 2017/18 with a good income return on pooled property, as well as by reducing the proportion of short-term investments, by moving these funds into long-term investments.

- 17.4 Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2017/18.
- 17.5 Counterparty credit quality was assessed and monitored with reference to credit ratings, for financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.
- 17.6 The Council will also consider the use of secured investments products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.
- 17.7 The Council maintained a sufficient level of liquidity through the use of call accounts and money market funds. The Council sought to optimise returns commensurate with its objectivity of security and liquidity. The UK Bank Rate increased by 0.25% to 0.50% in November 2017 and short term money market rates have remained at relatively low levels which continued to have a significant impact on cash investment income.
- 17.8 The progression of credit risk and return metrics for the Council's investments managed in-house (excluding pooled funds) are shown in the extracts from Arlingclose's investments benchmarking in Table 5 below.

Table 5: Investment Benchmarking (investments managed in-house)

	Credit Rating	Bail-In Exposure	WAM* (days)	Rate of Return
31.03.2017	AA	20%	184	0.61%
31.03.2018	AA	17%	441	0.72%
Similar Las	AA-	53%	109	0.71%
All Las	AA-	55%	35	0.63%

* Weighted average maturity

- 17.9 The Council has targeted a proportion of funds towards high yielding investments as shown in Table 4. Investments yielding higher returns will contribute additional income to the Council, although some come with the risk that they may suffer falls in the value of the principal invested.
- 17.10 The £5.5m investment in the externally pooled property fund generated an average total return of 5.79%, comprising 4.87% income return used to support services in year, and 0.92% capital gain. As these funds have no defined maturity date, but are available for withdrawal after a notice period,

their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed.

- 17.11 Investment in pooled vehicles allows the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. The funds which are operated on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short term. The Council's pooled fund investment is in the fund's distributing share class which pays out the income generated.
- 17.12 Although money can be redeemed from the pooled fund at short notice, the Council's intention is to hold them for at least the medium term. Their performance and suitability in meeting the Council's investment objectives are monitored regularly and discussed with Arlingclose.
- 17.13 In light of increasing volatility in the global equity markets, the Council decided to redeem its units in its pooled equities funds during 2017/18. In addition to the income received while the Council held these funds, the redemptions resulted in positive realised capital returns of 3% on average.

18 Update on Investments with Icelandic Banks

- 18.1 The collapse of Icelandic banks in October 2008 put at risk £1m of the Council's short term investments. The Council had invested with the Heritable Bank Ltd which was placed into administration on 7 October 2008. To date the Council has received 15 distributions amounting to £0.98m equating to a return of 98 pence to 100 in the pound. There have been no further updates since the previous report.

19 Financial Implications

- 19.1 The outturn for debt interest paid in 2017/18 was £5.17m on an average debt portfolio of £156.7m, against a budgeted £5.17m on an average debt portfolio of £156.7m at an average interest rate of 3.2%.
- 19.2 The outturn for investment income received in 2017/18 was £619,000 on an average investment portfolio of £54.7m, therefore giving a yield of 1.13%, against a budgeted £567,000 on an average investment portfolio of £56.7m at an average interest rate of 1%. In comparison in 2016/17 investment income received was £551,000 on an average investment portfolio of £59.9m, therefore giving a yield of 0.92%.

20 Other Non-Treasury Holdings and Activity

- 20.1 Although not classed as treasury management activities, the 2017 CIPFA Code now requires the Council to report on investments for policy reasons outside of normal treasury management. This includes service investments

for operational and/or regeneration as well as commercial investments which are made mainly for financial reasons.

- 20.2 In 2017/18, the Council spent £116,000 on enhancements to its investment property portfolio and, following revaluations, the total value of investments properties as at 31 March 2018 was £47.7m (£46.4m as at 31 March 2017). Net rental income after costs amounted to £1.8m representing an average yield of 3.9% in 2017/18.

21 Compliance Report

- 21.1 The Council confirms compliance of all treasury management activities undertaken during 2017/18 with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific investment limits, as well as the authorised limit and operational boundary for external debt, is demonstrated in Tables 6 and 7 below.

Table 6: Debt Limits

	2017/18 Maximum £m	31/03/18 Actual £m	2017/18 Operational Boundary £m	2017/18 Authorised Limit £m	Complied
Borrowing	156.7	156.7	180.7	182.7	✓
Other long term liabilities	0.0	0.0	0.5	0.6	✓
Total debt	156.7	156.7	181.2	183.3	✓

- 21.2 Total debt has remained below the Capital Financing Requirement (see Table 1) during the period.

Table 7: Investment Limits

	2017/18 Maximum	31/03/18 Actual	2017/18 Limit	Complied
Any single organisation, except the UK Central Government	£3m	£3m	£7m	✓
Any group of organisations under the same ownership	£3m	£3m	£7m	✓
Any group of pooled funds under the same management	£6m	£5m	£7m	✓
Registered Providers	-	-	£6m	✓
Money Market Funds	30%	7%	50%	✓

Ratio of Financing Costs to Net Revenue Stream

- 21.3 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Table 8: Ratio of Financing Costs to Net Revenue Stream

	2017/18 Estimate %	2017/18 Actual %
General Fund	(0.85%)	(0.77%)
Housing Revenue Account	17.73%	21.18%

- 21.4 The Ratio of Financing Costs to Net Revenue Stream for the General Fund was negative as interest receivable exceeded interest payable and Minimum Revenue Provision. The HRA ratio was higher following the decision to reduce prior year unfinanced capital expenditure by £1,029,000.

22 Treasury Management Indicators

- 22.1 The Council measures and manages its exposures to treasury management risks using the following indicators.

Interest Rate Exposures

- 22.2 This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal invested will be:

Table 9: Interest Rate Exposures

	31/03/18 Actual	2017/18 Limit	Complied
Upper limit on fixed interest rate investment exposure	£7.0m	£25.0m	✓
Upper limit on variable interest rate investment exposure	£32.3m	£100.0m	✓
Upper limit on fixed interest rate borrowing exposure	£156.7m	£201.5m	✓
Upper limit on variable interest rate borrowing exposure	£0.0m	£201.5m	✓

- 22.3 Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity Structure of Borrowing

- 22.4 This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

Table 10: Maturity Structure of Borrowing

	31/03/18 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	0%	25%	0%	✓
12 months and within 24 months	0%	25%	0%	✓
24 months and within 5 years	3%	25%	0%	✓
5 years and within 10 years	22%	25%	0%	✓
10 years and within 20 years	32%	50%	0%	✓
20 years and within 30 years	13%	50%	0%	✓
30 years and within 40 years	13%	75%	0%	✓
40 years and within 50 years	17%	100%	0%	✓

Principal Sums Invested for Periods Longer than 364 days

- 22.5 The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

Table 11: Principal Sums Invested for Periods Longer than 364 days

	2017/18	2018/19	2019/20
Actual principal invested beyond year end	£17m	£12m	£9m
Limit on principal invested beyond year end	£25m	£25m	£25m
Complied	✓	✓	✓

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD119: Treasury Management Practices, 22 June 2015

CAB2898: Treasury Management Strategy 2017-18, 8 February 2017

CAB2939: Treasury Management Outturn 2016/17, 5 July 2017

AUD197: Treasury Management Mid-Year Review 2017/18, 28 September 2017

CAB3013: Treasury Management Strategy 2018-19, 14 February 2018

Other Background Documents:-

None

APPENDICES:

None

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REPORT TITLE: MEDIUM TERM FINANCIAL CHALLENGE

9 JULY 2018

REPORT OF PORTFOLIO HOLDER: CLLR GUY ASHTON (PORTFOLIO HOLDER FOR FINANCE)

Contact Officer: Joseph Holmes Tel No: 01962 848220 Email
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WARD(S): ALL

PURPOSE

This paper sets out the medium term financial planning challenge that the Council faces. There is a range of scenarios, and these have a significant amount of variation between due to a variety of known and unknowable financial pressures on the Council.

RECOMMENDATIONS:

1. That The Overview and Scrutiny Committee raises with the Leader or other Portfolio Holder any issues arising from the information in this report.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 The Council Strategy is the core strategic document, the MTFP (Medium Term Financial Plan) which is the response to the medium term financial challenge is guided by this and informs the budget process for delivery of the Council Strategy.

2 FINANCIAL IMPLICATIONS

- 2.1 As detailed in the main body of the report.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Any implications resulting from budget options arising from this planning work will be dealt with in the individual business cases and committee papers relating to those specific decisions.

4 WORKFORCE IMPLICATIONS

- 4.1 None directly relating to this paper, which is a budget planning document.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None directly in this paper.

6 CONSULTATION AND COMMUNICATION

- 6.1 This planning document emphasises the rolling approach to budget planning adopted by the council. Whilst required to set an annual budget, plans are continually under development to cover the next four years and projections are shown covering a ten year period.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 Environmental considerations will be part of the business case supporting any budget proposals.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 This is a strategic budget planning document, equality impact assessments will be considered alongside any relevant budget options.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Significant reductions in government funding over the medium term</i>	<i>Financial projections are shown up until 2027/28 and the scenario planning highlights the potential sensitivities.</i>	<i>Development of locally generated income streams with less reliance on government funding</i>
<i>Council's service priorities are not reflected in the budget</i>	<i>The use of Outcome Based Budgeting as a method of delivering the budget from 2018/19 onwards.</i>	<i>Ensure the prioritisation of resources to best meet the Outcomes of the authority</i>
<i>Failure to set a balanced budget over the medium term</i>	<i>The MTFS shows the latest financial projections up until 2027/28, and the scenario planning highlights the sensitivities around these projections. Planning over a longer period will help to ensure understanding of the scale of the financial challenges and ensure that early planning enables enough lead in time for the implementation of budget options.</i>	<i>Long term strategic planning Innovative funding streams Transformational efficiency savings</i>
<i>Delays to or failure to deliver major capital schemes leaving future years forecast deficits</i>	<i>Ensure robust business cases are taken forward and sufficient resources are available to deliver the projects. Scenario planning to ensure that a multitude of options are available for consideration.</i>	<i>Consideration of a wide base of potential capital / investment schemes to enable a balanced risk portfolio and options for other schemes to be chosen should any existing schemes not progress</i>
<i>Failure to adequately manage major contracts including planning for contract renewal</i>	<i>Ensure adequate contract management and monitoring arrangements are in place. Ensure sufficient time for review of contract options prior to contract renewal.</i>	<i>Ensure contracts are aligned to the council's requirements and council strategy. Transformational efficiency savings.</i>

11 SUPPORTING INFORMATION:

Background

- 11.1 The Council has a strong record of financial management, supported by achieving balanced budgets and providing sufficient reserves to support services and deliver key projects.
- 11.2 In 2018/19 the council adopted Outcome Based Budgeting (OBB) as its budgeting strategy in order to deal with the projected financial challenges over the medium term and to ensure closer budget alignment to the council strategy. This processes involved greater alignment between the Council's strategic objectives and financial resources. This has also been reflected in the Council's financial reporting.
- 11.3 Total recurring savings of £1.1m were identified and included for the 2018/19 revenue budget, which enabled recurring investment of £0.4m, putting additional resources into an additional park and ride bus, environmental enhancements and staffing for the planning service. This significant level of savings was the first tranche of an anticipated £4m savings over a four year period.
- 11.4 The OBB strategy covers a rolling four year period with further savings (based on central case forecasts) of £3.8m to be achieved by the end of 2021/22. Some of the key projects included over the medium term and that will be factored into the medium term forecast include the below :
- HRA / General Fund asset transfer (garages)
 - Strategic Asset Purchase Scheme
 - Development of Coitbury House
 - Review of staff business travel
 - New trading opportunities
 - Review of fees and charges

Government Funding

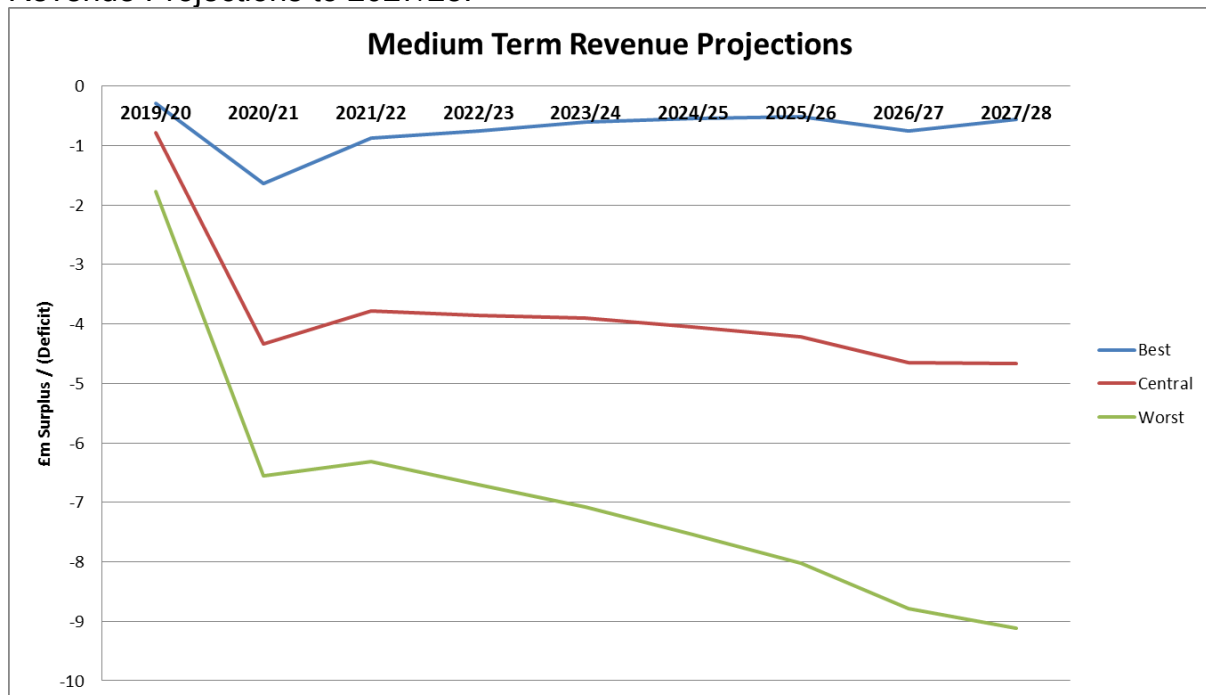
- 11.5 As the council nears the ending of the current four year government funding settlement in 2019/20, there remains very significant uncertainty around a number of funding sources as detailed further below. 2019-20 will also be the first year that the Council is not due to receive any core Government grant, and is due to provide £0.41m to the Government as a payment:
- I. Business Rates and a likely reset in 2020/21 – this could reduce funding by up to £2.6m
 - II. The Fair Funding Review – potentially major changes to the existing settlement funding assessment. This review, undertaken by the Government, is looking at spend across the whole of local government and will seek to

address the various pressures on the financial position of local government as well as looking at the relative need on services across councils.

- III. Potential for further changes or removal of the New Homes Bonus (for WCC this totalled £2.1m in 2018/19)
- IV. The transfer of £0.41m of funding from the Council to government as part of the 2019-20 financial settlement

11.6 This potential volatility makes it very difficult to accurately forecast forward into the future, as highlighted by the below graph showing the best/central/worst case estimates over the next 10 years.

Revenue Projections to 2027/28:

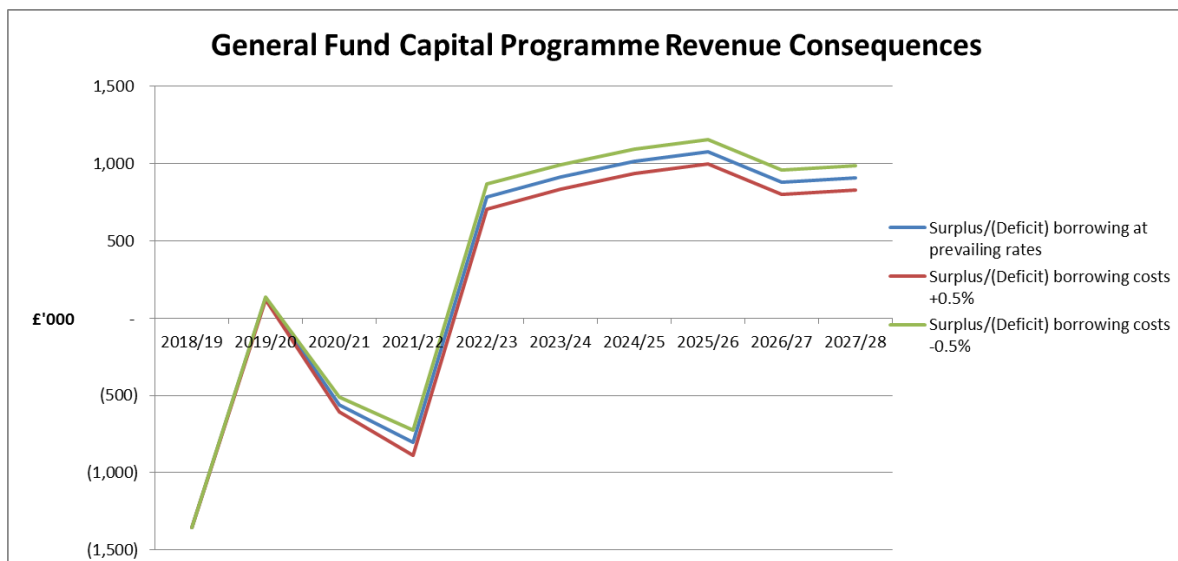


Current Assumptions

- I. Major projects will have no bottom line impact on existing budgets
- II. Inflation and council tax will both increase by the same percentage (2.5% in 2019/20, then 2% per annum)
- III. Pay inflation will be 2% per annum
- IV. Overall government funding will reduce significantly in 2020/21, a reduction of £2.5m from 2019/20

Capital Programme

- 11.7 The Council has an ambitious capital programme; in February 2018, Council approved a total capital programme of £291m of which £110m relates to General Fund Projects and £181m Housing Revenue Account.
- 11.8 In the General Fund there are several key projects including:
- Winchester Sports & Leisure Centre - £38m
 - Strategic Asset Purchase Scheme - £15.7m
 - Housing Company - £10m
 - Transfer of HRA garages to the GF - £8.5m
 - Disable Facilities Grants - £8.1m
 - Partnered Home Purchase - £4.5m
 - Replacement surgery - £4.5m
 - Station Approach Public Realm Works - £5m
 - Station Approach Project Development (do minimum) - £1.8m
 - The remaining £14m is made up of several smaller projects such as flood defences at Durngate, works to the Council's car parks, and IMT investments.
- 11.9 The capital programme will have a significant impact on the General Fund revenue budget which adds to the deficit in the short to medium term during the construction phase of major projects but is estimated to deliver a net surplus from 2021/22 as illustrated below. It should be noted however that delay to projects will reduce costs in the short term but delay future benefits.



- 11.10 In addition to those projects already included in the capital programme, work on developing the business case/scope for several other projects is underway including:
- Central Winchester Regeneration - – though no decision has yet been made about the capital funding that WCC will be committing to this

- Coitbury House
- Bishops Waltham industrial units
- Station Approach – though no decision has yet been made about the capital funding that WCC will be committing to this

11.11 Winchester aims to be at the forefront of opportunities for gaining one-off funding, which can be critical to the financing of major projects. Some of proposals included are per the below:

- Winchester is leading work with other Hampshire authorities to put forward a Hampshire bid to be a business rates pilot area in 2019/20.
- The Sport & Leisure centre project has a number of funding partners including Winchester University, HCC, the Pinder Trust, and Allegra's Ambition.
- The Football Association are supportive of plans for a new pavilion at KGV.
- Joining the Wayfarer Consortium enabled access to a £3.2m Homes England Grant towards housing in Stanmore.

Next Steps

11.12 The outcomes based budgeting approach will be refreshed, ensuring the robust monitoring of 2018/19 targets and updating of the four year programme. This will ensure there is sufficient financial resilience to deal with the ongoing financial challenges and help to support the council strategy.

11.13 The four key themes:

- I. Income Generation
- II. Transformation
- III. Efficiency
- IV. Asset Management

11.14 Existing assumptions will be reviewed and refreshed in order to produce an updated medium term financial plan for an Autumn Cabinet, where it is anticipated there could be further clarification over some of the key assumptions.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 As detailed in the report

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

Medium Term Financial Strategy – CAB3012 – February 2018

General Fund Budget 2018/19 – CAB3011 – February 2018

Capital Strategy – CAB3014 – February 2018

Other Background Documents:-

None

APPENDICES:

None